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IMPLEMENTATION OF THE FAA REAUTHORIZATION AND REFORM ACT: ONE YEAR LATER

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HEARING

BEFORE THE

SUBCOMMITTEE ON AVIATION

OF THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

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Committee on Transportation and Infrastructure
U.S. House of Representatives

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Chairman

Washington, DC 20515

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Ranking Member

Christopher P. Bertram, Staff Director

James H. Zoia, Democrat Staff Director

February 22, 2013

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Aviation
FROM: Staff, Subcommittee on Aviation
RE: Hearing on "Implementation of the FAA Reauthorization and Reform Act: One Year Later"

PURPOSE

The purpose of this hearing is to examine the progress that the Federal Aviation Administration (FAA) has made in implementing portions of the *FAA Modernization and Reform Act of 2012* (the Reform Act) (P.L. 112-95). The Subcommittee will hear from the agency on the progress it has made and the steps it has taken in implementing the Reform Act.

BACKGROUND

On February 14, 2012, the President signed into law the *FAA Modernization and Reform Act of 2012* (P.L. 112-95). This key piece of legislation contained critical provisions to reforming and modernizing the United States civil aviation system and provided long-term stability for the industry. The Reform Act provides the funding necessary for the Administration to operate the air traffic control system at the highest standards of safety and to modernize the Nation's air traffic control system. It provides policy direction for the FAA's critical safety and air traffic control modernization programs and implements reforms that will allow the FAA to become a more efficient, results-oriented safety organization. The Act also contains provisions that will implement passenger service improvements. The Reform Act contains multiple provisions that assist the FAA's safety oversight role. After five years of multiple short term extensions, the new Reform Act provides the FAA with the necessary guidance and stability it needs.

Safety

The United States aviation system is the safest in the world, with government, industry, and stakeholders all working together to provide safe air travel. The aviation system is a key part of the Nation's infrastructure and economy, and it is the top priority of FAA, stakeholders, and

Congress. The Reform Act requires the FAA to issue rules on several key safety areas, including air ambulance operations maintenance providers, foreign repair stations, and commercial aircraft personnel training requirements. Critical safety issues are also addressed with FAA reporting requirements on topics such as runway safety, flight standards, and foreign repair stations. To help foster the safety of the national airspace system (NAS) the Reform Act also contains a variety of studies on FAA staffing needs and models and addresses a variety of training issues. While the FAA has missed several deadlines for the provisions described above, it has made progress and continues to work to meet the requirements.

Passenger Service Improvements

The Reform Act includes a number of provisions to address concerns of airline passengers. It contains provisions that instruct the Secretary of Transportation (Secretary), FAA, Inspector General (IG) of the Department of Transportation (DOT), and Government Accountability Office (GAO) to conduct studies reports and take other actions to improve passenger service. Such provisions include a requirement that the DOT require air carriers to provide a monthly report on diverted flights. In addition, the DOT is required to ensure that all air carriers develop an emergency contingency plan at airports the carrier services to ensure passengers receive proper treatment during delays. The DOT is directed to establish an advisory committee on consumer protection to advise the when the Secretary is carrying out airline customer service improvements. The IG and GAO are required conduct reviews and study issues that affect aviation passengers, such as flight delays, cancellations, and delayed baggage. All of the studies provide valuable data and analyze to assist in future decisions. The FAA and DOT have made progress on carrying out the passenger service improvement requirements in the Reform Act. Similarly the GAO and IG are on schedule with the majority of their studies and reviews.

Unmanned Aircraft Systems

The provisions in the Reform Act require FAA to allow for the safe integration of civil unmanned aircraft systems (UAS) into the national airspace system by December 2015. It is ultimately FAA's call whether civil UAS can be safely integrated by this date. Public UAS's, such as those operated by Federal, State, and local government entities, including law enforcement agencies, are currently operating in the NAS with FAA authorization. The Reform Act requires the FAA to work with government entities to expedite the authorization process while still ensuring safety. Government entities are seeking to use UAS for such missions as: search and rescue, wildlife and weather research, mapping, firefighting, border patrol, and law enforcement efforts. Not later than 180 days after enactment, the FAA is directed to establish a program to safely integrate UAS's into the national airspace system at six test ranges. The FAA is currently behind on the implementation due to public concerns on privacy. The FAA issued a Screening Information Request (SIR) on February 14, 2013, for the test ranges. The establishment of test ranges will allow the FAA to collect valuable data on the operations of UASs. In regard to the operation of model aircraft, the FAA may not promulgate any rule or regulation regarding a model aircraft or an aircraft being developed as a model aircraft, if it is flown for hobby or recreational use and adheres to the other requirements of the law. In addition, the Secretary shall determine if certain UAS may operate safely in the national airspace system

before completion of the comprehensive plan and guidance required by the Reform Act. In making the determination, the Secretary shall determine the types of UAS, if any, as a result of their size, weight, speed, operational capability, etc. do not create a hazard to users of the national airspace system or the public or pose a threat to national security; and whether a certificate of waiver, certificate of authorization, or airworthiness is required for the operation of small UAS. If the Secretary determines that certain UAS's may operate safely in the national airspace system, the Secretary is required to establish requirements for the safe operation of such aircraft systems. While the FAA has made steps to achieve the UAS requirements in the law, it has run into several problems that have delayed implementation.

Good Governance

The Reform Act includes several provisions to encourage the FAA to reform and streamline its offices, regulations, and processes and to seek greater cost efficiencies. The Act requires the FAA to undertake a review of all programs, offices, and organizations to identify duplicative positions or programs, wasteful practices, redundant functions, and inefficient processes or policies. The FAA is then directed to submit a report to Congress, which was completed earlier this year, and is given the authority to take any actions necessary to address the findings of its review and report. Another important provision in the Reform Act directs the FAA to develop a facilities realignment and consolidation report. The report is to be developed with the participation of labor organizations and industry stakeholders. This report is to be comprehensive and include recommendations to support the transition to NextGen and to reduce capital costs without adversely affecting safety. After a public review process the report is to be submitted to Congress. The Administrator may not carry out the recommendations included in the report if a joint resolution of disapproval is enacted by Congress within 30-days after the submission of the report to Congress. The FAA is still developing the facilities realignment and consolidation report and is delayed in meeting the timelines outlined in the Reform Act. Another provision included in the Reform Act addresses concerns related to inconsistent interpretations of regulations by FAA staff and Regional offices. To address the concerns, the Reform Act directs the FAA to form an advisory panel to determine the root cause of inconsistent interpretations and to develop recommendations to improve consistency among FAA offices. A report is due one year after enactment. Finally, the Reform Act requires the FAA to review and reform its aircraft certification process by conducting an assessment, developing recommendations to improve efficiency, reduce costs, and streamline and reengineer the certification process. A report was due six months after enactment, and the FAA is directed to begin implementing the recommendations not later than one year after enactment. The FAA is still in the process of developing these requirements.

Next Generation Air Transportation System (NextGen)

Under our current air traffic system, controller workload, voice communication congestion, limitations of air traffic control radar accuracy, and the coverage and accuracy of ground-based navigational signals impose limitations on the capacity and efficiency of air traffic, particularly in busy terminal areas near major airports and metropolitan areas. According to the FAA, by 2025 our air traffic system will need to handle roughly 1 billion passengers per year

and, including general aviation flights, more than 79,000 flights every day. It is widely acknowledged our current system will not be able to meet future demands.

For nearly a decade, the FAA has been trying to transition from legacy air traffic systems to a Next Generation Air Transportation System (NextGen). These efforts include transitioning from a ground-based radar system to a satellite-based surveillance system; developing data communications capabilities between aircraft and the ground to reduce controller and pilot workload; improving aviation weather forecasting and monitoring systems; and creating shared and distributed information technology architectures. When it is properly implemented, NextGen will reduce delays and operating costs, improve safety and efficiency, increase capacity, and lessen aviation's impact on the environment.

However, NextGen suffers from a lack of accountability, significant cost overruns, and numerous project delays. To address underlying shortfalls and unforeseen challenges, Congress enacted numerous NextGen reforms in the Act, which include:

- Requiring the FAA to establish a Chief NextGen Officer, responsible for overseeing the entire NextGen program and held accountable by Congress;
- Elevating the position of the Director of the Joint Planning and Development Office (JPDO) to Associate Administrator, reporting directly to the Administrator and responsible for inter- and intra-agency coordination;
- Granting the FAA authority to streamline the environmental review process required for the development and implementation of performance-based navigation procedures;
- Authorizing the establishment of an avionics equipage incentive program and requiring the FAA to identify operational incentives for equipage; and
- Requiring the FAA to establish and track national airspace system performance metrics to track the agency's progress in implementing NextGen.

Unfortunately, to date the FAA does not have a Chief NextGen Officer and has not elevated the head of JPDO to Associate Administrator. Further, the agency has not implemented a plan to make use of its new authority to expedite the environmental review process, has not established financial or operational equipage incentives, and has not completed its work on establishing and tracking national airspace system performance metrics.

Conclusion

It has been slightly over a year since the *FAA Modernization and Reform Act of 2012* became law, which created a four-year framework for the FAA and industry. In that year, the Reform Act provided dozens of deadlines for the FAA. Some of those deadlines have been met while the FAA is still in the process of meeting others. While the FAA may not have met all deadlines, some progress has been made in areas that were facing stagnation or inefficiencies. Much important work remains; and the FAA must remain diligent in its efforts to achieve the mandates and goals of the *FAA Modernization and Reform Act of 2012*.

WITNESS LIST

The Honorable Michael P. Huerta
Administrator
Federal Aviation Administration

IMPLEMENTATION OF THE FAA REAUTHORIZATION AND REFORM ACT: ONE YEAR LATER

WEDNESDAY, FEBRUARY 27, 2013

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AVIATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:30 a.m. in Room 2167, Rayburn House Office Building, Hon. Frank A. LoBiondo (Chairman of the subcommittee) presiding.

Mr. LOBIONDO. Good morning. The subcommittee will come to order. I would like to welcome everybody to our first official hearing of the Aviation Subcommittee. We are looking forward to having a very production committee agenda, focusing on results and where we can solve some problems.

So, while the original intent of this hearing was to oversee the progress made by the FAA on implementing the FAA Modernization and Reform Act, the topic of sequestration is of a concern to everyone. So I am hoping that we will hear from Administrator Huerta more on the details of the FAA's plan to handle sequestration and, in particular, how we are going to ensure the safety and security of the traveling public.

I remain deeply concerned about the impact of sequestration, and I believe we should work for a long-term solution targeting wasteful and unnecessary Government spending without raising taxes. I am disappointed with some of what has been laid out there, with a list of threats of what may take place and different bad things that are going to happen. I think what we really need to do is focus on how we can get results and how we can make sure that the traveling public understands that their safety and security is the utmost importance.

A review of the FAA's budget shows that there are significant dollars that might be able to be redirected to minimize and alleviate the problems and challenges this poses. But let me repeat: The FAA can and must find every way to meet the required cuts while ensuring the safety and security of the traveling public. And this is something, Mr. Administrator, I am very confident that you are able to orchestrate.

I would like to now address the original subject of the hearing, the FAA Modernization and Reform Act, called the Reform Act, which was signed into law February 14, 2012. In the last year, the FAA has taken on the task of implementing the many require-

ments included in the Reform Act. Ensuring implementation of the important FAA reauthorization mandates remains a top priority of the subcommittee. The FAA has had some successes and it has also faced some challenges during the last year. Today I look forward to hearing from Administrator Huerta on the plan that the FAA is going to use to fully implement the Reform Act.

I thank you for coming this morning. Before we turn to the Administrator, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and include extraneous materials for this hearing.

[No response.]

Mr. LOBIONDO. Without objection, so ordered.

I would now like to yield to Mr. Larsen for any comments he may have.

Mr. LARSEN. Thank you, Mr. Chairman, for calling the hearing today on implementing the FAA reauthorization bill. We have—Mr. Chairman, we have an excellent cooperative relationship, working together in the last Congress and the Coast Guard Subcommittee, and I look forward to continuing that work on aviation.

At the outset, I should point out that I didn't vote for the FAA authorization bill, because it amended the Railway Labor Act in a way that I believe will—is harmful to the right of workers to organize and to collectively bargain. That said, the bill did provide much-needed stable, long-term funding for Federal airport infrastructure grants. Additionally, the bill provided a new policy direction for NextGen air traffic control and established a process for safely integrating new technologies like unmanned aircraft systems into the National Airspace System. The bill also included several provisions to ensure the agency is adequately staffed and that its workforce is adequately trained.

Additionally, I want to praise Administrator Huerta and his staff for efforts to extend occupational safety and health protections to flight attendants in their high-altitude workplace, as mandated by the bill.

Democrats in this committee fought to include that mandate in the final conference report, and I was pleased to see the FAA has published a proposed policy statement last December and solicited public comments. I hope a final policy statement will be adopted in short order, and look forward to hearing from the Administrator on where we stand now on extending long-overdue legal protections to tens of thousands of flight attendants.

I look forward to receiving a status report on how all these important provisions, in fact, are being implemented.

Mr. Chairman, it does concern me that the bill's successful implementation can be derailed, and is about to be derailed, due to looming spending cuts. At its heart, the authorization bill is a funding bill, a multiyear authorization of funding for the agency. Yet we are only a few days away from budget sequestration, which will mean several hundred million dollars in automatic cuts for this year below the funding levels authorized in the bill, and larger cuts going forward.

Absent these funding levels, the FAA's priority in the next few years may not be in implementing the bill, but managing a self-inflicted budgetary crisis while attempting to safely downsize the

U.S. aviation system. Long-term investments and new technologies that Congress sought to advance in the bill may be postponed, and the delivery of some critical NextGen systems could be delayed for years.

According to the FAA, sequestration will result in the furlough of a large number of air traffic controllers, technicians, and aviation safety employees that will cause travel delays and disruption. Service at over 200 air traffic control towers could be eliminated.

These furloughs could also impact aviation manufacturers who need FAA safety certifications for new NextGen technologies. Aviation manufacturing is a significant driver of the economy in Washington State, so I am particularly concerned about the effect of sequestration on that part of the industry.

And finally, the FAA's greatest asset is its people. The FAA's dedicated and professional workforce operates the largest, most complex, and safest aviation system in the world. However, one-third of the total workforce of FAA will be retirement-eligible in 2014. The possibility of furloughs accompanied by pay and benefit cuts could cause many devoted FAA veterans to throw up their hands and say, "I am done."

Administrator Huerta, as you consider managing the agency with increasingly scarce budgetary resources, I would urge you to prioritize your investment in your people. The FAA must continue to invest in the training, development, recruitment, and retention of a world-class, 21st-century workforce.

So, with that, Mr. Chairman, thank you for a chance for opening comments. I look forward to hearing from our witness.

Mr. LOBIONDO. We thank you, Mr. Larsen. We are very pleased to welcome the Chair of the full committee, Mr. Bill Shuster.

Mr. Chairman, the floor is yours.

Mr. SHUSTER. Thank you, Chairman LoBiondo. And thank you and Ranking Member Larsen for organizing the first hearing of the Aviation Subcommittee. And I know there will be many more to come as you aggressively have oversight on the FAA.

And I want to welcome Administrator Huerta. Thank you for being here today, and congratulations on being confirmed. I know you haven't been in the chair that long, and it is already hot. But we appreciate the work you have been doing. And you have one of the most important agencies in Government, 47,000 employees and a $16 billion budget. So we look forward to working with you, and we know it is a tough job.

And, as I mentioned, the FAA Modernization and Reform Act, I know that Chairman LoBiondo and Larsen and myself will be looking very closely at it to make sure that timelines are met and progress is made. And there has been progress, but there is still a lot of work that needs to be done.

But now that you are firmly in place, also we expect to see NextGen, which is extremely important to our airline—our aviation industry, to make sure that it moves forward, and we make sure we are measuring and putting those pieces in place as quickly as possible. Because I think the Nation benefits as a whole by having the most efficient airspace in the world.

I also would like to briefly address sequestration. I think we all agree it is not the best way to address our deficit and debt problem

we have, but it is what we have to deal with today. The FAA, like other agencies, is going to have to make some tough decisions. I am a little frustrated that the FAA has, instead of looking at the budget and come forward with a plan to be able to see where you can move money, which I know is possible—we need to make sure that we don't allow safety to be questioned or challenged at all.

And again, my looking, with my staff looking at the budget, there are places that you can shift money around and make the tough choices you need to make. And we are here committed to continue to explore with you ways to address the sequestration situation that we see today, and with maintaining the highest level of safety.

So, I look forward to working with Chairman LoBiondo and Ranking Member Larsen. And again, thanks for being here today and taking the time to be with us. I yield back.

Mr. LOBIONDO. Thank you, Mr. Chairman. We are very pleased to welcome Mr. Rahall, the ranking member. Nick, you are recognized.

Mr. RAHALL. Thank you, Mr. Chairman LoBiondo. I commend you for calling today's hearing on the implementation of the FAA's reauthorization bill. The bill was signed into law 1 year and 2 weeks ago, which would ordinarily make this an appropriate time for the subcommittee to hear about how the FAA is implementing the bill's many requirements.

But it is rather ironic that we are in the situation that we are, and that Administrator Huerta, to whom I commend for your excellent efforts to ensure the safety of our traveling public—you and your agency do a tremendous job, given the circumstances in which we find ourselves.

But it is ironic that we are here today, talking about sequestration, obviously, rather than a true review of the FAA reauthorization bill. Sequestration is the big elephant in the room that seriously threatens the stability that we thought we had achieved by enacting this multiyear FAA bill.

If sequestration occurs on March 1st, as appears likely, almost every single one of the FAA's 47,000 employees will be furloughed. Radio beacons and radars could sit unused while the technicians who repair them are at home without pay. And the figures go on and on. We are all aware of what the possibilities are. Planes will stack up in the air and line up on the ground as air traffic control struggles to cope with the furlough of hundreds of controllers on any given day. And more than 200 air traffic control towers, including almost all the control towers in my home State of West Virginia could be closed, possibly for good.

Sequestration will have dire consequences for rural America which, in many ways, depends on aviation much more than any other part of our country. Congress made a commitment in the FAA bill to protect aviation for rural America by, for example, continuing the essential air service program, by improving the safety of air ambulances that save the lives of thousands of Americans in rural areas, by directing FAA to give pilots more tools to access rural airports in bad weather. But I fear that if the FAA is forced to absorb a $600 million-plus budget cut, the needs of rural America could be put aside as FAA struggles to cope with the demand

in major metropolitan areas where flight delays could be up to 90 minutes.

As we stand on the precipice, I cannot help but think here we go again. The FAA limped along under 23 short-term extensions—which I am sure the Administrator agonized through every one of those—before a long-term reauthorization was finally enacted last year. And in 2011, the Republican leadership—and I am not referring to Chairman Shuster or Chairman LoBiondo by any stretch of the imagination—but the Republican leadership in 2011 conducted a scorched earth policy of negotiating the long-term bill that caused a 2-week FAA shut-down that almost 4,000 employees on furlough without pay, and cost almost $400 million in lost revenue. Now the Republican leadership's failure to come to the table at that time and work out a balanced approach to our fiscal challenges will again cost the flying public, not to mention tens of thousands of dedicated Federal employees dearly.

So, I look forward to today's hearing, look forward to you, Administrator Huerta, on the FAA's plans to implement sequestration while ensuring that rural America, where aviation is a vital, vital, vital lifeline, and a way of life, is not forgotten. Thank you again, Mr. Chairman.

Mr. LOBIONDO. Thank you, Mr. Rahall. I would like to briefly recognize Mr. Larsen for a motion.

Mr. LARSEN. Mr. Chairman, I would ask unanimous consent to enter into the record the statement for the record from Congresswoman Eddie Bernice Johnson.

Mr. LOBIONDO. So ordered.

Now it is our pleasure to welcome our FAA Administrator, Michael Huerta.

Michael, thank you for being here today. The floor is yours.

TESTIMONY OF HON. MICHAEL P. HUERTA, ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION

Mr. HUERTA. Thank you, Chairman LoBiondo, Ranking Member Larsen, Chairman Shuster, Ranking Member Rahall, members of the subcommittee.

A year ago, Congress reauthorized the Federal Aviation Administration. After 4½ years of uncertainty and stop-gap measures, the predictability that reauthorization provided was very welcome. It allowed us to invest with greater certainty in the future of our aviation system, and we are grateful for the efforts of this committee. We have been working very diligently in the past year to implement the provisions of reauthorization.

A year later, however, we again face fiscal uncertainty and unpredictability. The sequester is looming, and massive budget cuts are set to go into effect just 2 days from now.

I want to make a clear distinction about how sequestration differs from previous Government shut-downs that have been caused by a failure to pass a budget, or by the temporary lapse in authorization which took place in 2011.

First, almost all of our FAA accounts would be affected. Therefore, this would affect almost all of our employees. We are looking at all options to reduce costs. We are looking at a hiring freeze, at cutting contracts and travel and other items not related to day-to-

day operations. But to reach the large figure we need to cut, we have little choice but to make up the rest through furloughing employees. This is not something that we take lightly.

Unlike a Government shutdown, under the sequester, almost all of our employees would be affected, even what we would traditionally call essential personnel. The vast majority of our employees, including these essential workers, would have to be furloughed. Under the sequester, our flexibility is very limited because we must cut proportionately from all affected accounts. We can't move money around, and we have limited flexibility to choose what it is that we are able to cut.

Now, a very large portion of the Department of Transportation's budget is exempt from the sequester. What this means is that the FAA will take more than 60 percent of the sequester cuts for all of DOT, even though our agency only makes up about 20 percent of the Department's budget. Now, within the FAA, the airport grant program is also exempt from the sequester. So this, again, limits the choices we have on where to cut the money.

And, finally, we have a very short time to make the bulk of these massive cuts: about 6 months. And that means that the cuts would need to be deeper to have the same effect as if we could spread them out.

It is my hope, and the hope of everyone at the Department of Transportation, that our leaders can work together to rally around the improvements that we need for our Nation's air transportation system. We hope that we can continue to support the programs that we all acknowledged were so important just 1 year ago.

As we move forward, the number one mission of the FAA is safety. That will always be our priority. Let me say with regard to the Boeing 787, we are working around the clock to conduct a comprehensive review of the critical systems of the aircraft, including the design, the manufacture, and the assembly of the Dreamliner. As part of that review, we are working closely on a data-driven process to identify the cause of the recent battery issues, and mitigations for them.

I appreciate the expression of confidence in the FAA's actions from committee Chairman Shuster and Ranking Member Rahall, as well as from subcommittee Chairman LoBiondo and Ranking Member Larsen. We all had a productive briefing just a couple of weeks ago.

Last week we met with senior executives from Boeing to discuss the status of the ongoing work to address the 787 battery issues. We will carefully analyze Boeing's proposal to address these issues. But the safety of the flying public is our top priority, and we won't allow the 787 to return to commercial service until we are confident that any proposed solution has addressed battery failure risks.

In the last few years, Congress has given us much guidance on how to advance aviation safety, and we have accomplished a great deal. The FAA overhauled flight and duty rules to guarantee that airline pilots have the opportunity to get the rest they need to operate safely. We are raising the required hours of experience before a pilot can operate at the controls of any airline flight. We are also finalizing a rule that will require more rigorous and realistic train-

ing, so that flight crews can better handle rare but serious scenarios.

While we are enhancing the safety of the system that we know today, we are also working to deliver the benefits of new technology to create the aviation system of tomorrow through NextGen. We are working to safely integrate unmanned aircraft systems into our airspace.

Earlier this month, we requested proposals to host six test sites across the country to test unmanned aircraft systems. We need to better understand the operational issues to safely integrate unmanned aircraft into our airspace. We need to explore pilot training. We need to make sure that unmanned aircraft sense and avoid other aircraft in the system. If an unmanned aircraft loses the link to its ground-based pilot, we need to make sure that it operates safely.

In addition, we are requesting comments from the public about how to address privacy concerns with these test sites. Each site operator will be required to obey all laws protecting an individual's right to privacy.

To bring NextGen to fruition, we need to collaborate across the FAA and across the industry. Reauthorization asked us to do this, and we have made great strides in collaborative efforts on many fronts. We have worked with our labor unions to lay the foundation for NextGen with the En-Route Automation Modernization, or ERAM. The collaboration has been exceptional. We are now using this new computer system to guide airplanes at high altitudes at nearly half of our sites across the Nation.

Chairman LoBiondo, as you know, a lot of the research that propels NextGen takes place in Atlantic City. The William J. Hughes Technical Center plays a key role in fostering NextGen, and we appreciate your support.

We are collaborating with industry. As a result of the work we are doing with our many partners, we are producing satellite-based navigation procedures much more quickly. We are using these NextGen procedures right now to reduce the miles that aircraft must fly to create more direct routes, to reduce fuel burn, and to cut greenhouse gas emissions. Right here in Metro Washington, DC, airlines have started using these NextGen procedures to fly into Dulles and Reagan National. We estimate the airlines will save $2.3 million in fuel per year.

Reauthorization laid out a vision to address the future needs of our Nation's aviation system. These needs have not gone away. It is important for us to work together to protect the great contribution that civil aviation makes to our economy. Aviation is our largest export industry. It strengthens our balance of trade. It adds $1.3 trillion to the economy, and provides for 10 million jobs.

I look forward to working with you, and I sincerely hope that we can work together to make sure that America continues to operate the largest and safest aviation system in the world.

Mr. Chairman, this concludes my prepared remarks. I would be pleased to answer any questions you might have.

Mr. LOBIONDO. Well, thank you very much. This will probably be the first in a number of hearings and interchanges with the FAA, since it is so comprehensive and there is so very much to be gained

from this moving in the right direction. So what we don't cover today we are likely to cover in future sessions.

But just a couple of questions on sequestration. Mr. Administrator, in your correspondence with the aviation industry, you mentioned a plan to close about 100 towers as a result of the sequestration. But I believe the FAA sent out a list that has something like 235 or 40 towers that might close. Can you maybe explain to us what the difference in these two numbers would be?

Mr. HUERTA. Certainly. The list that we provided encompasses all towers that have 150,000 annual operations and 10,000 commercial operations. These are our lowest activity towers. The principle that we were working from was to provide the least impact on the largest number of travelers. Now, the list represents the universe of facilities that we feel we need to look at.

We are engaging in discussions with our labor partners and the industry stakeholders to actually understand the specific operating characteristics of each of those towers. But in order to achieve the savings we need to achieve this year, we have to cast a very broad net and look at a wide range of towers.

In terms of how and where we ultimately land, a lot of it is determined by the ongoing contract tower review we have underway, as well as the savings we can achieve this year. Our effort is to minimize the impact on travelers, but these are very significant cuts, and we have to look at our lowest activity towers in order to preserve the maximum benefit for the maximum number of travelers.

Mr. LOBIONDO. Discussing the maximum benefit for the maximum number of travelers, recognizing that all towers are important, but certainly in some of our major metropolitan areas where there are critical concerns about how this will all work, and along with staffing, will such staffing-critical facilities or areas be identified in advance of sequestration and on a continuing basis? And what are your plans to try to minimize for these major facilities?

Mr. HUERTA. This is something that we have to look at, and we are looking at it on a facility-by-facility basis. The characteristics of each facility are quite different, and we need to consider the impacts overall. I will give you an example. We might have a modest impact through furloughs on controller hours at large, complex facilities. But how it affects the operations at those facilities will be very dependent on the specific facts of that facility.

Let me give you a specific example. Chicago O'Hare International Airport is one of our largest facilities, and it has significant impacts across the entire system. It is a somewhat unique facility, in that it operates with two air traffic control towers, one on the north side of the airfield that controls the north side of the airport, and one in the center of the airport. It runs at a very tight level of staffing. If we need to reduce controller hours, one factor that we would need to consider is, in certain weather conditions, we may need to close the north tower.

If we need to close the north tower, that effectively removes a runway from operation. We would do everything that we can to mitigate against that, but if we have fewer controller hours to work with, these are the sorts of impacts that could affect the large-hub airports.

Mr. LOBIONDO. OK. I will have some additional questions on round two. Mr. Larsen, the floor is yours.

Mr. LARSEN. If we can just continue a little bit on towers.

Mr. HUERTA. Sure.

Mr. LARSEN. Can you tell me a little bit more about how you will prioritize air traffic control traffic closures, how you came up with 150,000 hours and 10,000 operations?

Mr. HUERTA. Yes. The 150,000—it is annual operations, and then 10,000 commercial operations.

Mr. LARSEN. Oh, all right.

Mr. HUERTA. What that represents is the universe of lower level activity towers.

In terms of operations and passengers, they represent a relatively small percentage of the total. But it is a large number of facilities. The cost of operating these facilities, through contracts, through utilities, through personnel costs, are quite significant.

What we are focused on is, again: How do we maximize the benefit for the maximum number of travelers? We do recognize that some of these small facilities might serve unique needs. For example, they might support some sort of a military operation. That is a factor that we need to consider as we look at our options. But for every facility that we are able to preserve, we have to find an offsetting cost saving someplace else. So we will just need to continue to work through that.

Mr. LARSEN. So, in that sense, you do have some flexibility, but you still have to meet an overall number.

Mr. HUERTA. Correct.

Mr. LARSEN. Yes. Some have suggested that the FAA has—could avoid furloughs, in part by saving over half-a-billion dollars on consultants and $200 million on travel and supplies, statements which seem to have been refuted by a fact-checker article that ran today in the Washington Post.

Can you provide FAA's response to the suggestion that the saving could be found through consultant contracts and through travel and supplies?

Mr. HUERTA. The $500 million figure that is referenced represents the universe of contracts that are included within our operations account. These contracts are not limited to consultants. In fact, our estimate is that only about $21 million of that number would truly be designated as consulting services. That represents only 1 percent of our total contract obligations for last fiscal year.

What is included in this number are some very large service contracts, the largest of which is a program called FTI, our Federal Telecommunications Infrastructure program. That program is about a $228 million program, that is the telecommunications infrastructure that underlies the whole air traffic control system. This is provided to us by a private contractor, but for budget classification purposes, it falls into this larger account.

Mr. LARSEN. And the travel and supplies?

Mr. HUERTA. Travel and supplies have been an area where we have cut 30 percent over the last year, and I think we have made significant improvement in our travel budget. The travel that we are preserving is actually travel that is essential for carrying out our safety mission.

For example, an aviation safety inspector needs to actually visit a facility to provide inspections or a tech ops employee actually needs to visit a facility in order to provide repairs and needed maintenance for our facilities. So there is a level of travel that is necessary for us to do our job to preserve the safety of the system.

Mr. LARSEN. Yes. Mr. Chairman, I see you don't have me on the clock, and I want to be respectful of that. I have a couple of rapid-fire questions, and then in the second round I will probably move on to more mundane issues like the actual implementation of the bill.

But let me ask you this, and I will end with just four rapid-fire, yes-or-no kind of questions. On this topic of sequestration, it has been suggested, as we have talked about, the FAA could absorb possibly this half-a-billion dollars the rest of the fiscal year without compromising efficiency. But would you, first off, on the following actions, would you agree that efficiency would be compromised if we took actions like cutting a half-a-billion dollars?

First off, would the efficiency be compromised if we furloughed the vast majority of all FAA employees?

Mr. HUERTA. Yes.

Mr. LARSEN. Eliminating midnight shifts in over 60 control towers?

Mr. HUERTA. It would certainly have an impact, yes.

Mr. LARSEN. Closing over 100 control towers.

Mr. HUERTA. Yes.

Mr. LARSEN. Reducing preventative maintenance and equipment—provisioning for FAA equipment?

Mr. HUERTA. That introduces into the system a level of risk that may result in delays in restoring services if a piece of equipment breaks, or if something goes out of service.

Mr. LARSEN. Great. Thank you. And thank you, Mr. Chairman.

Mr. LOBIONDO. OK, thank you, Mr. Larsen. Mr. Shuster.

Mr. SHUSTER. Thank you, Mr. Chairman. Mr. Huerta, the controllers are all in an organization called the Air Traffic Organization, or the ATO. Is that correct?

Mr. HUERTA. That is correct.

Mr. SHUSTER. And that is a line of business?

Mr. HUERTA. Correct.

Mr. SHUSTER. And its operating budget is $7.4 billion a year, is that right?

Mr. HUERTA. Yes.

Mr. SHUSTER. And the 5-percent cut that applies to the $7.4 billion would be $370 million for ATO. Does that sound about right?

Mr. HUERTA. For a total, yes, that sounds about right.

Mr. SHUSTER. So could you find $30 million a month savings in a $7.4 billion budget?

Mr. HUERTA. As I mentioned, Mr. Chairman, our focus is starting first with a hiring freeze, then focusing on contracts. In discussing the contracts, one of the things that it is important to point out is that our largest contract is the telecommunications infrastructure, so that is one that is very important for maintaining the operation of the National Airspace System.

Likewise, we are focusing in other contractual areas, and we are taking significant reductions in things like training, like travel, consulting services——

Mr. SHUSTER. So it sounds to me like you are headed down a road to figuring out how to find that $30 million a month——

Mr. HUERTA. But——

Mr. SHUSTER [continuing]. Without furloughs, without jeopardizing safety. Is that correct?

Mr. HUERTA. But the point is this. Our third largest contract is for contract tower services. These are the lower level towers that we talked about.

In addition, what we are shooting for is the amount of money that we would need to achieve through furloughs. We are making every effort to reduce that number as much as we can. But I don't see any way to avoid it.

Mr. SHUSTER. You—so you don't think you can find $30 million a month in savings?

Mr. HUERTA. We have identified a wide variety of savings, but I don't think I can completely eliminate furloughs.

Mr. SHUSTER. Well, what I would just ask you and challenge you to go back there. You know, the history of the FAA has been one of financial stumbling and bumbling—before your time, but there needs to be real reform in the financial management of FAA. And I believe this is an opportunity for the FAA to go back and go through these contracts. And it sounds like you are doing that. And I know your reputation and your experience before is excellent. But this is a time that we really need you to sharpen the pencil of the FAA, go back, and I got to believe you are able to find $30 million a month in a $7.4 billion budget without the threat of furloughs, without the threat of endangering safety.

So, I encourage you to go. This committee stands ready. We have been working around the clock, looking at the budgets, talking to the Budget Committee. We believe you have the flexibility within those lines of business to move money, and there just seems to me to be enough there to be able to figure this out. So, again, I would urge you to do that.

Mr. HUERTA. The sequester applies by project, program, and account, and——

Mr. SHUSTER. Right.

Mr. HUERTA [continuing]. We are looking within each of those areas.

Mr. SHUSTER. Right.

Mr. HUERTA. It does limit our flexibility. But——

Mr. SHUSTER. But in project, program, accounts, you do have flexibility to move money.

Mr. HUERTA. Within a single PPA.

Mr. SHUSTER. Correct.

Mr. HUERTA. Correct.

Mr. SHUSTER. Which would be—the ATO is a line of business, which is a PPA, correct?

Mr. HUERTA. But the key point is that we need to focus on what cuts can we get out of contracts, as I talked about.

Mr. SHUSTER. Right.

Mr. HUERTA. We want to minimize the impact on personnel, pay, and benefits. Right now, based on where we are, based on where our contracts are, I don't see a way to avoid it. We will continue to work on it.

Mr. SHUSTER. OK. Thank you very much. I yield back.

Mr. LOBIONDO. Thank you, Mr. Shuster. Mr. Rahall?

Mr. RAHALL. Thank you, Mr. Chairman. Mr. Administrator, at the risk of beating a dead horse, I have to return to the closure of control towers and their effect upon rural communities. You heard my opening comments and how important—and I am sure you know how important these rural airports are to the economies, to jobs in rural America. You know, as well as I do, how much a sticking point essential air service was in the last FAA reauthorization, which we are supposed to be here examining today, and how I am sure it will continue to be a sticking point in future reauthorization of the essential air service program.

My question is, you know, of the 200-some hit list that you issued as far as towers that may be closed around the country, there were 5 in my State of West Virginia. My question is, have you considered alternatives? I heard you respond to the chairman's opening question you look at the numbers and all that, the most effected traveling public. But have you considered any alternatives to those towers that may be closed in rural America?

Mr. HUERTA. Obviously, we are trying to work closely with industry to understand the impacts in each of these areas, and that is a conversation that we began this week.

The reality is that we are looking at a series of bad choices. As I mentioned, our overall principle has been how can we protect the maximum number of travelers. That said, we are looking at each of these facilities to understand their place and how they contribute within the National Airspace System.

The challenge that we are going to have is for every one that we identify the need to preserve at some level of operation, we need to find some sort of a budget offset in order to be able to meet the overall sequester total. That is going to be the thing that we will need to achieve.

We have heard from some local sponsors that perhaps there is a willingness to step in with local resources, and that is something we would be able to consider. But those are the kinds of discussions that we are in the middle of right now.

Mr. RAHALL. OK. I am still not sure I heard any alternatives to the closures in rural America. But please keep that in mind. It is just so vital for so many areas. And I have to add weather, as well.

Mr. HUERTA. I understand.

Mr. RAHALL. We have tragic weather events in rural America. You know, those small rural airports are essential, as far as air weather service, as well.

Let me ask you one further question on the—on what is deemed essential employees. When we failed to reauthorize the FAA for a period during the—that tumultuous period in 2011, air traffic controllers continued to work as if they were deemed essential employees. Why are they not deemed essential employees under sequestration?

Mr. HUERTA. The provisions of the Sequester Act are just fundamentally different. Previous interruptions in funding have generally operated under an assumption that the funding would be restored on the back end. It is for that reason that the Government has, as a whole, drawn the distinction between essential and nonessential appointees.

The sequestration is a different framework, in that it is actually a budget reduction that takes place that we need to manage across all of the accounts of the FAA. We can't assume that the funds will be restored, because we are not seeing anything that would suggest that will be the case. So we have no choice but to take the steps that assume that we will need to operate at a lower funding level.

Mr. RAHALL. OK, thank you. Thank you, Mr. Chairman.

Mr. LOBIONDO. Mr. Graves.

Mr. GRAVES. Thank you, Administrator, for coming in. We appreciate it.

My question is—it is real basic, to be quite honest with you. What does this take you—if sequestration goes into place, what does this take you back to? Funding levels in what year? Staff tells me it is 2010.

Mr. HUERTA. I think it is probably about 2008.

Mr. GRAVES. 2008 or 2010?

Mr. HUERTA. There is——

Mr. GRAVES. Well, OK. Let's assume 2008. What is so much different today—or then than today? I mean everything was operating just fine in—is it 2010? OK. So what is so different?

I mean I feel like the sky is falling at any moment now, because of sequestration. But yet we are not really—we are not going back that far.

Mr. HUERTA. Yes. In the intervening years the FAA's operations account has increased by about $910 million. Now that is from 2008 to 2012. In that period of time, our personnel costs increased by about $887 million. We have been absorbing reductions in our nonpay spending for the last 5 years, and those cost savings have resulted in significant savings across the wide variety of accounts.

I would also like to point out that we have spent a lot of money for things the industry wants: to implement things like advanced navigation procedures and develop new, much more efficient, approaches and departures from airports. We do this for a very important reason. The airlines want to see benefits, and they want to save fuel, and they want to save on the cost of operation in the system. All of that costs us money. It costs money to develop and maintain these procedures. So we have a much more complex aviation system than we had back in 2008, and it will continue to become more complex in the years ahead.

I think that we have been successful in achieving savings through things like strategic sourcing. But at our core, we are a people-based organization, and our people costs have increased in the intervening years.

Mr. GRAVES. Well, that—you know, more efficient approaches in departures into airports and all, I mean, is that an ongoing cost? I mean——

Mr. HUERTA. It does.

Mr. GRAVES. It looks like that is one of the major things, you know, obviously, that you have spent money on. But——

Mr. HUERTA. It is.

Mr. GRAVES [continuing]. What did you do differently?

Mr. HUERTA. It is an ongoing cost, because in addition to developing procedures, which are new procedures at an airport, we then have to maintain them. That carries with it costs associated with regular maintenance, with flight-checking, with ensuring its safety; all of which represent ongoing costs.

Mr. GRAVES. So you are talking about just changing—you are coming up with, obviously, new approach procedures, which—you are printing those and maintaining—what is it that you are maintaining that is going to—that is costing so much money?

Mr. HUERTA. Flight-checking it or providing for——

Mr. GRAVES. But you were doing that before. I mean——

Mr. HUERTA. We are flight-checking——

Mr. GRAVES [continuing]. Procedures and departure plans in and out of airports, I mean, they may have changed, but you were doing that before, too, and you were flight-checking them before, too, and you were—look, I just don't understand——

Mr. HUERTA. We are flight-checking more of them.

Mr. GRAVES. OK, you are flight-checking more of them. And I don't mean to belabor this, but you are not going back that far. The sky isn't falling. We aren't going to have more meteors hit because of sequestration.

It is just I don't understand why it is that the Administration continues to take this attitude that the world is absolutely falling apart as a result of this. And yet I don't see that much changing, to be quite honest with you. And maybe I am completely wrong, but the FAA, which I know very well, you know, what you are doing, and your procedures and processes and what it takes and all, and I just don't understand the—you know, what the attitude is, you know. It baffles me.

Mr. Chairman, thank you.

Mr. LOBIONDO. Thank you, Mr. Graves. Mr. Lipinski.

Mr. LIPINSKI. Chairman LoBiondo, Ranking Member Larsen, I congratulate both of you on your rising to leadership of this subcommittee. I look forward to working with you over the next 2 years. I want to thank you also for holding this hearing on implementation of FAA Reauthorization and Reform Act. And I am going to surprise everyone by actually asking a question about that Act.

While this Reform Act was not perfect, it provides guidance and predictability to FAA as an agency that develops Next General Air Transportation System, and works to meet the day-to-day needs of the National Airspace System. So, I would like to begin by asking about the status of section 221 of the bill, which relates to NextGen public-private partnerships.

We all know that NextGen can't happen if planes don't have new enhanced equipment. These upgrades aren't going to happen overnight by themselves. That is why I was happy to work to include section 221 in the bill, which authorizes the FAA to establish an incentive program for equipping general aviation and commercial aircraft with communications, surveillance, navigation, and other avionics equipment necessary for NextGen.

Administrator Huerta, can you describe what the FAA has done over the past year to implement the NextGen public-private partnerships related to equipage?

Mr. HUERTA. Thank you, Mr. Lipinski. That has been a discussion that we have been having on a continuous basis with the stakeholders in the industry. What we wanted to develop was an understanding with industry of how we would measure the benefits, and what incentives that they actually need and are looking forward to, in order to encourage them to participate in the new system.

That got us very quickly into a conversation about operational incentives, as well as financial incentives. An operational incentive is essentially: How do I know that, if there are advanced procedures, or if I can take advantage of new technology, that a controller is actually going to be able to allow me to use it? So that is related to developing the metrics, and knowing, with certainty, that they will be able to realize the benefits of fuel burn, reduced track miles flown, and everything that goes with that.

Our stakeholders want us to deliver metrics for measuring the delivery of these operational incentives. One of the things that has become very clear in these conversations with our industry stakeholders is the financial incentives, while important, become less important if the operational benefit is delivered. We are working closely with our stakeholders to focus on how can we put more precision around those operational benefits.

Mr. LIPINSKI. Are you saying you are not moving ahead with the——

Mr. HUERTA. No, no. But the two are related. The two are related. You have to be able to demonstrate the operational benefit.

On the financial benefit side, we do need appropriations authority to proceed, but we are continuing to work with the stakeholders to frame what financial incentives should look like.

Mr. LIPINSKI. Thank you. Yes. I can't yield back without going on to everyone's favorite topic, here, the sequester. It is amazing to me to hear that the sequester would actually be worse for the flying public than if we had a Government shutdown, where we have—essential employees will have to be at work. But it just shows the craziness of what is going on right now.

I wanted to ask a question, because this is what my constituents are asking me. Midway Airport is in my district. You talked a little bit about O'Hare, which is also important, but I want to ask about Midway. What is going to be the impact there at Midway? I have heard that perhaps the Midway tower will be closed at night, and just wondered what—if that is true, and what this would mean for local air traffic.

Mr. HUERTA. Well, Midway Airport is one of those facilities where we are considering a midnight closure. But we are in conversations with the industry to understand what sort of operations would be affected.

Again, what we are focused on is the universe of facilities that fall into a certain category; 150,000 operations or 10,000 commercial operations or fewer. Then, as it relates to the midnight closures, we look at those airports that have the smallest number of midnight operations.

This is exactly the nature of the conversation that we are having with the industry stakeholders. We need to understand the impacts to the system and determine if there is a way to mitigate them. Again, if we identify mitigations, we have to find offsetting costs.

Mr. LIPINSKI. Thank you. A lot of people have questions, I am going to yield back.

Mr. LOBIONDO. Thank you. Mr. Bucshon.

Dr. BUCSHON. Thank you, Mr. Chairman. And thank you for your testimony today, and for the work the FAA does on behalf of the American people, including people in my district in Indiana.

There has been a threat, because of sequester, the FAA will have to furlough the majority of their 47,000 employees, putting our Nation's air traffic and airport safety at risk. But I personally find this hard to believe, since FAA funding has increased 41 percent since 2002, despite the fact that domestic flights are actually down by 27 percent in that same timeframe.

In my State, in Indiana over the past 8 years, we have streamlined and made more effective State government. And we went from being $700 million in debt to a $2 billion surplus. In fact, instead of tax increases, we have given every taxpayer an automatic refund. When it comes to the number of State employees, we have the same number of employees in Indiana that work for the State that we had in the late 1970s, and universally it is believed in my State that services from the State government have dramatically improved.

With fewer employees, our government has worked better for every citizen in the State. I would also like to say that was done through attrition and retirements. No one was furloughed, no one was laid off. This is making government more effective and efficient.

With that said, I would like—my question, can you remind us again what your annual budget is?

Mr. HUERTA. Our annual budget is about $16 billion.

Dr. BUCSHON. $16 billion. And what is your share of the sequester cuts that the FAA will have out of your $16 billion budget?

Mr. HUERTA. $627 million.

Dr. BUCSHON. $627 million. OK. If the sequester were half that size, would that make a difference?

Mr. HUERTA. Yes, if the sequester were a smaller number, yes, it would——

Dr. BUCSHON. As some people out there are proposing to increase taxes to cover half of it and then still have some cuts, you wouldn't have to furlough anybody if you had only $300 million in cuts, versus $600 million?

Mr. HUERTA. We are focused on, very broadly, what we can do with contracts and what will be our pay and benefits cuts. Right now, our planning is at the $627 million level. We haven't seen any alternative to that.

Dr. BUCSHON. OK. And the NextGen program—I guess there is three programs related to implementation and developing this modernization program. And do you have any idea what, approximately, the cost overruns are on those so far?

Mr. HUERTA. Our ADS–B program is within its baseline budget. You may be referring to the En Route Modernization Program that

we re-baselined a couple of years ago. It is now operating within its new baseline.

Dr. BUCSHON. Because what I have, the data I have, shows that of the three key modernization programs, cost overruns have a combined total of about $4 billion. And so, my question is where does that $4 billion come from if we have this much cost overrun, trying to modernize the FAA? Where does that come from?

And, I mean, just for everyone, $4 billion versus $600 million in cuts to the FAA, where does that money come from? Where are you getting that money to continue to have inefficiencies in the way that we spend the taxpayer dollar at the FAA? I just find it hard to believe that, you know, if it is—if we can spend more than $4 billion over what it is supposed to cost, that we can't find $600 million in savings in a $16 billion annual budget. Do you have any idea where that money comes from?

Mr. HUERTA. I am neither aware of which programs you are talking about, nor the period of time that you are talking about. But as we have testified before Congress for our annual appropriations, we have explained where we are in each of those programs, and Congress has been supportive of them.

Dr. BUCSHON. So, what you are saying is each time we give you more money?

Mr. HUERTA. Every year we come before Congress with our program plan for the year, and Congress has been supportive of it.

Dr. BUCSHON. OK. So if we give you—so we are giving you more money on top of what we normally would appropriate to cover that cost overrun. That is what you are saying?

Mr. HUERTA. Again, I don't know what programs you are speaking about, or the period of performance that you are talking about. So I can't respond directly to——

Dr. BUCSHON. OK, thank you. One last question, then. Related to how our State has helped our State government by making it more effective and efficient, do you know approximately how many employees the FAA had in 2008? Have any idea?

Mr. HUERTA. I do not.

Dr. BUCSHON. About 4 years ago. Right now there are about 47,000 employees.

Mr. HUERTA. Correct.

Dr. BUCSHON. You know how many of those are based in the Washington, DC, area? Or is that spread throughout the country pretty uniformly?

Mr. HUERTA. Eighty-five percent of our employees are in the field and outside of our major centers.

Dr. BUCSHON. OK, great. Thank you, Mr. Chairman. I yield back.

Mr. LOBIONDO. Mr. Cohen?

Mr. COHEN. Thank you, Mr. Chairman, and I appreciate the opportunity to serve with you on this subcommittee, and look forward to working with you and Mr. Larsen.

Administrator Huerta, first I want to thank you for all the courtesies you have shown Memphis. And you came down and we dedicated the historic marker to Lt. Col. Weathers, historic Tuskegee airman, at the Memphis Airport, and that was an occasion of great significance to my community, and I thank you for that.

How much discretion do you have, if any, in where these cuts—I mean they have to go kind of across the board, but do you have some discretion in the cuts, as far as which airports, or which times, or how you implement them?

Mr. HUERTA. The cuts need to be applied across the board within a program, project, or account, as laid out in the FAA's budget. The only exempt program is the airport improvement program. Aside from that, our remaining three accounts—our operations account, our facilities and equipment account, and our research account—the cuts must be applied across the board there.

Within each program, project, or account, there is some ability to work within the account. But when you are talking about an organization that is largely driven by people, that flexibility is limited.

Mr. COHEN. Let me ask you this. You have estimated, I believe, that in the larger cities—you said New York, San Francisco flights—could be delays of up to 90 minutes. Is there any way to—if you didn't do that, if you didn't have these delays, would the alternative be risking safety?

Mr. HUERTA. We are always going to err on the side of safety. Now, that could mean that we would have a disproportionate impact on efficiency. But we are always going to be doing everything that we can to ensure the system is safe.

Mr. COHEN. So These cuts, if they come about with sequestration, unless the efficiency is sacrificed, which is what you are going to have to do, would jeopardize, potentially jeopardize, the flying public. Is that correct?

Mr. HUERTA. Well, our focus is on maintaining a safe system. Where I think we see the principal cost benefit is if there is less efficiency.

Mr. COHEN. Is there any——

Mr. HUERTA. Principal impact——

Mr. COHEN. Excuse me, sir, I didn't mean to cut you off.

Mr. HUERTA. No, principal impact. I think I said something else.

Mr. COHEN. OK. Everything that I have heard has been referred—and it is important—on commercial traffic, or passenger traffic. And that is important. We all fly back and forth to Washington, and many people travel all over this country and the world. But there is a commercial impact, as well. And obviously, Federal Express and UPS deliver a lot of product. Is there going to be—mostly they do a lot of their work at night. Will there be an opportunity to look into the—how will this affect their services, and will they absolutely positively be able to deliver the next day?

Mr. HUERTA. We had our industry forum a couple of days ago where we met with members of industry. Both FedEx and UPS were present. We understand the impact on the cargo industry and its unique characteristics. That is a factor we need to consider as we look at our actions.

Mr. COHEN. So it is a possibility that, since it is nighttime, and there are not as much commercial, that it would not be—the traffic wouldn't be interrupted.

Mr. HUERTA. Well, again, we are looking at two factors. One is total operations, the other is commercial operations.

Mr. COHEN. Thank you. Well I would just ask you—and I am sure you will—when you look into the cuts, that you will consider

the impact that that could have on commerce. Because what happens to FedEx—used to be what happens to General Motors is what happens to America. Well, now it is what happens to FedEx. So thank you, sir. Appreciate it.

Mr. HUERTA. Thank you.

Mr. COHEN. Yield back the balance of my time.

Mr. LOBIONDO. Mr. Meehan?

Mr. MEEHAN. Thank you, Mr. Chairman. And let me take a moment, as my colleagues as well, to congratulate you on your ascension to this seat, and I look forward to working with you. And Administrator Huerta, as well, we welcome you and look forward to working with you.

And I particularly, as a congressperson who represents the city of Philadelphia and the airport outside the city of Philadelphia, but the airport within Philadelphia, we look forward to working with you on a number of the efficiencies that the FAA is part and parcel of, including the implementation of NextGen. So I am grateful for those efforts, but look forward to your leadership in helping to push that as effectively as we can.

I know in addition to—one of our challenges has been, as you have discussed, looking at all the options, to reduce costs. And as part of the Reform Act, there has been direct responsibilities to look for ways to streamline the offices, to seek greater efficiencies, and to eliminate wasteful practices. So, as part of that process, one of the things that I know has been undergone has been efforts to seek consolidation in various places, including consolidations of the air traffic control facilities in certain places.

Are you familiar in much detail with that planning at this point in time?

Mr. HUERTA. Yes. That is a high priority for us, because it has the potential to yield significant long-term efficiencies for the agency across the board.

Mr. MEEHAN. Are you familiar with—I am holding in my hand an RFI, which is a request with respect to the air traffic control facilities in the Northeastern United States. Are you familiar with that project, itself?

Mr. HUERTA. Yes.

Mr. MEEHAN. Well, that is good, as well, because on the RFI one of the things that I was sort of struck by was the idea that you were looking for consolidation—was that you—the request is for an interest in properties that can be sold, land that can be sold to the United States.

Why are we selling—why are we looking to purchase property when, arguably, there is a great deal of governmental property that is out there that is underutilized?

Mr. HUERTA. Well, that is certainly something that we are also looking at. But the basic issue that we are looking at is these air traffic facilities need an upgrade. We need to replace facilities that, in some instances, are over 50 years old. Long term, what we need to have is a property interest in them to ensure that we do not have ongoing lease costs. Your question is——

Mr. MEEHAN. Well, what kind of a property interest, though? I mean the—you need a property interest.

Mr. HUERTA. But——

Mr. MEEHAN. There is a lot of properties that the Government already owns. We have a property interest in certain locations, don't we?

Mr. HUERTA. Sure.

Mr. MEEHAN. I'm speaking—if we have a place in which there is a viable, already-owned Federal facility, shouldn't that be a preference over purchasing private property?

Mr. HUERTA. It is very specific to the location factors in question with that property. Clearly, we will look at it.

Mr. MEEHAN. What—tell me what the location factors are, and how are they relevant to the decisionmaking.

Mr. HUERTA. Well, we are considering the impact on employees. What would relocation costs be associated with relocating our employees? What are the utility costs? How is the facility hardened, so that it can be a secure facility for the management of air traffic? I mentioned that we need access to utility services and access to the facility itself. Is it well located? Are we able to reach it? There are a wide variety of traditional location factors that any business would consider.

Mr. MEEHAN. Well, I am reading this and it is saying—the facility is asking for a facility that is located in the State of New York within 150 miles of downtown New York City, but located in the State of New York. Why must it be located in the State of New York?

Mr. HUERTA. The principal factor we are considering is how to minimize the impact on the existing employees, who are currently based on Long Island.

Mr. MEEHAN. And what are the—they are based in Long Island.

Mr. HUERTA. Long Island, New York.

Mr. MEEHAN. Where one of the factors is cost of living, and things of that nature?

Mr. HUERTA. That is a factor throughout the entire Northeast.

Mr. MEEHAN. So if there is a region in which the cost of living may be cheaper than actually living in New York, is that a factor that will be considered, as well?

Mr. HUERTA. We are considering the all-in cost of operating the facility over its useful life.

Mr. MEEHAN. Are you familiar with the Willow Grove Naval Air Station?

Mr. HUERTA. I am not.

Mr. MEEHAN. Is it something that you can get yourself familiar with in time to be responsive to this January 31st request? It is within 150 miles of New York City, but it is not within the city of New York or the State of New York.

So I don't understand why there would be a solicitation that first would ask that we potentially purchase private property, when we own public property, as a government entity already. The Willow Grove Naval Air Station has been BRAC'd, has been reduced, has security, has a lower cost of living than that which exists in New York for your employees, and a variety of other kinds of infrastructure that is already there, including infrastructure in which they have been handling flights for a period of time. Wouldn't those all be factors that will be, I think, naturally conducive to sort of a retrofitting of this?

Mr. HUERTA. As I mentioned, I am not familiar with the site. It is certainly something we can——

Mr. MEEHAN. Can I have your commitment, as this process goes along, that we will not automatically have a preferential consideration for one State? And then explain to me why that preference would be there.

Mr. HUERTA. You have my commitment to certainly look at the site.

Mr. MEEHAN. You didn't tell me, though, why we would prefer one State over another. Why?

Mr. HUERTA. As I mentioned, it is to minimize the impact on the employees based on Long Island.

Mr. LOBIONDO. Excuse me, Mr. Meehan, you can go to round two, if you choose. We are going to try to respect the other Members. Thank you. Mr. Carson?

Mr. CARSON. Thank you, Mr. Chairman. Administrator Huerta, you mentioned in your opening statement the issue of unmanned aircraft systems, or drones. The reauthorization allows for safe integration of civil, unmanned systems into our national airspace by 2015 for missions such as search and rescue, wildlife, and weather research, border patrol, and other law enforcement purposes. As a former police officer, I am particularly concerned about the challenge of balancing the risk of privacy intrusions with the benefits of protection from physical harm that drone technology can provide.

The reauthorization calls for the FAA to work in collaboration with other appropriate Government entities to develop an authorization or licensing process for civilian drone operations. Please tell us what other Government entities the FAA is working with, and the status of the drone collaboration that is taking place right now. I have seen reports about the work kind of falling behind schedule, and would like to know if this is correct, and what can we do on the subcommittee to get things on track.

Mr. HUERTA. Thank you, Mr. Carson. Unmanned aircraft represents a very significant challenge for integration into the National Airspace System. It also represents a very significant opportunity. It is something that we are taking very seriously.

Just a couple of weeks ago we released the screening information request, inviting proposers to compete for designation of one of the six unmanned aircraft test sites that are called for within the reauthorization. We are expecting that we will receive a lot of proposals. There has been very significant interest in this. The purpose of the test site designation is to develop data on how these types of aircraft operate within the National Airspace System, and how they can be safely integrated with manned aircraft that also operate within the National Airspace System.

As we were developing the screening information request, one thing that we learned—and I touched on it in my opening statement—were that a lot of concerns were being raised with respect to protecting individuals' rights to privacy. So it is for that reason that we worked closely with other agencies across the administration to develop a framework. At the same time we are seeking proposals, we are also soliciting comment on a proposed implementation of a privacy policy. Whoever is selected would be expected to

have a proposed privacy policy. We have received a lot of comments on this, and we will continue to receive a lot of comments.

With respect to safe integration of UAS, we have worked very closely with our colleagues in the National Aeronautics and Space Administration, the Department of Defense, and the Department of Homeland Security. We have also had a lot of conversations with State and local government entities. You mentioned law enforcement as being one area where there is a significant level of interest. We are expecting that a lot of the proposals we will see will be in support of that particular interest.

Mr. CARSON. Thank you, Mr. Chairman. I yield back.

Mr. LOBIONDO. Thank you. Mr. Webster.

Mr. WEBSTER. Thank you, Mr. Chairman, for hosting this timely discussion. And thank you, Administrator, for being here. I have a question, a local question.

I represent the Orlando area in Florida. Orlando International Airport is at or close to one of the final—largest final destinations in the world. And we get over 40 million visitors every year to our fine parks. And I would imagine everybody on this panel has been there at some point in time in their life, maybe even yourself.

Several years ago, they purchased—the Orlando International Airport purchased some property next to their airport for about $54 million. The U.S. Code requires that airports should be as self-sustaining as possible. And so their idea was to develop that with some commercial ventures so that it would become more self-sustaining. Since 2007, they have been attempting to work through the environmental process necessary to get approval to use that land and began holding hearings in 2008. And much of that has been stalemated, and here is why it was stalemated. And I am just looking for advice, or an answer to a question with advice.

The general counsel for the FAA has denied approval based on National Environmental Policy Act and—because they need a suitor that would be developed in a 5-year period of time, from the time of approval. They have tried to get people to relocate their maintenance facilities, and so forth. However, none of them want to relocate without NEPA certification.

Mr. HUERTA. Yes.

Mr. WEBSTER. So it is like a—we are against a brick wall. We can't get anybody to come unless we have approval, we can't get approval unless we have somebody coming. And so I am just asking. Have you got any advice for me?

Mr. HUERTA. Mr. Webster, I am going to have to get back to you. I am not familiar with that particular issue, but I can certainly consult with my staff and we can get back to you and ensure we have the right people available.

Mr. WEBSTER. Could somebody work with me on maybe coming to a solution?

Mr. HUERTA. Sure.

Mr. WEBSTER. OK.

Mr. HUERTA. Absolutely.

Mr. WEBSTER. Thank you. Thank you, Mr. Chairman.

Mr. LOBIONDO. Mr. Maloney?

Mr. MALONEY. Thank you, Mr. Chairman, for the opportunity to serve with you on the subcommittee; I am looking forward to it very much. And to Mr. Larsen, as well.

I am tempted to—as the only New Yorker on this subcommittee, I am tempted to correct my colleague from Pennsylvania on the—on his misguided ideas on the superiority of all things located in the State of New York. But because we have limited time and out of respect for Mr. Huerta, let me just focus on a couple of quick things.

I am very curious about the impact on small airports. I represent the Hudson Valley.

Mr. HUERTA. Yes.

Mr. MALONEY. Duchess County Airport is on your list of facilities that may face tower closures. Would you just say a word about what that means in practical terms for a small airport like Duchess County?

Mr. HUERTA. Well, what it means is if we find ourselves in a situation where we need to close the tower at a smaller airport, then the airport converts to a status of a nontowered airport. There are procedures that are in place to operate within a nontowered airport. In general, we provide approach control to the facility, and then there are provisions that kick in, in terms of how you actually arrive and depart the airport.

In general, it is less efficient, because in inclement weather, we rely on one in, one out, meaning that an airplane needs to confirm that it is off the airfield before another aircraft can be launched or can arrive at the airport. But there are well-established procedures in place to operate at a nontowered airport.

Mr. MALONEY. Is it fair to say, though, that if you had your preference, as a matter of safety, as a matter of efficiency, you would never operate an airport in that manner if you could avoid it?

Mr. HUERTA. Well, I think it is fair to say that we are not going to do anything that isn't safe. If you don't have a tower on the facility, it is certainly going to be less efficient, in order to preserve safety.

Mr. MALONEY. Can I ask you the same question with respect to the airports—many of the folks who I represent rely on the airports in the New York City——

Mr. HUERTA. Yes.

Mr. MALONEY [continuing]. Metropolitan area. Could you say a word about the impact on those airports and what we can expect?

Mr. HUERTA. Well, the New York facilities are responsible for some of our most complicated airspace in the NAS. In fact, it is understood that how New York goes, in terms of efficiency, does impact the overall National Airspace System.

The New York facilities are complicated for us to staff and to maintain, and so any reduction in hours in those facilities does create the potential for them to operate less efficiently and to introduce delays into the system. That is one of the factors that we are currently studying carefully.

Mr. MALONEY. You know, I am curious. One of the things that I think is lost in this conversation often is that this is not a debate about whether we make cuts, since all of us agree that cuts are necessary. But it is a debate about our choices and our

prioritization of choices. I was just on the House floor talking about the cuts to West Point, one of our most extraordinary American institutions, and the fact that we are going to make the cadets suffer and do with less because we won't make other choices about cuts.

And so, I am curious whether you have ever looked at the impact of, for example, reducing the benefits to corporate jet owners that would also be possible, as a reduction—as a—to end a tax expenditure, and the impact that might have, or whether it would have any impact on the efficiency and safety of our airports.

Mr. HUERTA. Well, I think this is all part of the larger fiscal discussion that Congress and the administration have been debating for many years. Over the last couple of budgets the President has made proposals to provide additional resources for the aviation system. But Congress and the administration haven't been able to reach agreement that defines what a way forward would look like.

So now we find ourselves in a situation of looking at reductions. I think that the contribution of the aviation system, as a whole, is very significant. I think it is important that we all come together and figure out how best to support this important industry that in turn, supports the economy. It is our largest export industry.

Mr. MALONEY. Well, thank you, Mr. Huerta. Thank you for the work you do. Thank you for the service you provide to the American people. I think that it is very easy to criticize the work of folks in our Federal agencies, but the work you do every day gets us around the country and makes us safe. So thank you for your service. And I yield back my time.

Mr. HUERTA. Thank you, sir.

Mr. LOBIONDO. Mr. Massie.

Mr. MASSIE. Thank you, Mr. Chairman. Thank you, Administrator Huerta. I represent the district of Kentucky that contains the Cincinnati Airport, CVG Airport. So air travel is very important to our district. And having spent most of my career in business, and having spent a recent stint as a county administrator, I can appreciate the task that you have in front of you in balancing your budget in the face of the belt-tightening that we have.

But usually it comes down to prioritization when you are trying to make the cuts that are necessary to balance the budget. And so, within my district I have—you know, I am new to Congress, but I have received hundreds of phone calls already, and I have received phone calls from people who are concerned about privacy issues of unmanned aircraft, and also from pilots in our district who work at CVG about the safety of them. So—and I understand that is going to be a tough problem, integrating those unmanned aircraft into the airspace. But the—none of the constituents in my district have called me and kind of pounded on me and said, "We need to integrate unmanned aircraft now," or "today," but they all care about passenger air travel.

So, the question I have for you is, if you had the flexibility to do it, if you could delay the implementation of the unmanned aircraft systems that you have been tasked with doing, how much could you save from the budget, and would that help with the sequester belt-tightening?

Mr. HUERTA. These are all difficult choices. I think that what we are actually spending right now out of the FAA budget in our un-

manned aircraft office represents a relatively small percentage of the budget, because what we are principally focused on is the designation of a national policy, as well as the designation of the test sites.

The determination we need to make is for safe integration of these aircraft into the National Airspace System. Longer term, as we hit the 2015 deadline for integration, and as UAS become more prevalent through the NAS, they would become a significant operating cost. But that is not the case today.

Mr. MASSIE. OK. Can you give me a rough idea of what portion of the budget—I don't entertain any fantasies it would solve the sequester by delaying this indefinitely. But, you know—and my experience tells me that you are going to have to find a lot of small cuts——

Mr. HUERTA. Yes.

Mr. MASSIE [continuing]. Across the board. So what would be the order of magnitude of the budget for implementing the unmanned aircraft systems?

Mr. HUERTA. I think I would be better advised to take an IOU and actually get back to you with an exact number there.

Mr. MASSIE. OK. Could you put that in the written portion of the record?

Mr. HUERTA. Sure.

[The information follows:]

U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Government and Industry Affairs

800 Independence Ave., S.W.
Washington, D.C. 20591

May 24, 2013

The Honorable Thomas Massie
House of Representatives
Washington, DC 20515

Dear Congressman Massie:

Administrator Huerta asked me to respond to your April 29 letter regarding the Federal Aviation Administration's (FAA) Unmanned Aircraft Systems (UAS) program. You asked "How much money would be saved if the FAA were to indefinitely delay this program and cease all implementation efforts?"

The FAA would save approximately $12.77 million, over the projected duration of this program (concluding in 2017), if we were to indefinitely delay this program and cease all implementation efforts.

If the UAS Test Site Selection and standup efforts were halted, an estimated $12.77 million would not be spent during the period from June 1, 2013 through May 14, 2017. This includes estimated MITRE and other Contractor Support of $11.52 million and estimated travel and other direct cost expenses of $1.25 million. This estimate includes 122.6 full time equivalents (FTEs); 71.3 FTEs Federal, 23.5 FTEs from MITRE and 27.8 FTEs in Contractor Support over the stated period. No cost has been associated with the Federal FTEs as these individuals would be reassigned to other projects or return to previous assignments.

Thank you again for your interest in FAA's Unmanned Aircraft Systems program. If I can be of assistance, please don't hesitate to contact me at [redacted].

Sincerely,

Roderick D. Hall
Assistant Administrator

Mr. MASSIE. OK. Thank you very much. I yield back my time.

Mr. LOBIONDO. Mr. DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman. Mr. Huerta, I—you know, there has been a lot of talk about your flexibility here, and I am still trying to—it would have been better if you brought, like, a chart that showed, you know, how things were affected. We even have these—you know, you could have displayed it up there.

But this is a statement today from an OMB official, and he said, "The way the sequester law is written is that even underneath the account, even at the program, project, and the activity, they all need to be cut by the same percentage." And then he goes on to actually say, "So, for example, the FAA, they have to cut resources in a way that is going to impact the air traffic controller workforce."

What he talks about here are program, project, and activity. Can you sort of explain how that flows down to your—the controller workforce? Are they an activity? What are they—what—in OMB-speak, what are they?

Mr. HUERTA. The program, project, and activity are the actual budget lines within the budget. It is cut according to the nature of the accounts that we have.

Starting at the top, we have four accounts that are funding categories for the FAA: the operations account, which is the largest; the airport improvement program is the next largest; then the facilities and equipment account; and then the research and development account, which is very small.

Each of those accounts are allocated across the lines of business of the FAA, one of which is air traffic. In order to achieve cost savings in the operations account, I have to find the equivalent percentage out of that particular activity within that account. That account is largely people. I am doing everything that I can to focus on cutting contracts, but that is why it comes down to furloughing controllers.

Mr. DEFAZIO. And there is no—I mean you can't say, "Well, we are just going to do administrative cuts," not—things that would affect it longer term—it would have an impact on the organization at an administrative level, but it has actually got to get down to the operations level.

Mr. HUERTA. Yes. The key point is that we are a field-based organization. We are a very large organization, but 85 percent of our people are actually in field facilities providing aviation safety and air traffic functions.

Mr. DEFAZIO. And I haven't—we haven't recently revisited this issue but, you know, we have been concerned over a number of years about the attrition, the retirements, the number of fully trained controllers versus controllers who are still—I mean how many, you know—where is your workforce now, in terms of a percentage of 100 percent?

Mr. HUERTA. Well, our total headcount now is about 47,000 people, of which about 15,000 are controllers. This is the largest single category of our workforce. That category does not include any of the frontline supervisors or managers that actually run the air traffic facility, nor does it include the people who maintain the equipment that the controllers use to actually carry out their jobs.

Our next largest category of employees are aviation safety inspectors. Those are individuals that perform the safety oversight function for all segments of the aviation industry.

In terms of the composition of our workforce, we are an older workforce. We do project that between now and 2014, about a third of our workforce will become eligible to retire. Now, that is the become eligible; that is not to say that they actually will retire. But it is for that reason that, a couple of years ago, we began the process of really trying to bring up a new class of employee into the system. It takes us a couple of years to train a controller, so there is a natural bubble that you have if you are expecting a lot of retirements. You have to hire up in anticipation of those requirements.

Mr. DEFAZIO. Mightn't, you know, people getting notices of furlough who are senior—I assume if you apply this, there is probably some rules about—personnel rules. You can't just say, "Well, we are just going to apply the rules to those who aren't fully qualified, but not apply the furlough to those who are fully qualified," because they are all under the same bargaining agreement. Correct?

Mr. HUERTA. Well, we need to find savings across the entire workforce. If we were to make some exception in one area, it actually means we have to hit in another area harder.

Mr. DEFAZIO. Right.

Mr. HUERTA. That actually introduces more inefficiency into the system.

Mr. DEFAZIO. OK. Would—just last question. Thank you, Mr. Chairman, for the tolerance. But don't you believe it might accelerate your retirements if, you know, these senior people start getting notices that, well, you are going to be furloughed one or two—it says per pay period. Is it biweekly?

Mr. HUERTA. A pay period is 2 weeks.

Mr. DEFAZIO. OK. Do you think that would hasten retirements?

Mr. HUERTA. I can't speculate on it. We have been operating in a difficult fiscal environment for the last couple of years. But it all depends on what options are available to the individual employee. We have seen an acceleration of retirements, just due to budgetary uncertainties.

Mr. DEFAZIO. OK, thank you. Thank you, Mr. Chairman.

Mr. LOBIONDO. Thank you. Mr. Daines?

Mr. DAINES. Thank you, Mr. Chairman. I am Steve Daines from the State of Montana, another one of these rural States. And the gentleman from West Virginia also had some concerns about what is going on in some of the States that are sometimes called flyover States, but we do have airports.

Mr. HUERTA. Mr. Daines, one of my favorite States is Montana.

Mr. DAINES. Oh, thank you.

Mr. HUERTA. I have visited it many times.

Mr. DAINES. We share a common favorite.

Mr. HUERTA. Yes.

Mr. DAINES. Well, and I am grateful for, truly, what you do to provide safe travel. My wife and four children are grateful, too, that I can do this job because of safe and reliable airspace.

I have spent 28 years in the private sector. I have just joined Congress. And many times I have had to deal with these kind of

situations, the curve balls that come of finding ways to tighten up budgets in the middle of fiscal year.

Relating back to maybe the Montana question, the eliminating the midnight shifts, some of the air traffic control, as well as reduction in towers, any sense of about how many dollars that might represent, that we are looking at for savings? And this is not a Montana—just looking at the 60 and the 100 that you talked about, the 60 ATCs and the 100 towers.

Mr. HUERTA. It is dependent on the status of the facility, whether it is a contract tower or whether it is an FAA tower. In general, what I am expecting is that as a result of the closures of contract towers, the cost savings would be in the area of somewhere between $45–$50 million this year.

Mr. DAINES. OK. In this fiscal.

Mr. HUERTA. Yes.

Mr. DAINES. And I was chatting—I am kind of a numbers guy at heart running businesses, and I know you never appreciate people looking over shoulders on budgets. My understanding is we were about $100 million underspent in the first quarter. Now, there may be some seasonality issues, I understand that. Could you——

Mr. HUERTA. Sure.

Mr. DAINES [continuing]. Talk to that a little bit?

Mr. HUERTA. Yes. We do have seasonal issues. In the first quarter we did, indeed, run at less than one-quarter of our total Federal allocation. But we also ran ahead of what our typical first quarter costs have been for the last 2 years.

The reason for that is that many of our large services contracts get paid in the second half of the year. For example, I mentioned the telecommunications program that we talked about earlier. The second half of the year also includes the summer travel season. That is when we would ordinarily experience significant overtime, because we don't hire up for the summer. What we actually do is cover the increased demand on the air traffic system through overtime.

Mr. DAINES. Do you—I have seen this phenomenon, I guess, in a number of agencies, where the last month of the fiscal, the last week of the fiscal, is kind of a spend it or lose it. Do you have that experience at the FAA?

Mr. HUERTA. That is something that I certainly have been trying to stamp out ever since I got here.

I also come out of business. My own experience is that the important thing is to effectively manage your resources throughout the year, so as to ensure that you are hitting your budget limit exactly as you should at the end of the year.

The problem that we have with the sequester is, in business, you would have much more flexibility. It is the determination that this project, program, and activity must receive an equivalent percentage of cuts that limits our flexibility. This means that we are not able to take a long-term view, and that really challenges us.

Mr. DAINES. Well, I appreciate your efforts to try to stamp out that Dilbert hockey stick at the end of the fiscal year, which is part of the problem here in this town, of spend it or lose it, in terms of accountability.

One other question. There was a letter out last Friday to the industry, where you and Secretary LaHood stated you expected airlines to change their schedules and perhaps cancel flights. Have you heard anything from the airlines that might back up that prediction?

Mr. HUERTA. It is a little early to tell. We met with the airlines earlier this week and talked about what the impacts would be. One of the things that came up in that conversation was a discussion of a concept called debanking. What happens at large hub airports is that airlines tend to put their flights in a peak period of time, and that is called a bank of flights. What that does is it minimizes connection time.

One of the points that was made by the air carriers was whether that might be a factor that they could consider to change. But they also have to consider what happens on the other end, particularly for international flights. For example, Europe is closed at night. So that limits the ability of an airline to adjust their schedule on our end, because they have to work within whatever the hours of operation are in that part of the world.

It is a complicated undertaking. This is something that each carrier is going to need to work through. They need to consider the tradeoff of frequency versus reliability if they are operating with a tighter window, in terms of scheduling flights. That is a decision that they will each make individually.

Mr. DAINES. Yes.

Mr. HUERTA. We have a command center program, where we get together with the airlines every day. One of the things that we want to understand is what their plans will be, because that affects what our plans need to be.

Mr. DAINES. Thanks, Mr. Chairman.

Mr. LOBIONDO. OK, thank you. Mr. Capuano.

Mr. CAPUANO. Thank you, Mr. Chairman. Thank you, Mr. Huerta, for being here. Mr. Huerta, I am just curious. Not curious. Bottom line, $627 million worth of cuts is what you are looking at at the moment. Hopefully some smaller number if somebody gets some little sanity around here. But a big cut. Is that a fair——

Mr. HUERTA. That is fair.

Mr. CAPUANO. My presumption is that you don't have an account somewhere in the FAA that is labeled "waste, fraud, and abuse." Is there a line item with that title?

Mr. HUERTA. I do not have a line item with that title.

Mr. CAPUANO. Yes. And with your business background, I am sure that you are very keen on getting rid of any waste, fraud, and abuse that might be in the accounts. Is that a fair statement? Or do you like waste, fraud, and abuse?

Mr. HUERTA. That would be a fair statement. I do not like waste, fraud, and abuse.

Mr. CAPUANO. I was hoping to hear that. I am glad to hear that.

I guess—I hope you realize that Members of Congress are going to be hit with the sequester as well, on our office budgets, and we are going to be cutting around the same percentage, and that range is what we have been led to believe, in the 5-percent range. And from what I know, I have been hearing a lot of Members and committee Chairs telling me that they may have to lay off staff, and

they may have to lay off committee staff, or leave positions unfilled. So, if we can't do it, is it fair and reasonable to think that you should be able to do it without cutting personnel?

Mr. HUERTA. Everything that I am seeing today indicates that, in spite of all the work we have done on contracts, and with hiring freezes, I still don't see a way to get to the $627 million without furloughing employees.

Mr. CAPUANO. And I apologize being out today. I am on another committee that has Chairman Bernanke there. I assume that no one here suggested any specific cuts that would total $627 million. Did I miss that today?

Mr. HUERTA. No.

Mr. CAPUANO. So that you are faced with a situation that is obviously impossible. With—and I believe—it is my understanding that the FAA's top priority is safety, as it should be. We all accept that, we all agree with that. We all embrace it and hold it as an absolutely firm commitment. I know you share that, so I don't have to ask that question.

But within the bounds of safety, within the bounds of safety, I guess—I am going to ask you the same question I asked Chairman Bernanke. As I read through these cuts, are any of these cuts things that you think should happen, regardless of economic situations? Do you think that we should be cutting TSA employees? Do you think that we should be closing airports? Do you think that we should be closing down or limiting air tower operations? Do you think that that is a good thing for the country, no matter—again, regardless of the economic situation we face at the moment, is this something you would be doing, if you weren't forced to be doing it?

Mr. HUERTA. The aviation industry is a significant contributor to the economy of the United States. We want to maintain as safe and efficient an aviation system as we possibly can. We are never going to compromise on maintaining a safe system, so what suffers is efficiency. If the country wants a less efficient aviation system, we will manage to do that.

Mr. CAPUANO. So I guess—is it fair to paraphrase what you are saying, that the sequester, as it applies to the FAA in today's economy, in today's world, and our desires and demands as an economy, that the sequester as currently enacted and as what you will be implementing as of Friday is basically a stupid idea?

Mr. HUERTA. I think that I would say that it is a difficult program to administer under the rules that it is structured under.

Mr. CAPUANO. Well, I—that is a very nice way to—in my opinion, I think you just said it was a stupid idea, but that is OK. I wouldn't want to put words in your mouth.

I guess as you make these cuts, you are going to make—again, first thing should be safety. We all agree with that. No cuts should be made that will impact safety whatsoever. I fly as frequently as anyone. So I am not looking to be unsafe, either.

But there will come a time when you have to decide which airport to close, or which air tower to close. And I would hope that it is taken into consideration that those of us who are supportive of the FAA's mission, both in safety and economic activity, that that is taken into consideration.

When you have to make these tough choices—and I say this as a former mayor. I had to make cuts, too, my first 2 years as mayor, 15 percent per year for 2 years in a row for the same reason. There were cuts imposed on the city at the time. First-year cuts really not too tough, we did them, nobody liked them, but we did things that people didn't see. Apparently you can't do that. We did a lot of capital cuts. With the AIP being exempted, you won't be able to do that as much. But so be it.

But there comes a time when you have to make a decision. I can only plant two trees. Guess which decision I made? The trees went to the people that understood that Government played a positive role. When it comes time to close towers, when it comes time to cut those TSA employees so that my constituents are standing in longer lines, my hope is that you remember who stood with the FAA, who stood with the flying public to try to avoid these stupid cuts. Thank you, Mr. Administrator.

Mr. HUERTA. Thank you.

Mr. LOBIONDO. Mr. Radel.

Mr. RADEL. Thank you, Mr. Chair. Thank you so much for being here today. I am actually going to deviate off sequester for a second here.

The FAA, it appears, is planning to impose a new regulation regarding what is called one engine inoperable restrictions. Just for a real—a simple context for everyone here, basically around airports, as a matter of safety, there are restrictions on how high you can build a building——

Mr. HUERTA. That is correct.

Mr. RADEL [continuing]. Near the airport. But it appears that a new regulation would create more limits and stretch it out even further, expanding the range. We really don't have a lot on this, except a PowerPoint presentation here given out at what appears to be at some sort of a conference.

Just a real quick question first, Mr. Huerta. Can you tell me how many one engine inoperative takeoff incidents resulted in any fatal crashes last year or the past few years?

Mr. HUERTA. None have resulted in fatal crashes.

Mr. RADEL. No fatal crashes. So we know the FAA is here to protect Americans, ensure our safety, safety of the airspace, but there are also real-world consequences. You come with a background of business.

With that said, can you tell me? Is this going to happen? Is this stringent rulemaking, even though we have a low-probability occurrence, is this in the works?

Mr. HUERTA. Let me talk first about what it is.

Mr. RADEL. Sure.

Mr. HUERTA. It is a safety regulation to deal with the possibility, as rare as it might be, that one engine going out in an aircraft on departure would need to have a larger clear zone so as not to collide with a building or structure within the immediate area of the airport.

This is an issue that we are continuing to review. We are working with, and seeking the input of, interested parties to come up with a balanced public policy solution, in addition to assessing the economic impact on airports, airlines, and the local development ef-

forts that are impacted. We are committed to supporting the airports in their efforts to be good partners in the communities they serve. We haven't made any decisions; we are still in the fact-finding stage. These conversations will continue.

Mr. RADEL. OK, good. That is all reassuring, because in the State of Florida and the district I represent, potentially this would negatively impact us. There are—within that presentation to—Miami in particular would be severely impacted by this. And it kind of scares me when I see this being kicked around, that even though we don't have, you know, evidence of fatal crashes, again, I understand protecting people. But when I see—we need something with—quote and in big capital letters—"TEETH." We need something with teeth.

Will you conduct a cost benefit analysis as this moves on to determine whether this is necessary or not?

Mr. HUERTA. We are certainly considering all the input that we have, and we have to find the right balance of economic impact and safety, which we are committed to doing.

Mr. RADEL. OK. All right. Thank you. I yield the rest of my time. Thank you.

Mr. HUERTA. Thank you.

Mr. LOBIONDO. Mr. Duncan.

Mr. DUNCAN. Well, thank you very much, Mr. Chairman, and congratulations to you. This is my 25th year on this subcommittee, so obviously I think it is a very important and fascinating subcommittee, and I know you will be a great chairman for it.

Mr. Administrator, I apologize to you because I had to be at another committee hearing for a while, and I didn't get to hear your statement. And probably you have responded to this, but I assume you have seen the release put out by Chairman Shuster in which he says the United States continues to see a smaller airline industry, domestic flights are down 27 percent from 2000 traffic levels between 2002 and 2012, FAA's operations account has increased by 41 percent, or almost $3 billion. I would like to know your response to that.

And then, secondly, that same release says there are $2.7 billion in nonpersonnel operations costs, including $500 million for consultants. And I have been told that many or most of those consulting contracts have been given to former high-level FAA employees or retired FAA employees, and also that almost every contract that the FAA puts out goes to a company that has former high-level FAA employees. And I would like to know if you have ever looked into that. It is referred to at the Pentagon as a revolving door, but I understand that there is a revolving door—a pretty active revolving door—at the FAA. And I would like to hear your response to both of those things.

Mr. HUERTA. Thank you, Mr. Duncan. Taking the first question, it is true that overall domestic flights are down from 2007. But in key cities, the 30 or 35 core airports, traffic has rebounded to 2008 levels. What we have seen is a concentration of traffic within these large and complex systems.

While we have been reducing our out-of-pocket costs, we have been increasing capacity in the National Airspace System in several key areas. Let me give you a few examples.

We have new runways at Washington Dulles Airport, Charlotte, Atlanta, Denver, and Chicago that give us greater capacity at these critical and large hubs. We have also been implementing more navigation procedures at a large number of airports, including area navigation and required navigation performance, which are procedures that enable air carriers to fly much more fuel-efficient routes. But the development of these procedures is something that costs money.

In addition, we have spent a lot of time developing new techniques that enable us to have simultaneous arrivals at closely spaced parallel runways which also provides additional runway capacity. These represent additional operating costs to the system.

I think the key point is that, yes, while domestic flights in total might be down, what we are seeing in our largest and most complex facilities is that flights are actually up, and that airspace is more complex.

Let me turn to your second question, and that is the account that you referred to of $500 million in consultant fees. That is a large account that includes a variety of our services contracts. For example, the largest contract in that is the FAA's telecommunications infrastructure contract, which annually has a cost of $228 million. Since it is not a construction contract, it falls, as a services contract, into this particular category. That contract is the communications backbone for the entire air traffic control system.

Of the $500 million, our estimate is that only about $21 million is something that you would truly call consultant services, which includes our environmental, industry, and management consultants.

I also want to address the point that you raised with respect to our procurement process. That is something that I have taken an active interest in. We have a very structured process of selecting contractors, which does not involve me or anyone in my office. What it is very focused on is ensuring that we are getting the best value for the Government, according to a very structured and data-driven process.

Mr. LOBIONDO. Mr. Meadows.

Mr. MEADOWS. Thank you, Mr. Chairman. You know, in your letter last Friday you stated in that letter part of an ongoing dialogue, I guess, between the FAA, unions, aerospace users, et cetera, which of these groups have been part of developing this plan to furlough the some 47,000 FAA employees, you know, to close the towers, you know, the midnight shifts? Which ones have been in part of that plan involved with you?

Mr. HUERTA. What we have developed at this point is our own internal proposal of a way to get there. We have begun the process of working with all of the stakeholders across the industry, both the workforce as well as the users of the system, to talk through the details. That work is ongoing.

Mr. MEADOWS. So the dialogue that you have been having really hasn't included them as part of the plan. You have come up with a plan and now you are conveying that to them? I——

Mr. HUERTA. No. We presented it as a universe of things we want to talk about, and we are seeking their input before we finalize anything.

Mr. MEADOWS. OK. So there is not a plan to really furlough at this point.

Mr. HUERTA. There is, at this point, a scenario where what we look at is that based on what we know about our contracts, what our efforts resulted in, and the benefits that we are seeing from the hiring freeze that we have put in place. Based on this information, we see no way to close the funding gap without looking at furloughs. But that is a conversation that is ongoing.

Mr. MEADOWS. OK. So let me make sure I am clear. There is not a plan specifically today to furlough any employees. Is that correct?

Mr. HUERTA. There is a program that we have developed, and we are going to use the coming weeks to work with the industry to finalize the details.

Mr. MEADOWS. OK. So in any rhetoric that we have with regards to "We are going to furlough X number of employees for this length of time" is not in place at this point. Is that correct?

Mr. HUERTA. We don't see a scenario where we can do this without furloughs. What we are looking to do is minimize the number of furlough days.

Mr. MEADOWS. OK. And you have made that decision without input of unions and the aerospace users, is that correct?

Mr. HUERTA. That is a discussion that we are having right now, in consultation with all those parties.

Mr. MEADOWS. OK. Let me go on a little bit further. You know, as—in your letter—and, actually, I read this yesterday. We talked about 90-minute traffic delays in Chicago, Atlanta, and—and I fly in and out of Atlanta quite a bit. And so to accurately say a 90-minute delay, it amazes me that you can come with that kind of accuracy to do that. But in doing—what data, specifically, are we looking at to calculate, because of sequestration we are going to have a 90-minute delay in those major hubs?

Mr. HUERTA. I can't tell you with precision that it would be 90 minutes every day. Let me talk about a specific example. Atlanta currently operates under an arrival stream of three simultaneous arrivals. Atlanta is fortunate that it has multiple parallel runways. It is an airport that has the potential to operate very efficiently

If I have fewer controller hours available to me, then I have to allocate them to the most efficient allocation of airspace sectors to maintain safety.

Mr. MEADOWS. OK.

Mr. HUERTA. Under certain conditions such as the number of controller hours available and weather conditions, that may mean that I need to leave certain positions vacant, which could restrict the arrival stream to two, as opposed to three.

Mr. MEADOWS. OK.

Mr. HUERTA. That has an impact on efficiency.

Mr. MEADOWS. All right. But from a data standpoint, so what you are saying is this is an overarching macro kind of, well, if we have got less people there is going to be delays in these major hubs. Is that what you are saying?

Mr. HUERTA. That is exactly what we are now working through with the stakeholders. For example, we are working with the users of the system in Atlanta to figure out how we would manage this.

Mr. MEADOWS. Well, I guess my concern is—following up from my first question, if there is not a plan that you are currently in dialogue with those stakeholders, as you say, and there is not any precise data, to come out and say that we have 90-minute delays is problematic, because if we don't have a plan, we are not sure what we are going to not have, in terms of air traffic controllers. Is that correct?

Mr. HUERTA. I think what we are saying is these are illustrative of the impacts we would expect to see.

Mr. MEADOWS. All right. And so your—so there is no incentive to make sure that we don't have these 90-minute delays in Chicago or Atlanta or——

Mr. HUERTA. Oh, quite to the contrary, I think that our incentive is to minimize inconvenience for the maximum number of travelers——

Mr. MEADOWS. OK, so assuming that sequestration happens, is that something that you can manage?

Mr. HUERTA. It is very difficult to manage, given the rules of the sequester, and that is what we have been saying all along. The fact that we have to take these cuts by program, project, and account, and they have to be evenly distributed within this fiscal year, is a significant challenge to manage.

Mr. MEADOWS. I see my time has expired. Thank you, Mr. Chairman.

Mr. LOBIONDO. Thank you. Mr. Larsen?

Mr. LARSEN. Thank you, Mr. Chairman. I just want to point out the irony, Administrator, that if you did have a line item of waste, fraud, and abuse of $627 million, under the sequester rules you could only cut that 8 to 10 percent.

Could you rate the FAA's performance in collaborating with labor, since enactment of the bill on the issue of decisions you are making on NextGen technologies and facility consolidation?

Mr. HUERTA. I think that we have developed a very cooperative relationship with the National Air Traffic Controllers Association, and in fact, all of our labor organizations. We think that is a very good investment.

These are the people that are in the field that have the firsthand knowledge of how the facilities operate. They have great ideas, and they approach these collaborative decisionmaking processes with a level of enthusiasm that is truly remarkable. It is something that I am personally very committed to, and I know that our colleagues in labor are very committed to as well. In fact, everyone at the FAA who has been involved in this will tell you that the work that is being done by these groups is really without comparison. Let's just take the work we are doing to optimize airspace procedures.

You are familiar with a program called Greener Skies Over Seattle, which is a redesign of the airspace to develop much more efficient arrival and departure routes into the Seattle-Tacoma International Airport. That is something that we are doing cooperatively with the people that actually work in the facilities at the surrounding airports. In addition, we are working with the Boeing Company, the Port of Seattle, the people that operate the facilities, and our military partners.

It is a process that takes you a little longer on the front end, but the benefits you get on the back end are dramatic. This eliminates situations where you implement something and you learn, belatedly, from the people in an air traffic control tower center, "Oh, this doesn't work, and if you had simply asked me upfront, you would have known that this won't work for the following reasons." So this collaborative process is working very, very well.

Are there ways to make it better? There always are. We continue to be—to focus on that. One of the challenges that we need to continue to manage is that people are investing a lot of time in this. This is something that costs a lot of money. I think it is money well spent, because I think we get a better aerospace system as a result, but these are some of the things that we also have to look at as we look at the possibility of the sequester.

Mr. LARSEN. Right. Well, some other questions on implementation. Section 204 requires a selection of a chief NextGen officer. Where is the FAA in that process?

Mr. HUERTA. Our concept is that the chief NextGen officer will be the Deputy Administrator of the agency. When I first joined the agency back in 2010, it was as the Deputy. As the Deputy, I informally acted as the chief NextGen officer. With the passage of FAA authorization, I would have become the chief NextGen officer, had I not become Acting Administrator. That is still our plan.

We are well along the way to selecting a Deputy Administrator. That person will be the chief NextGen officer.

Mr. LARSEN. Section 608 requires a study on air traffic controller study—sorry, staffing. Where is FAA on that?

Mr. HUERTA. On the air traffic controller staffing, I believe we are in review on that, and we should provide the study shortly to the committee.

Mr. LARSEN. OK, good. And then also on staffing of FAA system specialists under 605, where is the FAA?

Mr. HUERTA. Yes, let me get you some exact dates for those.

Mr. LARSEN. Thank you very much. With regards to flight 3407——

Mr. HUERTA. Yes.

Mr. LARSEN [continuing]. I want you to discuss the implementation of the two pilot training rules required. And are the completion of these rules—first off, are they—where do they sit in your priorities? And second, can you just review again whether or not you are going to meet timelines you have laid out for completion?

Mr. HUERTA. These two rules are my two highest priorities to complete this year. As it relates to the pilot qualifications—that is the hours of qualification for the pilots—that is on track to be completed in August of this year. It is important that it be completed in August of this year, because this is a provision that becomes self-executing even if the rulemaking doesn't hit that timetable.

With respect to the pilot training rule, as you know that is a very complicated rule. I have given my commitment to have that rule completed by October of this year, and I intend to hit that.

Mr. LARSEN. Just a few more questions, Mr. Chairman. And I do have a set of questions after everyone is done, just to finish up. No? OK. Thank you very much. Watch me.

Rulemaking on ADS–B technology. Where are you—where is FAA on that?

Mr. HUERTA. We convened an aviation rulemaking committee on ADS–B. They provided us with some very useful information. One of the things they noted was there is a great deal of skepticism and concern on the part of the industry about a mandate. We are currently working through that issue with them to see how to work through it before we can then commence any sort of a formal rulemaking process. We are trying to figure out how we can reach agreement with the stakeholders on this issue.

Mr. LARSEN. All right. And you may have mentioned this, the framework for consolidation and realignment of FAA's facilities as the report required in 804.

Mr. HUERTA. That is a very complicated undertaking for us. The important thing is to get it right. We have had, as you well know, Mr. Larsen, many false starts in trying to consolidate facilities. That has been because we haven't had consistent criteria and repeatable processes to look at how to consolidate. We haven't taken account of the airspace impacts, which would enable us to actually yield substantial savings.

So, our focus is on correcting those problems, working collaboratively with our unions to figure out how best to structure that program. It has taken longer than we would like, but I think we are making good progress.

Mr. LARSEN. I have one final question in round two, and it goes back to greener skies. I appreciate what you have said about talking to stakeholders, making sure everyone is involved.

Naturally, as you know, when you changed flight patterns you go over people's houses that you weren't—that planes weren't going over before. So, as a result, we have heard concerns from local electeds there reflecting what they are hearing from people about increased noise. And I am just wondering how you are approaching the involvement of the community itself in communicating the value of greener skies, and what can be done to address their issues.

Mr. HUERTA. We have had a lot of discussions with Alaska Airlines and the Port of Seattle, who actually hear more of the local complaints than we do. We are working very closely with them to respond to the complaints.

In general, the benefit for noise is a huge benefit because, as a result of these advanced procedures, aircraft tend to glide in on arrival, as opposed to the more traditional stair-step arrival at an airport. That results in a lot less noise, and it also reduces the noise footprint. But there is always a lot of energy around airplanes flying over communities, particularly communities which are adjacent to airports. We work closely with our airport partners to make sure that they have information on what we are actually doing in response to noise complaints.

Mr. LARSEN. All right. Well, thank you, Mr. Chairman. If I—again, just at the end, I do have a set of questions. I appreciate that.

Mr. LOBIONDO. Mr. Huerta, Mr. Larsen asked a question about the requirement in the FAA authorization bill to create a report on

the plan to consolidate and realign FAA facilities to support NextGen. Is that going to be comprehensive or region by region?

Mr. HUERTA. It is not going to be region by region. We are looking at the whole country. We may approach it by types of facilities, but we do need to look at the whole country.

Mr. LOBIONDO. OK. After the many short-term extensions which prevented the FAA from planning long term on many projects, could you elaborate on the tools that the FAA authorization bill provided the FAA to make progress in areas that were previously either stunted or delayed, or made it impossible? What good has come from that?

Mr. HUERTA. Well, I think the major benefit has been that FAA reauthorization lays out a clear road map for implementation of NextGen. As you know, the committee has been incredibly supportive of our ability to transition to the airspace system to NextGen, and that requires there to be a level of certainty and predictability around how we would actually deliver new navigation techniques and the underlying platforms and support systems.

So reauthorization, in addition to laying out a consistent direction from Congress and program support for that direction, also provided frameworks for consultation with members of the industry. It also provided guidance to the agency on how we should best staff to ensure that NextGen has the priority that it requires.

We have reorganized the agency. In fact, we have a dedicated NextGen organization that includes the staff that is responsible for the integration of these systems. That is probably the most difficult part of implementing NextGen. I think we have made very, very good progress on integration. We have to get the chief NextGen officer in place to complete that transition, but I do believe that we have made very good progress in coordinating how we deliver large, complex projects.

Mr. Chairman, as you well know, we have got a wonderful team at the tech center that are right in the middle of all of this, because they are our principal test bed for how we deliver these new programs.

A second area—or unless you want to stop me there——

Mr. LOBIONDO. No, no, no, go ahead.

Mr. HUERTA. A second area where I think we have seen benefits is for our airport partners. One of the things that our airport partners were extremely concerned about was the notion that they were seeing airport grants coming in very small increments, which makes for a great deal of inefficiency for actually executing a construction program. The fact that we were able to get past that and into long-term authorization has given them more certainty. It makes for a much more efficient delivery and much lower project costs.

Finally, I want to return to the point that Mr. Larsen raised, and that is planning for the future. The FAA has had a set of facilities. It has had a set of procedures. It has had a set of regulations that have served us very, very well for the last 50 years. As we look forward, as the aviation system is transitioning, we are all transitioning to a completely different way of how we move airplanes. We are not relying on radar, we are relying on satellite-

based systems to help us move aircraft and ensure safety throughout the system.

That is more than a technological change. It is a cultural change and an operational change. There are huge opportunities for efficiency in the system down the road, and we have to manage to those efficiencies.

I tell my employees all the time that we are at a critical place in aviation. Decisions that we are making in the next couple of years, with the guidance from this committee and with the support that you have given us, are going to shape what aviation looks like for decades to come. And we have to take that very seriously.

Mr. LOBIONDO. How would you—with commercial air carriers that—the promise of NextGen and the safety benefits and the economic benefits are so huge. And I know a period back there was concern about some of the bumps in the road and how that was coming together. There were even some concerns expressed about the level of communication with the FAA from the commercial carriers. I know you have taken some steps to address that.

How would you rate, at this point, where you see the interaction with the commercial carriers, as far as NextGen, the ideas and frustrations that they may have, and they have the ability to address them so that this could move forward with the real world, as I like to call it? And not just in theory.

Mr. HUERTA. Sure. That is an area that has been a high priority for me and all of us at the FAA. You correctly point out that it wasn't that long ago, where there was a great deal of frustration and skepticism about NextGen. I think we have come a long way, but I would characterize that there is still some skepticism. The skepticism is over whether the benefits will really be there.

What is different now is that we are talking. We are now struggling together to develop the metrics and to develop the certainty around delivery of benefits. I view that as a very positive development.

I talk to airline CEOs almost on a daily basis. We have each other's cell phones and speed dials. But communication is not just at that level. We have great communication that is taking place at many different levels within the organization.

I talked about the airspace redesign activities that we have underway, where we have brought the operations executives of an air carrier at a particular airport together with the tower, center and TRACON managers to actually talk through how to improve service in Atlanta. How to redesign the airspace so that it works for Delta and for the other carriers that operate at that airport. Delta is sitting right there.

Likewise, Alaska was critical in getting us through Greener Skies Over Seattle as the major hub carrier there. We are doing this at every airport around the country, United at Newark and Houston; American Airlines with the work that we have been doing at north Texas.

As we work in these metropolitan areas, I have taken the position that it is pointless to argue about whether carriers are getting benefits, or aren't getting benefits. I think it is much better to have the conversation, "Let's sit down and actually solve a specific problem, and talk about how we achieve the benefit." Those conversa-

tions continue, and they have gone very well. They will certainly be what will characterize our work in the years ahead.

Mr. LOBIONDO. We will certainly try to explore that further. Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman. This will be the last set of questions for me.

As you know, I have closely monitored the progress of the work that FAA has done with Boeing to fix the issues that led to the grounding of the 787. And I have heard both from you all and from Boeing that you are working cooperatively together, it is a good relationship, trying to move things forward. That is great news. I understand, as well, you met with Boeing executives last week, and I have two questions.

The first question is just can you briefly outline the proposed fixes for the 787?

Mr. HUERTA. Sure. As you know, the problem that was identified in the incidents that took place relate to the lithium ion batteries that power the aircraft. There are two batteries that are within the airplane. One is in the forward cargo bay, and that is the main battery for the main power system of the airplane; one in the aft cargo bay, which powers the auxiliary power unit, which is how the airplane receives power when it is on the ground.

In the two incidents reported, one in Boston, one in Japan, the investigations are showing that problems developed in the batteries themselves. Boeing's proposal has had a lot of outside peer review. We have been involved in as well. Boeing has been working cooperatively with the National Transportation Safety Board and their Japanese counterparts. We have brought together the best technical experts to really understand what is going on here.

What Boeing has presented to us is a proposal that identifies a handful of potential areas of probable cause—all within the battery itself—and then provides three levels of mitigation to ensure that these problems cannot present themselves again.

Each battery has eight cells, so you have three possibilities of events.

One is that you can have a problem in a single cell. So what Boeing is proposing, and what we are evaluating with other safety authorities from other countries, is mitigations and corrections and re-engineerings of designs that will prevent a cell event from taking place.

The second potential problem is that a problem in one cell propagates to adjacent cells. There is another set of mitigating activities that have been presented, and that our engineering teams are evaluating for their effectiveness in preventing that propagation from happening.

The third level is that if the problem propagates to the entire battery. We need to mitigate and ensure that such an occurrence does not become an event that affects the airplane. So we are working at the cell level, the battery level, and the airplane level. The plan that Boeing has presented is a comprehensive plan that addresses all of those areas.

We have only received the plan last week. Our transport airplane directorate in Seattle is reviewing the plan in significant technical detail. I expect to receive a report on it next week. Once we ap-

prove the plan, then we have to go through the process of actually implementing the plan, which will involve a great deal of testing, a great deal of further analysis, and re-engineering before these planes go back in the air.

Mr. LARSEN. When you say "back in the air," you mean back operating for the airlines?

Mr. HUERTA. Correct.

Mr. LARSEN. So the second question I have, though, is—just since—even since less than 24 hours ago, there have been conflicting reports about whether the FAA is close to allowing test flights of the 87 to try these fixes out. Can you just give some clarity on where the process is on that point?

Mr. HUERTA. I don't have an application in front of me for any further test flights.

Mr. LARSEN. So there is no decision to be made——

Mr. HUERTA. Correct.

Mr. LARSEN [continuing]. Today or tomorrow or—until that happens?

Mr. HUERTA. That is correct.

Mr. LARSEN. Right, right. So, just to clarify, FAA has not made a decision to allow test flights?

Mr. HUERTA. We haven't received an application for further test flights.

Mr. LARSEN. For further—right, for further test flights.

Mr. HUERTA. Correct.

Mr. LARSEN. Yes.

Mr. HUERTA. There have been two.

Mr. LARSEN. Already, yes, correct.

Mr. HUERTA. Yes.

Mr. LARSEN. Thank you very much.

Mr. HUERTA. Thank you.

Mr. LOBIONDO. Mr. Meadows.

Mr. MEADOWS. Thank you, Mr. Chairman. Let's go back to this battery. So what you are saying is the incident that we are talking about is really contained to the battery component within the aircraft. Is that correct?

Mr. HUERTA. What we saw in both events were heat-related events within the cells of the batteries that then propagated to other cells.

Mr. MEADOWS. All right. And so, assuming that we have got Boeing being the manufacturer of that component, is that something that they are manufacturing?

Mr. HUERTA. No.

Mr. MEADOWS. Or did they get that from another supplier?

Mr. HUERTA. They obtained that from another supplier.

Mr. MEADOWS. And so are we—is that supplier coming in to help address that problem? Because you acted like it was Boeing's engineers.

Mr. HUERTA. Yes——

Mr. MEADOWS. But if it is a battery component made by somebody else——

Mr. HUERTA. This is one of the things that we are currently evaluating. Let's separate where we were and where we are. Where we were was a battery was manufactured by a third-party supplier,

pursuant to a design by a Boeing subcontractor. The subcontractor, in turn, provided the battery to Boeing. Boeing is stepping in and, in this review, is assuming responsibility for the design and for the testing. That testing on the battery is something we need to oversee and ultimately certify.

You know, any re-engineering solution, how it will get built, has yet to be worked out.

Mr. MEADOWS. So what you are saying is they are assuming responsibility, but indeed, the battery may have not been their responsibility. And thus, its failure is not Boeing's.

Mr. HUERTA. That investigation is still ongoing, in terms of the actual cause of the incidents in question. That is what the NTSB and the JTSB—the Japanese Transportation Safety Board—are trying to identify. What was the specific cause of the event.

What Boeing's work is really focused on is determining what we know is within this universe of causes. How do we prevent them, and how do we mitigate them?

Mr. MEADOWS. All right. And what was the supplier of that battery?

Mr. HUERTA. A company named GS Yuasa. It is a Japanese company.

Mr. MEADOWS. All right. And so they have supplied—and so are they involved in possibly in any of the re-engineering of that battery component, or in consultation with Boeing right now?

Mr. HUERTA. I can't speak to what the level of consultations have been between those two organizations. My inspectors have visited the battery factory to observe. We are evaluating data relating to its manufacture, and that work is ongoing.

Mr. MEADOWS. So, indeed, the failure could be, indeed, from a supplier, not from Boeing itself.

Mr. HUERTA. At this point that is something we are still looking at.

Mr. MEADOWS. All right. Thank you. I yield back.

Mr. LOBIONDO. Thank you, Mr. Huerta, for being here today. I just want to say that I know I have seen up close and personal the dedication of the thousands of employees at Tech Center in my district. And the commitment to excellence and service is extraordinary. And I am sure that cuts across the entire operation.

So, in these very difficult times for you and your team, we appreciate the dedication of the employees of the FAA to keeping the traveling public safe and secure. I am sure we are going to have a lot we are going to have to work on together. And we appreciate your being here today.

And the committee stands adjourned.

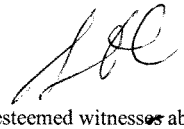
[Whereupon, at 12:42 p.m., the subcommittee was adjourned.]

OPENING STATEMENT OF REP. STEVE COHEN

The Subcommittee on Aviation

"Implementation of the FAA Reauthorization and Reform Act: One Year Later"

February 27, 2013



I am pleased to be here today to receive testimony from our esteemed witnesses about the important subject of the progress made by the Administration in implementing last year's FAA Modernization and Reform Act. Although I had deep concerns about the funding levels in the language and certain anti-union provisions, the bill also made some important investments in our aviation system.

As the Distribution Hub of America, Memphis claims an extensive network of transportation infrastructure that contributes heavily to our nation's aviation industry. We are home to the Memphis International Airport, which houses the Fed Ex SuperHub, and our local economy depends on a strong aviation system.

Ensuring both the safety and efficiency of our aviation system is of paramount importance to me, as well as the improvement of passenger service. Customers of the Memphis airport, which is home to a Delta hub (formerly that of Northwest Airlines), have seen their flight schedules slashed since the 2008 Delta-Northwest merger. Delta flights out of my city have dwindled from 240 per day to 96. With all the talk of diverted, canceled and delayed flights, I think we also owe some consideration to the passenger service that has suffered as a result of decreased competition in the aviation market.

I look forward to hearing Administrator Huerta's testimony on the impact of the FAA Reform Act, especially as it pertains to the progress of implementing the NextGen air traffic control System. I thank the Administrator for being here today and I look forward to working with my colleagues on the Subcommittee to develop a balanced and sound legislative agenda that will ensure the safety and efficiency of our nation's aviation system.

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Eddie Bernice Johnson
Congress of the United States
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Statement for the Record
Congresswoman Eddie Bernice Johnson
House Committee on Transportation and Infrastructure
Implementation of the FAA Reauthorization and Reform Act: One Year Later
Wednesday, February 27, 2013

While the purpose this hearing is to review FAA's progress in the year since passage of the reauthorization, the drastic cuts to the agency that are set to take place this Friday have not only cast the agency's efforts to improve into uncertainty, they run the very serious risk of jeopardizing the safety and efficiency of the current aviation system.

As Secretary LaHood noted last week, DOT will need to cut nearly a billion dollars, and over $600 million of those cuts will need to come from the Federal Aviation Administration – the agency that controls and manages our Nation's skies. According to the FAA, the March 1st sequester will mean the elimination of midnight shifts at 60 air traffic control towers nationwide, more than 100 closed air traffic control towers at smaller airports, and reduced preventative maintenance and equipment provisioning for the national airspace. As much as ten percent of the FAA's workforce could be furloughed on any given day, resulting in reduced air traffic control, longer delays for passengers, and economic losses for the airline and tourism industries, as well as the harm that will come to the U.S. economy. The development of NextGen, a triumph of the reauthorization, could potentially be delayed for years as a result of sequestration.

It seems misplaced to be discussing the future of aviation in this country when the cuts that are set to take place will set the industry back years. If anything, this hearing is an opportunity to highlight how drastic sequestration cuts will be, and to use this hearing as a forum to advocate for a sensible solution to avoid them.

PRINTED ON RECYCLED PAPER

STATEMENT OF MICHAEL P. HUERTA, ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION, BEFORE THE COMMIITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON AVIATION ON A LOOKBACK ON REAUTHORIZATION – ONE YEAR LATER, FEBRUARY 27, 2013.

Chairman LoBiondo, Congressman Larsen, Members of the Subcommittee:

Thank you for the opportunity to speak to you today. This is the first time I am testifying before you as the confirmed Administrator of the Federal Aviation Administration (FAA). It is a privilege to hold this position and I welcome the challenges it presents. I also want to acknowledge that, while I am a newly confirmed Administrator, this is also my first hearing before the new Chairman and Ranking Member of this Subcommittee. I hope to enjoy a long and effective relationship with you and this Subcommittee.

Today is just over a year after the passage of the Federal Aviation Reauthorization Modernization and Reform Act of 2012 (Reauthorization). As the returning Members of this Subcommittee may recall, passage of the bill was a long odyssey that involved 23 extensions before a comprehensive bill was passed. During that period, I spoke with Members individually about the impact the short-term extensions were having on our programs. The Airport Improvement Program (AIP) was adversely impacted without the stability of a long-term authorization. Airports across the country postponed important capital projects due to the concern that funding was being authorized in very small amounts due to the short length of the extensions. As a consequence, there was always uncertainty about committing to projects of all sizes, ranging from safety improvements to crucial infrastructure preservation to environmental impact mitigation, such as sound insulation. During extension periods, those impacts affected the ability of engineers,

construction contractors, material and equipment suppliers to place orders and conduct work. Only small amounts of funding were made available in accordance with the short-term extensions, so committing to long-term investments was problematic. We very much appreciated the passage of a comprehensive authorization that promised important stability and predictability.

It is, therefore, a bit ironic that I have been asked to testify before you just two days before sequestration goes into effect. The stability and predictability that is so essential to the agency's ability to meet the current demands of both air traffic and aviation safety. Our agency has been working hard to plan for the required cuts if Congress does not act. Seventy percent of FAA's Operations budget is dedicated to employee salaries and benefits, so they will bear a significant portion of the cuts. I can assure you that safety is the FAA's top priority. If sequestration means fewer flights can be safely accommodated in the National Airspace System (NAS), then there will be fewer flights.

I have notified FAA's employees that they should be prepared to be furloughed one or two days per by-weekly pay period during the sequestration. We are also planning to eliminate midnight shifts in over 60 towers across the country, close over 100 air traffic control towers at airports with fewer than 150,000 flight operations or 10,000 commercial operations per year, and reduce preventative maintenance and equipment provisioning and support for all NAS equipment. All of these changes will be finalized as to scope and details through collaborative discussions with our users and our unions. We will commence furloughs and start facility shut-downs in April.

As a result of employee furloughs and prolonged equipment outages resulting from lower parts inventories and fewer technicians, travelers should expect delays. Flights to major cities like New York, Chicago, and San Francisco could experience delays of up to 90 minutes during peak hours because we will have fewer controllers on staff. We are aware that these service reductions will adversely affect commercial, corporate, and general aviation operators. We also expect that, as airlines estimate the potential impacts of these furloughs, they will change their schedules and cancel flights.

Beyond the impacts to air traffic, aviation safety employees will also experience furloughs that will impact airlines, aviation manufacturers, and individual pilots who need FAA safety approvals and certifications. While the agency will continue to address identified safety risks, a slowed certification and approval process due to furloughs could negatively affect passengers and all segments of the aviation industry.

The threat of sequestration has been hanging over us for quite some time and, in some respects, it has been more unsettling than the short-term extensions. Many of the positive benefits of the long-term reauthorization are being undermined by the threat of sequestration. I know I speak for all of FAA's workforce when I say that it is vital that Congress remove the uncertainty of sequestration and allow our dedicated employees to continue to do the important work that they want to perform.

Turning to the topic of today's hearing, Reauthorization required over 200 separate deliverables, nearly half of which were due within the first year of enactment. FAA is on track to meet or has met approximately 80% of those action items required to date in the law. We have currently completed about half of the deliverables in the law. Now, as I'm sure you can appreciate, all action items are not created equal. Some are very complex and require a good deal of input from our workforce and industry partners. I believe that meaningful collaboration is the only way to achieve a workable path forward. Doing what we need to do to get the most effective work product is our goal, even if it means that certain deadlines are not met.

Safety

Safety is FAA's number one mission. Nothing is more important. Our system has never been safer. There has not been a fatal commercial passenger accident in the United States since 2009. That represents approximately 39.7 million flights that were operated safely. I am proud of the hard work that has gone into providing a basis for achieving this level of safety. We need to make aviation safer and smarter through risk based approaches. The only way to prevent accidents before they happen is to accurately identify risk areas and work to mitigate them. This is possible due, in part, to voluntary reporting for both FAA and industry employees, safety management systems (for both FAA and industry) and the creation of the Aviation Safety Whistleblower Investigation Office. All of these efforts have been providing the agency with data and information to which we have never before had access. More information results in FAA being able to see trends that could lead to accidents, and mitigate the associated risks to prevent accidents from happening.

Adjusting the safety culture to ensure employees that they can provide information without fear of reprisal is a cornerstone of our approach to safety.

Prior to Reauthorization, we had been working on the requirements of the Airline Safety and Federal Aviation Administration Extension Act of 2010. That act mandated rulemakings to revamp flight and duty time regulations to better address the issue of pilot fatigue, to increasing the required number of hours of flight experience before a pilot can qualify to be a commercial pilot, to revising pilot training to better simulate challenging conditions so that pilots can better handle serious, but rare situations. We completed the flight and duty time rulemaking just over a year ago, and we are committed to completing our work on the final pilot qualification rulemaking by August 2013[1] and pilot training by October[2]. Reauthorization has since added rulemaking requirements that we are currently pursuing.

With respect to other safety directives in Reauthorization, FAA commissioned an Aviation Rulemaking Committee (ARC) to develop recommendations to improve our aircraft certification process: we delivered our Report to Congress on that effort in August of last year and we are evaluating these recommendations to determine next steps. We also established an advisory panel of government and industry experts to develop recommendations on improving the consistency of aviation safety inspections. We are in the process of finalizing a report informing Congress of the recommendations presented to the FAA.

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[1] RIN 2120-AJ67
[2] RIN 2120-AJ00

Reauthorization also required a number of safety-related reports. We have delivered the report required on runway safety alert systems and the first annual report of the Aviation Safety Whistleblower Investigation Office summarizing the complaints the office has received and how they were handled. In the upcoming weeks, we expect to issue reports on the National Service Air Carrier Evaluation Program, night vision goggles for helicopter pilots, improved pilot licenses, and limiting access to the cockpits in all cargo aircraft.

Pursuant to Congressional direction, we have also worked with the Occupational Health and Safety Administration (OSHA) to draft a statement of policy which permits some OSHA standards to be applied to improve workplace safety for aircraft cabin crew. We published a draft policy statement in the Federal Register in December of 2012 for comment, and are in the process of reviewing those comments.

Delivering Technology

Our goal in the area of delivering technology is to efficiently and sustainably deliver benefits to our stakeholders and society. As an aside, one of the responsibilities of the Deputy Administrator is to serve as our Chief NextGen Officer. Now that I have been confirmed, I hope to appoint a Deputy relatively quickly. This should be made easier now that the Deputy no longer has to be confirmed by the Senate.

Throughout Title II of the Reauthorization, there is a theme that modernization of the system must be done in collaboration with our industry partners. FAA wholeheartedly agrees with this concept. Imposing technological changes without the input of the users would be a recipe for disaster. We continue to engage through our work with Optimization of Airspace and Procedures (OAPM) initiatives, which are being done in close collaboration with industry and stakeholders. OAPM is actively working in nine of the 13 metroplexes identified in Phase 1 of the program. Of these, one of the metroplexes (Houston) is currently in the implementation phase with two additional sites planned to start implementation of the new procedures later this summer (DC and North Texas). The metroplex initiative optimizes procedures in a geographic area where there are a number of airports, rather than focusing on each airport separately. Through this initiative, we are untangling our busiest airspace and creating more direct routes, cutting fuel, and becoming more environmentally friendly. In the congested airspace in the skies above our busiest metropolitan areas, these new modifications are being put in place in three years, much more quickly than the five to ten years it had taken previously. We are also actively engaged with our industry and government partners in the development of NextGen through the NextGen Advisory Committee (NAC). This group is helping to guide many aspects of our air traffic modernization work. The NAC also works with FAA on developing and tracking performance metrics and advising on the technical challenges of one of the new categorical exclusions included in Reauthorization.

Reauthorization also provides FAA with the ability to consider using operational and financial incentives for commercial and general aviation operators to equip their aircraft

with NextGen technology. We are actively engaging aircraft operators and potential private partners to assess interest and receive feedback on equipage incentive programs and how use of this authority could attract additional investment in NextGen technologies and training.

FAA has completed a departure queue management pilot program that was required in the statute in order to continue to advance plans to enhance surface management at airports. Also, in accordance with Reauthorization, we have issued interim guidance for AIP funding eligibility that supports the importance of sustainability initiatives in the way that airports do business, and expect to issue further guidance in 2013. We have also initiated a new study on the National Plan of Integrated Airport Systems, which is a long-established process for identifying and prioritizing strategic investments. The new study will ensure we are making the best use of available data in supporting our decisions to advance safety, capacity, efficiency, and sustainability initiatives.

Finally, less than two weeks ago, pursuant to Reauthorization, the FAA requested proposals for interested state and local governments, eligible universities, and other public entities to develop six Unmanned Aircraft Systems (UAS) research and test sites around the country. We expect to select the six sites by the end of the year. These sites will conduct critical research that will help determine how best to integrate UAS into the NAS. Once the sites are operational, we expect to learn how UAS operate in different environments and how they impact air traffic operations. I know this Committee is very interested in UAS integration. Use of the six sites will provide us with essential

information to facilitate integration. Prior to finalizing the FAA's UAS five-year "Roadmap", the FAA is coordinating the roadmap with other UAS stakeholder agencies and ensuring alignment of that roadmap with the Interagency Comprehensive UAS Plan.

Empower and Innovate FAA's Workforce

In the current fiscal climate, we have to find a way for FAA's employees to work smarter and enhance our productivity. You tasked us to undertake a thorough review of each program, office, and organization within the agency. Our report on FAA Review and Reform highlights 36 initiatives to improve and update processes, eliminate duplication and waste, and make the agency more efficient and effective. The initiatives identified cover many aspects of our operations and include improvements to cost analysis, governance, acquisition processes, standard operating procedures, and human resources. Of the 36 initiatives, 16 have been implemented and 20 are in progress. In addition, we are actively engaging our employees in the development of recommendations for facilities consolidation and realignment.

At your direction, we are looking closely at improvements to staffing and training for our employees. Four studies are underway looking at frontline manager staffing, technical training and staffing, and air traffic controller staffing and air traffic training and scheduling. We also delivered and implemented a staffing model for safety inspectors that was documented in the Aviation Safety 2012 Workforce Plan. Finally, in accordance

with Reauthorization, we developed staffing standards and scheduling plans for New York City and Newark air traffic control facilities.

Develop and Fund the Efficient FAA of the Future

FAA must not only meet our day to day responsibilities, we must also look to the future and figure out how to shape the agency to meet the demands and opportunities of the future. As noted earlier, the U.S. aviation system is going through significant, even revolutionary changes. NextGen is a major transformation which will increase our efficiency and safety, reduce delays and reduce fuel consumption. UAS have the potential to change the face of aviation. In the midst of these changes, budget pressures are making us ask hard questions about what the FAA needs to deliver in the coming years to ensure the safety and efficiency of the NAS and how to do it most cost-effectively.

In addition, we will face major changes in our workforce in the coming years. About one third of FAA employees will be eligible to retire starting 2014. So for us, succession planning remains a crucial aspect of the agency's focus, and we must realize that we will begin to lose a vast amount of corporate knowledge in the coming years. To prepare for that, we must impart this knowledge to today's emerging leaders and experts to ensure a successful agency in the 21st century. We need to embrace innovation and to work efficiency.

Efficiencies are not just for the future. Given the economic challenges we are facing, FAA has worked very hard to find cost savings and we have been quite successful. In fiscal year 2012, FAA efficiencies and cost cutting resulted in $81 million in savings. We have set a target of $91 million in cost savings for fiscal year 2013. We recognize that the status quo is not an option and we will continue to strive to achieve additional efficiencies moving forward.

Finally, we must chart innovative and collaborative ways to engage with all segments of the aviation sector, from airlines to association groups, to general aviation, to unions. We must embrace the opportunity to make long-lasting changes together that ensure a vital and vibrant aviation industry that serves the needs of this nation.

Advance Global Collaboration

The world is increasingly interdependent, so international collaboration is essential if we want to move forward effectively. FAA needs to continue to lead the charge to improve global aviation safety and sustainability. This effort will require us to improve the harmonization and interoperability of new technology with international aviation standards and procedures to improve safety on a global basis. We need to work to ensure the roadmaps agreed to by the International Civil Aviation Organization (ICAO) to advance communications, navigation, and surveillance improvements for global air navigation are compatible with our NextGen concepts and implementation and our domestic regulatory plan. We are working at ICAO to find practical and collaborative solutions to address aviation's greenhouse gas emissions and are encouraged by the

European Union decision to "stop the clock" on application of their emissions trading system on foreign airlines. Our leadership role will require us to develop and begin to implement a strategic plan for technical assistance, training, and other activities to maximize the value of FAA's expertise and United States resources. The FAA is committed to working proactively with countries around the world to create the initiatives and achieve the outcomes we need in the areas of safety, air traffic management, and the environment to foster a safe, efficient and sustainable global aviation sector.

Conclusion

Let me conclude by saying that it is essential to the effective management of FAA's programs to have stability and predictability that can be relied upon. The many extensions over the last few years took a toll on FAA's work in certain areas. Now we face an even more extreme uncertainty with the specter of sequestration looming. All of us in this room want the same things. We want to get better at what we do, think smarter, improve safety, streamline certification, and remain the agency that can work collaboratively with the world to develop safer and more efficient practices. Sequestration will not stop us from trying to attain these goals, but it will make it much, much harder.

Mr. Chairman, that concludes my statement. I will be happy to take questions at this time.

Rep. Frank A. LoBiondo, R-N.J.
Questions for the Record issued to FAA

1. Section 213 of the FAA Modernization and Reform Act directs the FAA to issue two reports, after consultation with aviation stakeholders, that detail the Administration's plans to design and implement advanced, fuel-efficient performance-based navigation procedures at large and mid-sized commercial airports. What is the status of these reports, which were due in August 2012?

The FAA's report is in final internal review and coordination. We will deliver a comprehensive report that addresses all of the requirements outlined in Section 213, to include individual implementation schedules for large and mid-sized airports.

2. It's my understanding the FAA is close to establishing NextGen performance metrics which are required by the FAA law. How many metrics have been established and when can we expect the FAA to begin tracking them? How have these metrics been impacted by the sequester?

The NextGen Performance Snapshots (NPS) metrics are available now at www.faa.gov/NextGen/Snapshots/. This website is updated quarterly with new enhancements.

First, the agency worked to re-evaluate performance metrics including those associated with NextGen to ensure that they are meaningful and aligned to targets and goals. The outcome of this effort was a set of harmonized metrics agreed on by all FAA lines of business. This metrics harmonization includes the agreed metrics, common definitions and computations. Second, the FAA is working to make available NAS performance measures in response to the Modernization and Reform Act for FAA of 2012. The FAA was required to report and track 12 metrics to measure the performance of the national airspace system (NAS).

The FAA and industry both agree that no high level metric can isolate NextGen impacts discretely and will therefore focus on site specific measures where NextGen has been implemented. NAS level metrics are necessary to capture overall system health, but are not necessarily moved by NextGen alone. Site-specific implementation performance as reported on the NPS website can tell the rest of the story, where benefits may be significant at a localized level but not necessarily discernible at the NAS level. The FAA, in partnership with industry through the NextGen Advisory Council, has identified meaningful metrics using reporting vehicles: (1) metrics harmonization that measures the overall health of the NAS, and (2) NPS that measure NextGen site specific performance.

Based on input from various stakeholder groups, we have sharpened the focus of the NPS since its initial release (in March 2012) to concentrate on locations where NextGen capabilities are impacting NAS performance.

Also, industry metric recommendations are being considered in ongoing internal efforts, and some performance metrics are already being reported. Work is under way to establish the few metrics that remain to be reported, although the agency faces some challenges, specifically with

actual fuel data. We anticipate that empirical fuel burn data is the missing link in evaluating fuel efficiency benefits of NextGen.

NPS has been stood up and modified a few times to better reflect our intent at reporting NextGen performance. Our intent now is to make it more robust in order to better report on performance as a result of NextGen implementation. However, with the sequester, we will have fewer resources available which could create challenges with continuing the current pace for rolling out future updates.

3. Many airlines that are NextGen equipped have indicated that rewriting the controller's handbook is important to unlocking benefits of NextGen. Does the FAA have a firm date for the completion and distribution of this document?

In July 2012, the FAA set a goal for FY2013 to make progress in rewriting the controller Handbook and keep up with modern air traffic capabilities for the NextGen era. To accomplish this task effectively we are working with NATCA, air traffic control management and the aviation community about the most important changes for each one of the three groups. We found that the requested changes fell in two categories: current standards that need to be updated as a result of new technology; and, cases where changes have been made but the criteria for conducting certain advanced operations has not been clearly established.

Through this process, we identified a consolidated list of 15 initial changes that meet the stakeholders' priorities. We expect to complete 10 of the 15 changes by the end of this fiscal year, with the rest to be completed in one to four years. The revisions to the Handbook are being made very carefully, and in accordance with our Safety Management System. SMS is a systematic and continuous management process to proactively identify, analyze and mitigate safety risk. These 15 changes are just the first step as we continue to work collaboratively with our internal and external stakeholders to write a long-term plan to proactively identify new air traffic capabilities and determine the necessary changes to the Handbook.

4. Does the FAA have any timeline targets for the delivery of big ticket NextGen program benefits? For instance, when will users be able to make good on the "ADS-B In" benefits? How about the Data Communications program?

The *NextGen Implementation Plan*, published annually since 2008, is the FAA's primary outreach tool for providing stakeholders an overview of the ongoing development and deployment of NextGen capabilities in the National Airspace System (NAS). The 2013 update to the NextGen Implementation Plan is on schedule, with online publication planned for thirty days after the FY14 President's budget submission.

- The Plan provides an overview of the progress made in the past year along with the benefits being observed as a result of recent NextGen improvements. The document also provides a summary overview of our plans for the future, including projected benefits through the start of the next decade.

- The Plan includes for the first time this year a chapter on how NextGen is making a difference for general aviation. This section provides a rundown on technology and procedures such as performance-based approaches that capitalize on GPS and WAAS technology.

- Appendix B, Delivering NextGen, summarizes work plans for deploying operational improvements and provides timelines and locations where available.

    - We implement improvements through a series of capabilities, or increments, that provide individual benefits and combine to provide transformative change in the way we operate the NAS.
    - Appendix B groups work into portfolios that convey NextGen plans, near-term schedules, budget status and other factors related to the operational improvements that add up to the overall capabilities the portfolio comprises.
    - Work is progressing to deliver related capabilities in eight implementation portfolios and two portfolios with supporting activities that address safety and environmental and energy considerations.

- Appendix B also encompasses recommendations from our external stakeholders and the operational community.

Here is the status of a few of our major programs.

ADS-B-In:

Available Today:

The national deployment of ADS-B is steadily progressing and the FAA continues work on ADS-B procedures and applications that will bring further near-term improvements to the NAS. To date, more than 545 radio stations have been installed throughout the NAS, of which 450 are currently operational. The operational radios:

- Provide traffic and weather information to more than 1,000 properly equipped aircraft on the East Coast, West Coast, and in Alaska (ADS-B In)

- Support ATC separation services at seven en route sites and 31 terminal sites (ADS-B Out)

- Support surface advisory services at 16 sites (ADS-B Out)

National deployment of the ADS-B ground infrastructure will be completed in FY2014.

Available Today (Limited):

In addition to the ground infrastructure deployment, the FAA is using Other Transaction Agreements (OTAs) to help expedite early adoption of ADS-B by air carriers. Through OTAs with industry partners, the agency is able to demonstrate real benefits of advanced ADS-B In applications and procedures while allowing the FAA to share costs and risks with the participants. The use of ADS-B In applications will give the agency and airlines detailed cost and benefit data, and encourage other airlines and operators to equip early to capitalize on ADS-B benefits.

For example, in 2009, the agency began a partnership with United Airlines to demonstrate an ADS-B In-Trail Procedures application in the Oakland Oceanic Flight Information Region. An operational evaluation of this capability is ongoing. This demonstration will validate the equipment performance standards that were published in 2011. In May 2012, the FAA made the decision to fund the integration of In-Trail Procedures into the automation system for use by air traffic controllers. This will be operational in 2017.

Future:

For the general aviation community, the FAA has been investing in the development of standards and prototype avionics for an ADS-B-In application known as Traffic Situational Awareness with Alerts (TSAA). This application provides pilots of non-TCAS II equipped aircraft with enhanced traffic situation awareness in all classes and domains of airspace by providing timely alerts of qualified airborne traffic operating in their vicinity (alerts using voice annunciations and visual attention cues). The avionics standards for this application are scheduled to be completed in late 2013.

Finally, the agency plans to continue the evaluation and business case development of additional ADS-B-In applications that were previously recommended by the user community through the ADS-B-In Aviation Rulemaking Committee (ARC). Based on ADS-B-In application research and feedback from the ARC, the major near-term benefits from ADS-B-In will be generated by Interval Management applications. During Interval Management, the controller assigns the flight crew to manage a time/distance interval from the lead aircraft using ADS-B-In capabilities. Having the controller give an instruction to maintain a specific time or distance interval, as opposed to multiple tactical speed, altitude or vector maneuvers should decrease controller workload and enable more accurate delivery of aircraft to the runway, with the net effect of reducing arrival delay.

To support full Interval Management operations, the FAA will need to modify the En Route Automation Modernization (ERAM) ATC automation system and the Standard Terminal Automation Replacement System (STARS) ATC automation system. In addition, the FAA will need to implement the Terminal Sequencing and Spacing (TSS) capability, consisting of enhancements to Time-Based Flow Management (TBFM) and STARS.

Current FAA plans call for Initial Investment Decisions for changes to these automation systems to occur by the end of FY14, with Final Investment Decisions for the same automation system investments to occur by mid-FY16. If these investment decisions are made on this schedule, then FAA would expect to be able to commence support of Interval Management operations by 2019-2020. Interval Management avionics should be available in the 2016-2019 timeframe.

Note that Sequestration funding cuts and other impacts are still being assessed and understood at the program level within FAA. Sequestration and out-year funding cuts are likely to slip the schedule from the current FAA plan.

Data Communications:

Data Comm established a baseline schedule for the initial Departure Clearance (DCL) service last year at our Segment 1 Phase 1 (S1P1) Final Investment Decision (FID), to include a timeline for delivery of services to the selected towers. Initial Operating Capability (IOC) for DCL at the first tower will be in March 2016; with Full Operational Capability (FOC) of the DCL service implemented at all planned towers by May 2019.

Data Comm has also developed planning dates for delivery of En Route services: IOC at the first Air Route Traffic Control Center (ARTCC) in July 2019 and FOC at all 20 ARTCCs by December 2023. Data Comm will baseline these planning dates for delivery of En Route services at the Segment 1 Phase 2 (S1P2) FID planned for the fourth quarter of FY14.

NextGen Weather Processor (NWP):

The NextGen Weather Processor (NWP) will establish a common weather processing platform that will functionally replace the Corridor Integrated Weather System (CIWS), Integrated Terminal Weather System (ITWS) and the processing functions of the Weather and Radar Processor (WARP) into a common weather processing platform, and host new capabilities. As an input, NWP will use information from the FAA and National Oceanic and Atmospheric Administration (NOAA) radar and sensors and NOAA forecast models. NWP will use sophisticated algorithms to create aviation-specific current and predicted weather information that will not require meteorological interpretation. NWP will create value-added weather information for publishing via Common Support Services-Weather (CSS-Wx). It will perform Weather Translation, which will enable the use of weather information by automated decision-support tools (DST). NWP enhances capacity by making fuller use of weather information for operational decision-making. This supports the optimal selection of aircraft routing and precise spacing for arriving and departing aircraft.

Contract award for an NWP acquisition is targeted for 2014, with a planned operational availability in 2016, and completion of deployment by 2019.

Common Support Services for Weather (CSS-Wx):

The Common Support Services for Weather (CSS-Wx) establishes an aviation weather publishing capability for the NAS. CSS-Wx enables universal access and the standardization of weather information for dissemination by System Wide Information Management (SWIM) to users. CSS-Wx will enable integration of aviation weather information into the FAA's collaborative decision-making tools for the NAS.

CSS-Wx will reduce future custom weather interface costs through standardization of weather information and interfaces. CSS-Wx will reduce future infrastructure costs to support forecast data bandwidth needs through filter services. CSS-Wx will improve capacity and efficiency through access to common weather constraint information leading to proactive, efficient traffic management decisions.

FAA in partnership with National Oceanic and Atmospheric Administration (NOAA) / National Weather Service (NWS) have been successful in developing new common data standards and exchange formats for aviation weather (Open Geospatial Consortium (OGC); European community, via EUROCONTROL; International Civil Aviation Organization (ICAO); World Meteorological Organization (WMO)).

The CSS-Wx program is developing a limited operational capability called "Enhanced Weather Information Network Server (WINS) Dissemination (EWD)". EWD will mitigate the risks of deploying new web service technologies and is on track to be operational by 2013.

The Joint Resource Council (JRC) approved CSS-Wx program to proceed to Final Investment Analysis on February 13, 2013. The CSS-Wx program is on schedule to achieve an operational availability in 2016 and complete deployment by 2018.

Performance Based Navigation (PBN):

Rather than focusing on a single airport or set of procedures, the FAA is analyzing and providing solutions to congestion issues in major metropolitan areas where multiple airports are located — areas we call metroplexes. By creating metroplex teams, we can more efficiently implement NextGen capabilities and, thereby, realize benefits more quickly.

This metroplex effort uses Performance Based Navigation (PBN) improvements combined with minor airspace adjustments, which can be completed within three years.

We have completed some studies, identified improvements, and are moving into design and implementation at 6 of our 13 metroplex locations, including Washington, D.C. and north Texas.

Satellite-based navigation is expected to cut a total of 7 million nautical miles per year from flight plans around some of the busiest metroplex cities. Shorter routes and gradual descents are

projected to save more than 20 million gallons of fuel annually resulting in 220,000 metric tons less in carbon emissions.

In response to industry, the FAA substantially increased the number of PBN routes and procedures available. PBN provides direct routes, which save time and fuel, and reduce aircraft exhaust emissions.

As of January 2013, the FAA had published 447 RNAV SIDs, 230 RNAV STARs, 94 Q-Routes and 80 T-Routes.

One PBN procedure, known as Optimized Profile Descent (OPD), enables aircraft to descend from cruise altitude to final approach along a shorter, more direct flight path with minimal level-offs at lower engine power saving fuel and reducing emissions.

The most prominent use of OPDs to date is in Seattle's Greener Skies initiative, from which the primary airline user, Alaska Airlines, estimates reductions of 2.1 million gallons of fuel and 22,000 metric tons of carbon engine exhaust emissions per year.

5. How has the sequester impacted NextGen timelines? Will major capital investments need to be rebaselined? If so, what will be the cost implications of stretching out the deadlines?

For fiscal year 2013, the sequester does not have an immediate impact on major NextGen programs from a purchase perspective. It is, however, already having an impact on development and implementation as the loss of operational funds limits the agency's ability to schedule operational personnel to participate in operational and program reviews, human-in-the-loop simulations and field trials.

If the sequestration is implemented as written over the next several years, the baselined NextGen programs might be completed as scheduled, but future releases will be delayed. Further, major infrastructure investments in weather, surface and facilities that have not yet reached final investments will be slowed and/or deferred. As important, we will have to defer advanced applications in the en route control centers that are to be built on the newly delivered En Route Automation Modernization and will leverage the investments for instance in Automatic Dependent Surveillance-Broadcast, Data Communications and System Wide Information Management. Finally, programs that depend heavily on operational personnel such as the implementation of advanced procedures through our Optimization of Airspace and Procedures in the Metroplex program will be limited by the continued unavailability of operational personnel.

6. Assuming that consolidations lead to more efficient use of personnel, does FAA need legislative authority to carry over operating cost savings from the closure of one facility to assist with transition costs at a new facility?

Rep. Frank A. LoBiondo, R-N.J.
Questions for the Record issued to FAA

Section 804 of the FAA Modernization and Reform Act of 2012, the FAA has the legislative authority to develop plans for and implement consolidation recommendations as long as Congress does not pass joint resolution of disapproval. The FAA has partnered with our operational Labor Unions to respond to the Congressional requirement for developing a National-level Facilities Realignment and Consolidation Report. The FAA has developed a collaborative process which will allow the Agency to capture labor, investment, and equipment costs, as well as outline technical and operational risks, and estimate expected benefits from potential realignments. The new agreed-upon process ensures full engagement of stakeholders, field representatives, and finance experts in assessing costs and benefits for realignment scenarios. We plan to brief Congress on the process in the near future. At this time, we do not anticipate that additional authority will be required to implement the plan.

7. What is the status of the 100+ employees that were employed by the Center for Management and Executive Leadership in Florida? Have they been transferred to another facility? Have they been terminated?

The Federal Aviation Administration (FAA) had a total of 86 people servicing the Center for Management and Executive Leadership (CMEL) Center in Palm Coast, Florida in 2012. Of those, five (5) were federal employees that have been transferred to leased office space at the Flagler County Airport. These federal employees continue to support leadership development for the FAA.

The remaining 81 personnel were providing services to the FAA via the three (3) separate contracts listed below:

- Embry Riddle Aeronautical University (ERAU) contract – Provided the lease of the facility and associated services.
- Nayyarsons contract – Services provided by Nayyarsons included: catering, front desk service and housekeeping.
- Data Management Systems -- Joint Venture (DMS-JV) contract – This agreement covered instructional services consisting of design, development and delivery of managerial development courses.

In December 2012, the FAA ended the contractual agreement for the ERAU and Nayyarsons contracts, as we no longer had a need for these resources.

At the same time, the scope of work for DMS-JV was reduced and the contractor shrunk their staff. Beginning in January 2013, developmental courses were transferred from Palm Coast, Florida to Oklahoma City, Oklahoma. The DMS-JV contractor was provided office space for their employees conducting administrative, design and development work along with the federal employees at the Flagler County Airport office location. Instructors travelled to Oklahoma City to deliver the instructional services on an "as needed" basis.

Due to the sequestration, the FAA has not extended this contract. Effective March 31, 2013 DMS-JV services for design, development or delivery of instructional services ended. A small number of DMS-JV contractors will remain working at the Flagler County Airport office location conducting close-out tasks as identified in the contract.

8. What is the status of the mandated rulemakings on repair stations?

The Federal Aviation Reauthorization Modernization and Reform Act of 2012, Section 308(d), requires the FAA to promulgate by February 2013 a proposed rule requiring that all part 145 repair station employees responsible for safety sensitive maintenance functions on part 121 air carrier aircraft are subject to an alcohol and controlled substances testing program determined acceptable by the Administrator and consistent with the applicable laws of the country in which the repair station is located.

Given the international scope and legal ramifications of this mandate, we need additional information to develop an effective proposed rule and assess its likely economic impact. To this end, we have drafted an Advance Notice of Proposed Rulemaking (ANPRM), currently in executive review. The ANPRM's request for comment on a variety of practical and legal considerations, from the public, as well as interested governments, will be essential in informing the development of a proposed rule and the analysis of its economic impact.

Section 319 of the same legislation requires the FAA to issue regulations "requiring that covered work on an aircraft used to provide air transportation under part 121 . . . , be performed by persons in accordance with subsection (b)." Subsection (b), in addition to listing persons authorized under existing regulations, referenced additional terms and conditions in subsection (c) that would apply to persons who provide contract maintenance workers, services, or maintenance functions to a part 121 air carrier for covered work. The Act defines "covered work," and mandates that the applicable part 121 air carrier must be directly in charge of covered work being performed for it under contract, and that the work be done under the supervision and control of the air carrier.

We addressed these statutory requirements with proposed regulatory changes published in an NPRM on November 13, 2012, "Air Carrier Contract Maintenance Requirements" (77 FR 67584). In response to public request, we extended the original 90-day comment period for an additional 30 days. The extended comment period closed on March 13, 2013. We are now analyzing the more than 40 comments received on this proposal.

9. The Reform Act requires the "participation" of labor and industry stakeholders in the Facility Realignment and Consolidation Plan. In your statement you indicate that you are engaging labor stakeholders. Can you tell me how you are engaging industry stakeholders? What is your timing for developing a final, comprehensive plan?

To address previous shortfalls, the FAA has taken a holistic approach by including Labor Unions and subject matter experts in developing the process and recommendations to guide future

facility realignments. The FAA and Labor leadership stood up a multi-disciplinary workgroup of FAA and Labor Union representatives to develop a process and recommendations for evaluating existing Terminal air traffic facilities for potential realignments. The draft process and initial recommendations were briefed to several industry stakeholders including the National Academy of Sciences and the National Customers Forum, which includes representatives of airlines and general aviation. Once finalized and briefed to Congress, the FAA foresees working with airport sponsors and industry to gain full insight when evaluating operationally-viable scenarios for facility realignments and consolidations.

In regards to timing for developing a final plan, the FAA is currently focused on addressing a number of competing fiscal, operational, technical, workforce, and policy priorities. The timing for developing a National-level Facilities Realignment and Consolidation Report depends on the Congressional acceptance of the process developed by the collaborative workgroup as well as funding availability.

10. The FY 2013 President's Budget assumed $67 million in cost efficiencies in FAA operations. Did FAA realize efficiencies in FY 2013? If so, how much and in what areas?

We have been working to implement the $67 million in cost efficiencies assumed in the FY 2013 President's Budget since the beginning of the fiscal year. Those efficiencies have already been incorporated into our plans to accommodate the budget reductions resulting from the sequester.

The FAA has already mitigated the financial impact of sequestration by holding its non-payroll Operations expenses flat since 2008 through our ongoing commitment to realizing cost efficiencies and avoidance. The FAA has taken aggressive measures to support the President's Campaign to Cut Waste. This effort will reduce overall FAA spending in the areas of travel, information technology, printing, contracts, supplies, and equipment by $114 million between FY 2010 and FY 2013. In just one year in fact (FY 2011), FAA reduced its non-mission critical travel expenses by 33 percent, for a savings of $27 million.

The FAA remains committed to reducing spending on support contracts by 20 percent from the FY 2010 baseline. We have issued targets to individual offices within the agency, requiring that non-National Airspace System (NAS) advisory contract spending be held to levels that allow the agency to achieve its planned reduction. From FY 2010 to FY 2011, we also reduced spending in certain classes of supplies by 23 percent.

As a result of IT shared service implementation, we will save $36 million in FY 2013 by reducing duplicative systems, standardizing services, and lowering contract spending. This consolidation will allow us to leverage our IT resources and reallocate scarce resources to high priority efforts that would otherwise be unaffordable.

Rep. Frank A. LoBiondo, R-N.J.
Questions for the Record issued to FAA

The FAA has been at the forefront of efforts to reduce overhead in the federal government, implementing its own Cost Control program in 2005 – more than six years before the Campaign to Cut Waste was initiated. This program has tracked an average of $94 million in cost avoidance and cost savings per year, with an overall total of $658 million in cost avoidance since the program's founding.

In FY 2013, FAA has currently saved an additional $21.9 million in the Cost Control Program. Savings this year are focused primarily on four program areas: ATO Service Areas, Workers' Compensation, Information Technology, and the Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) program.

- ATO Service Areas: We have saved $190 million since 2005 by re-evaluating and restructuring ATO Service Areas. In FY 2013, this activity will save an additional $11.7 million.

- Workers' Compensation: The FAA's effective management of worker compensation claims has resulted in cost avoidance of over $110 million since FY 2005. We are on track to achieve an additional $9 million savings in FY 2013.

- Information Technology: In addition to the $36 million in cost savings this FY, we have been proactively implementing agency-wide IT initiatives to consolidate resources and improve efficiency. These efforts have saved over $200 million since FY 2005. The FAA also remains solidly aligned with the Federal Data Center Consolidation Initiative (FDCCI). Server consolidation has saved FAA over $31.5 million since 2005.

- SAVES Program: SAVES has mirrored private sector best practices in the procurement of administrative supplies, equipment, IT hardware, commercial off-the-shelf (COTS) software, and courier services. The SAVES IT contracts provided average savings of 33 percent in FY 2011 and 19 percent in FY 2012 over the previous cost of buying hardware and software. We have saved over $94 million since 2006 through our eight national SAVES contracts.

The FAA will also achieve more than $1.9 billion in cost savings and cost avoidance over 10 years through the contracting out of FAA's Flight Services function.

11. In your February 22, 2013 letter you state that the letter is part of your ongoing dialogue between the FAA, unions, and the airspace users. Which of these groups have been involved in developing the plan to furlough 47,000 FAA employees, close over 100 towers and eliminate midnight shifts at 60 towers? When did FAA seek their involvement?

The ongoing dialogue with FAA unions involved all unions. Our engagement began with invitations to meet pre-decisionally with all FAA labor organizations to discuss possible cost

savings that might mitigate the impact of the furlough on employees. These meetings began January 31, 2013 and continued through February 14, 2013. Agency representatives met separately in Washington, DC with representatives of the: National Air Traffic Controllers Association (NATCA); Professional Aviation Safety Specialists (PASS); American Federation of State, County and Municipal Employees (AFSCME), Local 1653; and National Association of Government Employees (NAGE), Local R3-10. We met jointly in Oklahoma City, OK with the: American Federation of Government Employees (AFGE), Local 2282; NAGE, Local R8-10; Professional Association of Aeronautical Center Employees (PAACE), and PASS. We also met jointly in Atlantic City, NJ with the: National Federation of Federal Employees (NFFE), Local 1340; and AFGE, Local 200.

After meeting with the unions pre-decisionally, the FAA engaged all unions, with the exception of PAACE that already has negotiated furlough procedures, in bargaining the impact and implementation of the furlough as required by law. This process began February 7, 2013. Presently, we have negotiated furlough implementation agreements with all FAA labor organizations representing a total of approximately 36,000 Agency employees. Unions with negotiated furlough implementation agreements are now involved with FAA management in operationalizing the furlough to the extent required by those agreements.

We have had preliminary discussions with NATCA regarding the closing of contract towers. We have had very informal discussions with NATCA concerning the reduction of air traffic service on the midnight shift and anticipate talking further with NATCA.

The closing of contract towers and sequestration - including furlough - were also subjects of discussion with labor attendees at the FAA's February 20, 2013 meeting of its Labor-Management Forum conducted pursuant to Executive Order 13522. Labor organizations participating in the Labor-Management Forum meeting included: AFGE Locals 200 and 2282, AFSCME Local 1253, NAGE Locals R3-10 and R8-10, PAACE, and Laborer s International Union of North America (LIUNA) Local 2097.

12. During the hearing a question was asked about specific cost estimates for savings under the sequester. The administrator responded that you were still analyzing the numbers. Give this reply, how did you develop a furlough plan? What percentage of your savings will come from personnel costs opposed to non-personnel costs?

The FAA anticipates needing to save a total of $637 million across the three budget accounts affected by sequestration. With more than 70 percent of FAA's Operations spending devoted to payroll, it is simply not realistic to find all the required savings in less than one third of the budget. The savings will therefore be achieved through a combination of personnel actions and contract reductions.

Nearly one half of the total savings are planned to be realized through actions affecting FAA employees. These actions include a complete hiring freeze for all segments of our workforce, reduction of overtime, elimination of bonuses and awards, and employee furloughs. In total, these actions are projected to reduce Operations payroll costs by approximately four percent.

Non-personnel costs will be reduced by seven percent. The reductions to Operations non-payroll costs are disproportionately larger than those related to payroll because these costs comprise just 30 percent of the Operations budget.

In addition, we continue to look for ways to make additional reductions to our non-payroll costs to reduce the need for furloughs.

13. The private sector has a long history of driving innovation, especially in conjunction with federally funded research and support. Do you believe the FAA should participate in public-private partnerships to further the adoption of satellite based ADS-B?

The current aircraft oceanic separation services range from 30nm to 90nm, depending on avionics equipage onboard an aircraft. The FAA has been evaluating various approaches for improving separation services by providing surveillance coverage in Oceanic Flight Information Regions (FIRs) and remote domestic airspace via a satellite-based solution, including, but not limited to, Space Based Automatic Dependent Surveillance – Broadcast (ADS-B).

The existing Iridium communication satellite infrastructure is reaching the end of its lifecycle. As Iridium plans to develop and launch its next generation of communications satellites, it has formed a subsidiary, known as Aireon LLC, to finance, build, and operate the first global ADS-B aircraft surveillance service. As a part of this agreement, Aireon has partnered with NAV CANADA and has Harris Corporation under contract to build 81 space-qualified ADS-B receiver hosted payloads for the Iridium NEXT constellation.

The FAA has begun an Investment Analysis of various alternatives, including the Iridium concept, to determine technical feasibility, validate concepts, and develop a detailed benefit and cost analysis. As part of the investment analysis, the FAA has been exploring public-private partnerships to further the adoption of space based ADS-B. To support the analysis, the FAA is consulting with Iridium/Aireon under a Memorandum of Agreement and Letter of Intent.

Given the agency's current budget constraints, we have not yet reached a final decision of whether or not to financially commit to this initiative. However, the FAA intends to be actively engaged in setting the specifications and configuration of space based ADS-B surveillance. If the agency decides to move forward with any of the various alternatives, an Initial Investment Decision (IID) by the Joint Resources Council (JRC) will be made in FY2013/14 and a Final Investment Decision (FID) by 2014/15.

14. Last year passengers and airlines paid over $12 billion in FAA taxes and fees, which constitute about 90 percent of FAA taxes and fees. Since 2000, FAA revenue from the taxes and fees paid by passengers and airlines rose 37 percent, while commercial aviation

traffic levels dropped by 15 percent. Why are passengers and airlines being penalized by your proposed sequestration cuts to air traffic management services?

Based on Trust Fund income statements, commercial excise tax revenues rose by 30 percent from FY2000 to FY2012. Over this same time period, FAA data shows that US carrier systemwide enplanements actually increased by 6 percent, although commercial operations dropped by 16 percent.

The FAA recognizes that through aviation excise taxes, the flying public makes the largest contribution to the Airport and Airway Trust Fund, which funds about 70 percent of the total FAA budget. The FAA is trying to minimize the impacts on the flying public of the budget cuts mandated by sequestration legislation. For example, one of the criteria FAA used for closing an air traffic control tower was if the tower handled fewer than 10,000 commercial operations a year (equivalent to an average of one or fewer operations per hour per day).

However, sequestration requires FAA to apply the cut equally across all of our programs, projects, and activities. The Air traffic activities funded in the Air Traffic Organization's Operations budget are absorbing their share of the mandatory budget reduction. Because of the size of the reduction and the time remaining in the year to generate the required savings, the FAA has no choice but to reduce air traffic and other services.

We do have a small amount of reprogramming authority, to move no more than 2% between our operating activities, but that is not enough to help offset the air traffic cut. Our other offices (with much smaller budgets) are also facing significant cuts and could not contribute to the air traffic shortfall even if we had greater reprogramming authority. While the flying public are less likely to be impacted by these budget cuts, they will impact FAA's work and our other stakeholders. Examples of such impacts include:

- Delays in certification of equipment and airmen
- Slower issuance of aviation safety rules and the provision of aviation safety information to the public
- Reductions in our ability to do cyber security monitoring
- Reductions in our ability to oversee and audit our contractors
- Reductions in our ability to maintain the integrity of our financial system.

15. You've stated that the FAA might expect the airlines to reduce their schedules to mitigate the impact of sequestration. What level of reduction do you anticipate, and have you provided airlines with a timeline on when and where any capacity constraints will occur?

While we cannot predict every situation during sequestration, we expect some airlines may adjust their schedules and activities tactically based on service capability or disruption. As we move forward with furloughs, we will continue to communicate system capacity constraints associated with the sequestration or any other conditions which might impact the National Airspace System as part of its network operations capability.

Questions for the Record by
Congressman Meehan

QUESTION

Are the jobs associated with the FAA NextGen consolidation considered new jobs to be created in the future location, or will the people who are currently employed at other sites going to be transferred?

ANSWER

The jobs associated with this consolidation and integration are not new jobs, but relocated jobs from the existing facilities. Current employees from New York TRACON (N90) and New York Center (ZNY) will be transferred into the New York Integrated Control Facility (NY ICF).

QUESTION

Is it the FAA's position that there is no currently owned government property which is acceptable for use?

ANSWER

We are presently looking at local government-owned properties, which have been offered to the FAA at no cost.

QUESTION

What is the tax structure with having the FAA located in a particular municipality? More specifically, will the employees pay earned income Taxes?

ANSWER

There are no special tax exemptions provided by this initiative. Employees will be subject to the tax structure of the location selected.

QUESTION

What is the detailed criteria the FAA uses when they are deciding on the location of future space? For instance, are fiscal considerations, worker displacement issues, environmental impact considerations, and others weighted to any degree?

ANSWER

The FAA is conducting ongoing analysis on the long-term costs, benefits, and location requirements for the new facility. We are taking into account the cost of relocating staff, locality pay differentials, land acquisition costs, existing infrastructure, and quality of life factors. These considerations are a part of our comprehensive investment analysis for the NY ICF, and will be factored in the site selection.

The FAA has surveyed its employees in the two existing facilities. They have shown an overwhelming desire to stay in the vicinity of their current location on Long Island. The FAA

aims to achieve the delicate balance between stakeholder and workforce concerns and fiscal responsibility in siting and designing the new ICF.

The FAA will consider operational, personnel, and financial impact criteria when deciding on the location of the NY ICF. Some of these criteria include vulnerability to natural disasters, reliability of existing infrastructure, region-specific business costs, availability of housing, the quality of local schools and healthcare. Detailed criteria will be published as part of the Solicitation for Offers (SFO) package, if that step is required in our land acquisition process.

The FAA is committed to ensuring compliance with all Federal policies and procedures to select the new site including the National Environmental Policy Act. The FAA will conduct an Environmental Due Diligence Assessment and Environmental Impact Assessment for the candidate sites prior to final land evaluation and selection.

QUESTIONS FOR THE RECORD BY
CONGRESSMAN REID J. RIBBLE
BUDGET SEQUESTER AND TRANSFER AUTHORITY

QUESTION: The budget sequestration order that President Obama signed on March 1, 2013 will require the FAA to reduce spending this fiscal year. The FAA has stated they plan to close control towers at the beginning of April, including eight towers in the State of Wisconsin.

I have proposed legislation (H.R. 816) that would grant departments and agencies transfer authority within their own budgets and accounts as they work to manage the sequester. If the FAA had such additional flexibility would they be able to apply the sequestration cuts differently and avoid shutting down control towers?

ANSWER:

The extent to which such flexibility would minimize sequestration's effects is largely dependent on the nature of the flexibility granted by Congress. However, it is unlikely that any additional flexibility among FAA's affected budget accounts would be extensive enough to avoid closing low activity air traffic control towers.

The Budget Control Act applies the sequestration to the Program, Project, and Activity (PPA) level. The FAA's PPAs for FY 2013 are the major budget line items within each of the three affected budget accounts (Operations, Facilities & Equipment, and Research), as shown in the table below.

Operations	Facilities & Equipment (F&E)	Research (RE&D)
Air Traffic Organization (ATO)	Activity 1, Engineering, Development, Test and Evaluation	A11, Improve Aviation Safety
Aviation Safety (AVS)	Activity 2, Air Traffic Control Facilities and Equipment	A12, Improve Efficiency
Finance and Management (AFN)	Activity 3, Non-Air Traffic Control Facilities and Equipment	A13, Reduce Environmental Impact
Commercial Space Transportation (AST)	Activity 4, Mission Support	A14, Mission Support
NextGen (ANG)	Activity 5, Personnel and Related Expenses	
Human Resource Management (AHR)		

Staff Offices

Flexibility to manage sequestration at the account level, without regard to PPA amounts, would offer very limited relief. The FAA does not anticipate this level of flexibility would be extensive enough to avoid employee furloughs or closing low activity air traffic control towers.

The three largest PPAs (ATO, AVS, and AFN) account for 96 percent of the funding in the Operations Account. The Air Traffic Organization (ATO) alone accounts for 77 percent. The contract tower contracts are managed within ATO, and taken together, equate to the third largest Operations funded contract we have. Due to ATO's relative size, it is therefore not possible to concentrate the budget reductions in the other, much smaller offices without serious detrimental impacts to our aviation safety mission or the key support services they provide.

A more extensive level of flexibility, such as allowing funding to be transferred across the three affected budget accounts, could help to reduce the impacts of sequestration. Due to these accounts' relative size, however, this alleviation would not be extensive enough to avoid closing the low activity air traffic control towers. The Operations account represents 77 percent of the total FAA resources subject to sequestration. As is the case within Operations, it is not possible to concentrate the budget reductions in the other accounts (F&E and RE&D) without serious detrimental impacts to our mission.

Under the sequestration law we are facing additional cuts in fiscal year 2014, with reduced funding levels for the next ten years. So we must absorb the reductions this year with an eye on the future. Our budget may continue to decline so we must focus our resources to preserve the greatest possible margin of safety and efficient flight for the greatest number of people.

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CHAIR, 107TH CONGRESS

Eddie Bernice Johnson
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Congresswoman Eddie Bernice Johnson
Questions for the Record
February 27, 2013
Implementation of the FAA Reauthorization and Reform Act: One Year Later

Questions for Administrator Huerta

1. As you know, U.S. aviation mechanics are subject to strict drug and alcohol testing requirements as a condition of working on U.S. airplanes, while mechanics working on U.S. aircraft at foreign stations are exempt from this requirement. In the FAA Reauthorization Act, Congress moved to address this double-standard. Section 308(d) requires the FAA to issue a proposed rule within one year to require employees responsible for safety-sensitive maintenance work on U.S. air aircraft at foreign repair stations certified by the FAA to undergo drug and alcohol testing. While this provision will not address every concern with foreign repair stations, it is a crucial step toward removing the current double-standard and improving the safety of contract maintenance work. But it must be implemented by the FAA to become effective. Can you provide assurances that this mandate will be met quickly by the FAA, and a sense of the timing when the rule will be issued?

2. According to the FAA's most recent MD 715, several barriers have been identified by the agency, citing a lack of recruitment and selection of Aviation Safety Inspectors, Air Traffic Controllers, and Transportation Specialists. What efforts is FAA making to

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ensure a diverse workforce comparable to the civilian workforce? It is my understanding that FAA is continuing to evaluate the barriers impeding the EEO program, and the agency needs to conduct additional trend analyses of the workforce's major occupations by race, national origin, sex, and disability. What is the time frame for the completion of the analysis? Do you have any additional insight to share concerning FAA's efforts to diversify its workforce?

QUESTIONS FOR THE RECORD BY
CONGRESSWOMAN EDDIE BERNICE JOHNSON

QUESTION 1:

As you know, U.S. aviation mechanics are subject to strict drug and alcohol testing requirements as a condition of working on U.S. airplanes, while mechanics working on U.S. aircraft at foreign stations are exempt from this requirement. In the FAA Reauthorization Act, Congress moved to address this double-standard. Section 308(d) requires the FAA to issue a proposed rule within one year to require employees responsible for safety-sensitive maintenance work on U.S. aircraft at foreign repair stations certified by the FAA to undergo drug and alcohol testing. While this provision will not address every concern with foreign repair stations, it is a crucial step toward removing the current double-standard and improving the safety of contract maintenance work. But it must be implemented by the FAA to become effective. Can you provide assurances that this mandate will be met quickly by the FAA, and a sense of the timing when the rule will be issued?

ANSWER:

The FAA is working to meet the Congressional direction. However, we do not have sufficient data at this time to publish a Notice of Proposed Rulemaking (NPRM). The FAA plans to publish an Advanced Notice of Proposed Rulemaking (ANPRM) to solicit comments from the public, the aviation industry and interested foreign governments to help inform the development of a proposed rule to address the Congressional mandate and also to lay the foundation for the required economic analysis. The timing of this project is unknown for several reasons. The FAA's rulemaking process is rigorous with internal and external reviews that assure we put forward a sound proposal. However, these reviews take time.. The FAA considers drug and alcohol testing at foreign repair stations as a high profile project; however, we have over 20 rulemaking projects underway that were directed by Congress in several pieces of legislation in the last two years. Budget and staff reductions as a result of sequestration will also limit the ability of the FAA to accelerate this rulemaking.

QUESTION 2:

According to the FAA's most recent MD 715, several barriers have been identified by the agency, citing a lack of recruitment and selection of Aviation Safety Inspectors, Air Traffic Controllers, and Transportation Specialists. What efforts is FAA making to ensure a diverse workforce comparable to the civilian workforce?

ANSWER:

The FAA, FY-11 MD 715 Annual Report, Part I, entitled Barrier Analysis, requires the FAA to review and analyze current outreach plans and recruitment and selection processes to determine if there are any barriers to EEO and to eliminate, when possible, any such barriers.

For the past several years, FAA has extensively engaged in both broad recruitment activities and targeted recruitment activities for women, minorities and persons with disabilities for all of our positions. We have been successful in partnering with our affinity groups and employee associations to increase the exposure of opportunities that are available at the FAA as an "Employer of Choice". We participate in hundreds of community outreach events each year in order to increase the applicant pools with diverse candidates. To further our efforts toward a more diverse and inclusive workforce, we've established an EEO/Diversity and Inclusion Action Committee with an accountable executives from each line of business/staff office that meets bi-monthly to monitor the agency's progress. In the past year we've initiated several policy changes that should move the FAA forward in a positive and inclusive manner.

We have created a consolidated FAA outreach and recruitment plan. This allows the Agency to take a more integrated, effective and comprehensive approach to outreach and recruitment efforts. FAA has established a hiring goal that 1.67% of all new hires be People With Targeted Disabilities (PWTD). Finally, we have implemented policy changes on "Area of Consideration" (AOC) and "Selective Placement Factor" (SPF) Policy to require a higher level review when narrowing the AOC and adding an SPF in order to better assure a diverse applicant pool.

To ensure our outreach and recruitment efforts are effective we will continue to track/monitor the diversity of our applicants and selection pools.

QUESTION:

It is my understanding that FAA is continuing to evaluate the barriers impeding the EEO program, and the agency needs to conduct additional trend analyses of the workforce's major occupations by race, national origin, sex and disability. What is the time frame for the completion of the analysis? Do you have any additional insight to share concerning FAA's efforts to diversify its workforce?

ANSWER:

The FAA has made progress with the planned activities to eliminate identified barriers. FAA has obtained experts to perform a barrier analyses on several Mission Critical Occupations (MCO) over the next few years. The MCOs that are currently being conducted or scheduled for analysis are: Air Traffic Control Specialists, Aviation Safety Inspectors, and Airway Transportation Systems Specialists.

We recently completed the barrier analysis that identified corrective actions for the Air Traffic Control Specialist Centralized Hiring process. The final report on the analysis and corrective actions should be issued shortly.

Responses to Questions for the Record by

Congressman Larsen

Question

As I understand it, satellite automatic dependent surveillance – broadcast (ADS-B) systems would provide major environmental benefits and fuel benefits for our airlines, and would allow our air traffic control system to better and more accurately pinpoint the location of the aircraft. Are there any satellite-based ADS-B systems currently on the market or close to market, especially ones that would help with open-ocean tracking over the Pacific? Are there ways to move forward to accelerate the implementation of such ADS-B systems over the oceans?

Answer

The current aircraft oceanic separation services range from 30nm to 90nm, depending on avionics equipage onboard an aircraft. The FAA has been evaluating various approaches for improving separation services by providing surveillance coverage in Oceanic Flight Information Regions (FIRs) and remote domestic airspace via a satellite-based solution, including, but not limited to, Space Based Automatic Dependent Surveillance – Broadcast (ADS-B).

In November 2011, the FAA released a market survey to determine if any companies had the capability to satisfy surveillance requirements that are necessary for providing reduced separation within oceanic and remote mountainous airspace by 2018. Four vendors (ORBCOMM, Global Star / ADS-B Technologies, Iridium, and VIASAT) responded to the market survey. Through this activity, the FAA determined that there were no companies that had the existing capability to provide this service.

However, the existing Iridium communication satellite infrastructure is reaching the end of its lifecycle. As Iridium plans to develop and launch its next generation of communications satellites, it has formed a subsidiary, known as Aireon LLC, to finance, build, and operate the first global ADS-B aircraft surveillance service. As a part of this agreement, Aireon has partnered with NAV CANADA and has Harris Corporation under contract to build 81 space-qualified ADS-B receiver hosted payloads for the Iridium NEXT constellation.

The FAA has begun an Investment Analysis of various alternatives, including the Iridium concept, to determine technical feasibility, validate concepts, and develop a detailed benefit and cost analysis. To support this analysis, the FAA is consulting with Iridium/Aireon under a Memorandum of Agreement and Letter of Intent.

Given the agency's current budget constraints, we have not yet reached a final decision on whether or not to financially commit to this initiative. However, the FAA intends to be actively engaged in setting the specifications and configuration of space based ADS-B surveillance. If the agency decides to move forward with any of the various alternatives, an Initial Investment Decision (IID) by the Joint Resources Council (JRC) will be made in FY2013/14 and a Final Investment Decision (FID) by 2014/15.

To answer the question on accelerating the implementation of a space based ADS-B system, Aircon intends to have their new satellite constellation in place by the end of 2017. Given the challenges of deploying a new satellite infrastructure, it is likely not feasible to accelerate the implementation of this approach.

Question

We have seen in Seattle with Greener Skies that the community must be informed and engaged throughout the process for NextGen to be successful. Demonstrations are often used to showcase capabilities or test new ideas. As you consider how to improve the FAA's communication to airports and the communities they serve, would the FAA consider a NextGen demonstration for community engagement? Would this type of project be appropriate to conduct under the FAA SE2020 program?

Answer

Yes, we agree community and stakeholder involvement is pivotal to the successful implementation of NextGen. The FAA is already demonstrating that community engagement as we move the Seattle Greener Skies Project forward. The agency provided multiple opportunities for the public to review and comment on the then-proposed Greener Skies project. We held two meetings for public input at the beginning of the environmental assessment (EA) process in January 2012, and two additional public meetings on the Draft EA in early September 2012. These meetings took place in locations north and south of the Seattle-Tacoma Airport. We publicized the meetings in local newspapers, on news websites, and on the Greener Skies website. We also held a 38-day public comment period on the Draft EA. More than two dozen stories on the project appeared in local, regional and national print and electronic media.

We have made great strides working with all of our stakeholders to ensure the success of the three Greener Skies segments, Initiatives 1 (i1), i2 and i3. i1, started in September 2010. It provides for the design of Performance Based Navigation (PBN) instrument flight procedures into the complex airspace around Seattle. i2 was started in April 2011, and provides the research and safety studies needed to explore changes to air traffic control separation standards to maximize the benefits of PBN utilization. i2 is planned to be completed in September 2013 and if the research concludes that the proposed i2 air traffic control criteria are safe and provide value-added efficiency, then the new criteria would be available to Seattle and other applicable locations. Finally, i3 started in November 2012. It provides for the initial implementation of the above mentioned PBN instrument flight procedures around the Seattle airspace. The three Greener Skies segments are being conducted simultaneously such that close coordination can occur among the initiatives and the desired results are achieved. With continued collaboration of our stakeholders, we are confident in the successful implementation of the Greener Skies Project.

We are currently utilizing the SE2020 program to procure services needed to advance the three segments. The differing requirements of each demonstration, and the varying needs and concerns of our stakeholders, will determine how we tailor our engagement with each

affected community. When Greener Skies is completed, the FAA will have a template for how to implement these types of NextGen airspace improvements across the country.

Question

Section 215(b) of the FAA Modernization and Reform Act of 2012 (P.L. 112-95) states that the FAA administrator must ensure that equipment, systems or services used in the National Airspace System meet appropriate certification requirements regardless of whether the equipment, system or service is publically or privately owned. I understand that in order to ensure the safety of air traffic control systems, the FAA maintains a comprehensive certification program and that changes may need to be made to FAA orders to require the certification of systems and services even if they are not owned or maintained by the FAA. A thorough program that includes certification of all air traffic control systems and services is critical to ensuring the safety of this country's aviation system. Please let me know the steps the FAA has taken to comply with the requirements in Section 215(b) of the FAA reauthorization law. In specific, please advise of any changes to orders that have been completed or, if not completed, the status of those changes and estimated completion dates.

Answer

Section 215 of the Act, Certification Standards and Resources, requires the FAA to develop a plan to accelerate and streamline the process for certification of NextGen technologies. The Certification Integrity subsection (b) states that the Administrator shall ensure that equipment, systems, or services used in the national airspace system meet appropriate certification requirements, regardless of whether the equipment, system, or service is publically or privately owned. The FAA's mission is to provide the safest, most efficient airspace system in the world. We think our future depends on the new technologies, procedures and supporting policies that make up the Next Generation Air Transportation System. Ensuring certification integrity is a key responsibility for our agency, but there are public entities over which FAA has no jurisdiction, such as aircraft owned and operated by the Department of Defense. The FAA acknowledges the importance of certification standards and the resources needed for the implementation of NextGen. We have been working across several of our organizations to be sure that the response we provide to Section 215 accurately and thoroughly reflects our activities in this field. It would be premature to begin to list some of the steps we have taken until we have completed our coordinated response.

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