# FEDERAL AVIATION ADMINISTRATION

# Reauthorization Provides Opportunities to Address Key Agency Challenges

## Why GAO Did This Study

Much has changed since the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) reauthorized the Federal Aviation Administration's (FAA) programs 3 years ago. At that time, air traffic was increasing, and concerns about congestion and flight delays were paramount. Since then, the downturn in the nation's economy, the terrorist attacks of September 11, 2001, and, most recently, the war in Iraq have taken a heavy toll on aviation. Analysts nonetheless expect the demand for air travel to rebound, and the nation's aviation system must be ready to accommodate the projected growth safely and securely.

The current reauthorization of FAA's programs provides an opportunity for the Congress and the administration to focus on challenges in increasing aviation capacity, efficiency, and safety and in controlling aviation program costs.

## What GAO Recommends

This testimony does not contain recommendations. However, GAO reports containing relevant recommendations are listed among the Related GAO Products following the testimony.

## What GAO Found

Increasing capacity and service in the national airspace system poses several challenges. While airports currently receive enough funding to cover FAA's estimate of their planned capital development costs, a declining surplus in the trust fund that helps to support development and the need to spend up to $5 billion over the next 5 years for security-related capital improvements make the financial outlook for the next 5 to 8 years uncertain. Runway development, the principal means of increasing capacity, is now taking 10 to 14 years to complete, in large part because of time-consuming environmental reviews and community concerns. Providing air service for small communities is also becoming more difficult as costs increase and passenger ticket revenues decline. Intermodal alternatives may hold promise.

Efforts to improve the efficiency of the national airspace system by modernizing the air traffic control system face challenges despite actions taken by the Congress and the administration to eliminate the cost overruns, schedule delays, and performance shortfalls that have plagued FAA's modernization efforts. Overall, FAA is improving its management of the air traffic modernization program and has implemented some systems, but key projects continue to experience problems.

To enhance aviation safety, FAA and the aviation industry have undertaken an initiative to reduce the fatal accident rate, and FAA is working to strengthen its safety inspections of airlines' operations. Interagency coordination of aviation safety and aviation security activities has emerged as a challenge with the transfer of aviation security responsibilities from FAA to the Transportation Security Administration.

FAA faces challenges in implementing controls over its costs. Although it has partially implemented a new cost accounting system that enables it to track 70 percent of its air traffic services costs, this system lacks internal controls over $3.1 billion in labor costs, according to the Department of Transportation's Inspector General. Congressional oversight is important to ensure that FAA implements controls and spends its resources effectively.

**Increasing Capacity through Runway Construction**



Source: HNTS.

**United States General Accounting Office**