

**STATEMENT OF
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**BEFORE THE COMMITTEE ON APPROPRIATIONS, SUBCOMMITTEE ON
TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED
AGENCIES**

JUNE 16, 2009

Good morning, Chairman Olver, Ranking Member Latham, and Members of the Subcommittee. Thank you for the opportunity to appear here today to discuss the Administration's Fiscal Year (FY) 2010 budget request for the Federal Aviation Administration (FAA).

FY 2010 Budget

The FAA operates and maintains the most complex air traffic control system in the world. While we have made progress over the past several years in increasing the system's safety and efficiency there will be a particular focus on safety initiatives and moving our Next Generation Air Transportation System (NextGen) forward in 2010. We are also investing responsibly in capital programs and in our highly capable workforce in order to prepare for a future marked by growing demand for aviation-related services as the economy recovers and expands. Our FY 2010 budget request of \$15.9 billion maintains safety and capacity gains while providing investments to meet future system demands. This budget allows us to execute our published plans for controller and safety staffing, research and development, and capital investments, thus further enhancing aviation safety while we implement the aviation system of the future.

Operations

The FY 2010 request of \$9.3 billion for the Operations account includes \$7.3 billion for the Air Traffic Organization (ATO), \$1.2 billion for Aviation Safety (AVS), \$15 million for Commercial Space Transportation (AST), and \$802 million for Staff Offices. This 3.2 percent increase over the FY 2009 enacted level will fund salary increases for FAA employees, annualization of FY 2009 new hires, adjustments for inflation and GSA rent increases, maintenance and operating costs of new National Airspace System (NAS) systems and equipment, and contractual wage increases for flight services and contract towers. Major policy initiatives funded by the request

include the hiring of additional air traffic controllers, aviation safety staff, and NextGen support staff. The request also incorporates \$48 million of new cost efficiencies realized by the ATO.

As part of FAA's ten-year strategy for the air traffic control workforce, FAA plans to hire 1,702 controllers in FY 2010 for a net increase of 107 controllers. The budget supports this effort so that FAA can continue to ensure that the right number of trained controllers are in the right place at the right time. In the last four years, FAA has hired more than 5,600 new air traffic controllers, ensuring the flexibility to match the number of controllers with traffic volume and workload. As we continue to bring these new employees on board, we must carefully manage the process to ensure that our trainees progress in a timely manner and are hired in the places we need them.

The agency recognizes that this Subcommittee is particularly interested in our efforts regarding aviation safety inspector staffing. The FY 2010 request provides a net increase of 30 positions and maintains the 446 staff added to our Aviation Safety workforce in FY 2008 and 2009, which includes 4,245 safety inspectors and 1,977 other safety critical staff. The FY 2010 requested staffing increase is consistent with the updated Aviation Safety Workforce Plan and enables FAA to review additional applications for aeronautical products, and increase industry drug and alcohol inspections.

Recognizing that our future workforce may be very different from today, last year FAA engaged the National Academy of Public Administration (NAPA) to help identify the skills needed to accomplish the transition to NextGen and strategies for acquiring the necessary workforce competencies. To respond to their recommendations, the FY 2010 budget includes \$7 million to hire 104 technical staff in the ATO operational service units to support the development and deployment of the NextGen suite of applications. These additional staff will identify transition requirements, develop procedures, coordinate with industry and stakeholders, and perform operational impact analyses.

Facilities & Equipment

The FY 2010 budget allows FAA to meet the challenge of both maintaining the capacity and safety of the current NAS while attempting to keep our comprehensive modernization and

transformation efforts on track. The request of \$2,925 million is an increase of \$183 million (6.7 percent) above the FY 2009 enacted level. Of this amount, \$2,135 million will be in legacy areas, including aging infrastructure, power systems, information technology, navigational aids, and weather systems. However, the largest growth is in the F&E NextGen portfolio, which increases to \$790 million. This 17 percent increase over FY 2009 includes growth in FY 2009 programs as well as the inclusion of other line items under the NextGen umbrella¹. The NextGen transformational programs (such as Automatic Dependent Surveillance – Broadcast (ADS-B), System Wide Information Management (SWIM), Data Communications, and NAS Voice Switch) are funded at \$372 million. Approximately \$392 million is provided for NextGen demonstrations, system development, and “enabling” activities conducted under our seven solution sets.

Research, Engineering, and Development (RE&D)

The FY 2010 request of \$180 million is an increase of \$9 million (5.3 percent) above the FY 2009 enacted level. This funding will allow us to continue our work in research areas, including fire research and safety, propulsion and fuel systems, advanced materials research, and aging aircraft. The RE&D NextGen portfolio grows to \$65 million. This 15 percent increase over FY 2009 supports enhanced NextGen research and development efforts in the areas of air ground integration, providing weather data in the cockpit, and environmental research for aircraft technologies, fuels, and metrics. The request also continues to support the Joint Planning and Development Office (JPDO) to coordinate partner agency research and development in support of NextGen.

Grants in Aid for Airports (AIP)

Airports are an essential part of the aviation system infrastructure. Their design, structural integrity, and ongoing development have a direct impact on safety, capacity, and efficiency. The FY 2010 request of \$3,515 million allows us to continue our focus on safety-related development projects such as runway safety area improvements, runway incursion reduction, and aviation

¹ Beginning with the 2010 Budget, the NextGen portfolio includes amounts for Collaborative Air Traffic Management Technologies and NextGen staffing in Activity 5. The 17 percent increase is calculated using both the FY09 and FY10 amounts for Collaborative Air Traffic Management Technologies and Activity 5 within the NextGen portfolio.

safety management. It also supports the completion of necessary planning and environmental reviews needed to provide additional capacity (such as commissioning new commercial service runways or major runway extensions) and improve airport infrastructure.

The request provides programmatic increases of \$1.8 million in Personnel & Related Expenses to successfully administer the Airport Improvement Program (AIP), provide leadership in the airport planning and environmental process, to fully implement Safety Management Systems (SMS) in the Office of Airports, and hire additional employees supporting international aviation, information technology, engineering support, airspace studies, Airports Geographic Information System (AGIS), and wildlife hazard management. The budget also provides \$22.5 million for Airport Technology Research – an increase of \$3.1 million over FY 2009 – to support enhanced safety and pavement research efforts, and \$15 million for Airport Cooperative Research.

FAA Reauthorization

The Vision 100 -- Century of Aviation Reauthorization Act originally expired at the end of fiscal year 2007, and since that time FAA has been operating under a series of short-term extensions. Current aviation taxes and expenditure authority are authorized through September 30, 2009.

The budget assumes some basic elements of a reauthorization proposal. The current financing system is based largely on aviation excise taxes that depend on the price of a passenger's airline ticket rather than the actual cost of moving flights through our Nation's aviation system. Starting in 2011, the budget assumes that the air traffic control system will be funded with direct charges levied on users of the system. While the budget does not include a detailed reauthorization proposal, the Administration believes that FAA should move toward a model whereby the agency's funding is related to its costs, the financing burden is distributed more equitably, and funds are used to pay directly for services the users need. The Administration recognizes that there are alternative ways to achieve its objectives, and wants to work with Congress and stakeholders to enact legislation that moves toward such a system.

The Airport and Airway Trust Fund

The Airport and Airway Trust Fund provides all of the funding for the FAA's airport improvement, facilities and equipment, and research and development activities, as well as approximately 70 percent of FAA's operations. As of the end of the current fiscal year, we estimate that the Trust Fund will have a cash balance of approximately \$9.5 billion and an uncommitted balance of \$929 million. The uncommitted balance takes into account the amount of cash needed to cover commitments that have already been made. As such, the uncommitted balance is generally used as an estimate of available resources for new commitments. The budget projects that the uncommitted balance will drop to \$334 million by the end of fiscal year 2010. Although the budget estimates a small uncommitted balance in fiscal year 2010, the end of year 2010 cash balance is estimated to be \$8.75 billion and FAA will have more than sufficient resources to implement its programs in fiscal year 2010.

Increased Safety

Safety continues to be our number one priority, with approximately 44 percent of the agency's FY 2010 budget supporting our mission to safely operate and maintain the air traffic control system, inspect aircraft, certify new equipment, ensure the safety of flight procedures, and oversee the safety of commercial space transportation. Over the past ten years, the commercial accident rate has been reduced by eighty percent. Even with this success, our goal is to proactively identify and work to implement further safety improvements. In our responsibility for safety oversight, we work with stakeholders to establish safety management systems to identify potential areas of risk. Then we work together to address these risk areas.

We at the FAA mourn the tragic loss of Colgan Air Flight 3407 deeply. This is an agency dedicated to aviation safety; any loss is felt keenly by us all. It is clear to us in looking at the February Colgan Air crash in Buffalo that there are things we should be doing now. Secretary LaHood and I are gathering representatives from the major air carriers, their regional partners, aviation industry groups and labor in Washington, D.C. on June 15th to participate in a "call to action" to improve airline safety and pilot training. This review addresses pilot training, cockpit discipline and other issues associated with flight safety. In addition, FAA has ordered inspectors

to immediately focus on training programs to ensure that regional airlines are complying with federal regulations.

Controller Workforce

Our highly trained air traffic controllers play a critical role in achieving the outstanding level of aviation safety we enjoy in the U.S. Looking forward, I am dedicated to maintaining and improving the levels of safety we have achieved thus far while continuing to improve working conditions and expand the diversity of this workforce.

Over the next decade, FAA must hire almost 15,000 air traffic controllers. Last year we hired 2,196 controllers, exceeding our original target by more than 300. This hiring, combined with lower than projected retirements, brought our total controller workforce to 15,381 at the end of FY 2008. There are as many controllers on board today as there were in 2000, and on a per-operation basis, there are more Certified Professional Controllers (CPCs) on board today than in 2000. Our new plan calls for hiring an additional 1,742 controllers this year and 1,702 more in 2010, bringing the total controller workforce to 15,692 by the end of 2010. Our FY 2010 budget includes the funding necessary to carry out this plan.

The agency continues to recruit high-quality candidates into the controller workforce. Of the 2,196 controllers hired in FY 2008, 823 (37 percent) were graduates of CTI schools while an additional 720 (33 percent) had previous air traffic control experience, either gained in the military or at the FAA. Thousands continue to apply for air traffic controller jobs. The number of people in the hiring pool varies during the year as the agency recruits applicants, evaluates them and draws from the pool. During FY 2008, our recruitment and advertising activities allowed us to maintain a pool in the target range of 3,000 to 5,000 candidates available for consideration by selection panels at any one time.

To augment the centralized hiring activities regularly conducted in Oklahoma City, FAA has implemented Pre-Employment Processing Centers (PEPCs) to save time and money for applicants and to get qualified air traffic controller candidates into the FAA pipeline faster and more efficiently. In the past, an applicant had to travel to multiple FAA facilities and needed 6 months to complete the pre-employment evaluations. The PEPCs have cut this time to 4-8

weeks, and permit all the processing to take place under one roof, on the same day. The FAA conducted 10 PEPCs in FY 2008, at which the Agency processed more than 1,800 controller applicants. We will have conducted 6 PEPCs so far this year including Chicago the week of June 22-26, with one more expected by the end of the fiscal year.

The partnership between the FAA and the colleges and universities in the Air Traffic Collegiate Training Initiative (AT-CTI) program will continue to contribute to meeting air traffic controller hiring goals in the coming years. In the past five years, AT-CTI schools have graduated more than 4,000 students from their aviation programs, 3,000 of whom were hired by the FAA. Last year, FAA selected eight new colleges and universities to be part of the AT-CTI program, increasing the total number of schools to 31 spread across 21 states and Puerto Rico. This year, we have received applications from 20 new schools across the country. We are evaluating those applications now and expect to make decisions on how many and which schools to add this summer. By FY 2010, we anticipate at least 35 AT-CTI schools in the program graduating 2,000 to 2,500 students per year.

We are issuing our second annual comprehensive outreach plan that outlines our efforts to promote aviation occupations to a broad-based pool of applicants. The FAA's recruitment approach utilizes a variety of media outlets to reach the widest population of candidates. Recruitment materials are designed to capitalize on markets that provide information to a variety of age groups, all ethnicities, people with disabilities and military veterans. These strategies include community outreach events, job fairs, employee association events, military sponsored events, direct e-mailings, Internet recruitment, internship opportunities, newspaper and magazine advertisements, promotional videos, television, radio and bus advertisements.

As we continue to bring these new employees on board, we must carefully manage the training process to ensure that our trainees progress in a timely manner. To do this, last September we awarded a new Air Traffic Controller Optimum Training Solution (ATCOTS) contract to supplement facility training instruction and resource support. This contract currently provides training support to 240 facilities and will expand to cover all 315 facilities. ATCOTS will improve training times, both at the FAA Academy and when developmental controllers get to their facilities. In 2008, we vastly increased the terminal simulation capability at the FAA

Academy by installing six new high-fidelity tower simulators, providing a realistic tower environment in which to teach new controllers. We also installed a state-of-the-art en route training lab that simulates the air traffic control technology currently in use in en route facilities. We have been using tower simulators for training in Chicago, Miami, Phoenix and Ontario, CA since 2006 and have awarded a contract to provide another 18 simulators to field facilities. Current plans are to deploy these simulators at key locations such as Los Angeles, New York, Atlanta, Dallas and Fort Worth, Texas. By improving our training techniques and using high-fidelity simulators, we have reduced the training period from an average of 3-5 years down to 2-3 years.

Our goal is to limit the trainee ratio to less than 35 percent of the total controller workforce, ensuring there are adequate numbers of fully trained controllers in all facilities. The current ratio falls into the historical range of 23 to 44 percent. The FAA's current hiring plans return trainee percentages to their historical averages. By phasing in new hires as needed, the FAA will level out the significant training spikes and troughs experienced over the last 40 years.

Aviation Safety Workforce

Last year, the Aviation Safety (AVS) organization increased its total staffing by 264 positions, to a total of 7,002. This has enabled AVS to increase safety oversight and surveillance of 116 air carriers, increase production certification services for applicants, and expand its safety oversight of the Air Traffic Organization. This year, AVS plans to increase total staffing to 7,184, enhancing activities such as safety attribute inspections and manufacturer inspections. The FY 2010 budget provides additional funding to hire aircraft certification staff, drug inspectors and safety program analysis staff, bringing total AVS staffing to 7,214.

One of the primary challenges facing the AVS organization is to hire, train, and retain a highly qualified workforce with the skills necessary to implement the Safety Management System (SMS) needed to keep the U.S. aviation system the safest in the world. To guide this effort, in May we published an updated Workforce Plan that lays out the strategies that will allow us to successfully meet these challenges. The new plan contains updated aviation industry forecasts as well as revised workforce losses and hiring targets. As AVS moves to a system safety approach

for oversight and surveillance, staffing levels will not increase at the same rate as industry traffic. We will therefore focus resources on the areas of highest risk, expand the use of designees, and increase our use of data to drive decision making.

In 2007, the National Academy of Sciences recommended FAA develop a new staffing model to predict where safety inspectors should be located in the future. AVS has made significant progress in creating a new model for inspectors, and we plan to expand its use to include the entire safety critical workforce in the future. In the first quarter of this year, we implemented the initial prototype for Aircraft Certification inspectors and established initial variables for the Flight Standards inspector model.

Enhanced Safety Oversight

Through our Air Carrier Evaluation Program (ACEP), independent air carrier evaluation teams are now performing safety and regulatory compliance assessments at the nation's commercial airlines. These assessments focus on the design and performance of critical airline systems, and provide objective review of oversight practices by the certificate holding office. We have also implemented policy changes in our Voluntary Disclosure Reporting Program that require airline officials to be directly involved and fully informed on all disclosures of potential regulatory violation. We now require that FAA managers provide second level review and approval of the proposed comprehensive resolution for each submission under the program. The Inspector General's recommendations and those from the Independent Review Team (IRT) are being implemented through the FAA Integrated Safety Plan which details twenty-six specific activities associated with consistency and standardization, management accountability and training, communications, and risk assessment.

While we have made progress over the past several years in increasing the system's safety, new means are required to ensure safety remains and surpasses its current level. The FAA's Aviation Safety and Information Analysis and Sharing program (ASIAS) provides a suite of tools that extract relevant knowledge from large amounts of disparate safety information and will aid as we move into the future. ASIAS uses safety data collected from the public sector and proprietary data from 17 major air carriers to assess identified safety issues and monitor multiple data

sources for potential high-risk safety vulnerabilities to focus resources and prevent accidents. In use today, ASIAs will ensure that the operational capabilities that produce capacity, efficiency and environmental benefits are first and foremost inherently safe. ASIAs has already demonstrated the ability to measure the performance of safety solutions to known problems, such as Loss of Control, Controlled Flight Into Terrain, Runway Incursion, Approach, and Landing Accident Reduction. Additionally, ASIAs has demonstrated the ability to detect new safety issues, such as terrain avoidance warning system alerts (TAWS) at mountainous terrain airports, and to identify solutions that have the potential to virtually eliminate these threats. Combined with the implementation capability of the Commercial Aviation Safety Team (CAST), ASIAs has demonstrated incredible success in advancing safety. CAST just received the Collier Trophy for its role in improving commercial aviation safety. Between now and fiscal year 2013, the FAA intends to increase the number of databases ASIAs can access; expand ASIAs to include maintenance/air traffic information; increase membership by adding regional air carriers; increase community stakeholders to include general aviation, helicopter operators and the military; and increase the automated search capabilities.

Runway Safety

The FAA places a high priority on initiatives to reduce runway incursions, and will continue to implement recommendations that reduce their occurrence. In August 2007, FAA put out a Call to Action to improve runway safety, and we have made significant progress on a number of these initiatives. Since then, there have been five serious runway incursions at the 20 airports, subject to detailed reviews during the first phase of the Call to Action, compared to 13 serious runway incursions in the 17 months prior. The 75 medium and large airports completed painting enhanced markings in advance of the June 2008 deadline, and 292 of the 485 small airports have completed the marking process. Detailed reviews of 42 airports selected on the basis of runway incursion and wrong runway departure risk are complete and have resulted in approximately 200 short-term and 200 mid- and long-term initiatives. Almost all of the short-term initiatives have been completed.

The FAA continues to deploy new technologies to enhance runway safety such as the Airport Surface Detection Equipment Model X (ASDE-X). Currently, 19 of the planned 35 ASDE-X

systems are operational, with 13 more coming on line by the end of FY 2010. Deployment of the remaining three systems at LaGuardia, Las Vegas, and Memphis are dependent on those airports' new airport traffic control tower construction schedules. We have also initiated a pilot program to investigate the suitability of Low Cost Ground Surveillance (LCGS) technology to provide increased capability at airports where ASDE-X technology cannot be cost-effectively implemented. The FAA has approved a program to implement Runway Status Lights (RWSL) technology at 22 major airports by 2011. RWSL technology leverages ASDE ground surveillance technology to illuminate red in-pavement lights when it is not safe for an aircraft or vehicle to enter or take-off on a runway. We currently have RWSL systems installed at San Diego, Dallas/Ft. Worth, and Los Angeles. In addition, we are continuing to test additional runway lights. In Boston we are testing Runway Intersection Lighting (RIL) to guard runway intersections, and at Dallas/Ft. Worth we are testing the enhanced Final Approach Runway Occupancy Signal (eFAROS) to alert landing traffic that a runway is occupied.

We are continuing our high priority initiative to improve runway safety areas (RSAs) to the extent practicable. By the end of 2010, 87 percent of the RSAs at priority runways will have been improved. We are on track to complete upgrades of all RSAs at certificated airports to the extent practicable by 2015.

Wildlife Hazard Mitigation

The forced landing of US Airways Flight 1549 into the Hudson River last January focused the nation's attention on the risks wildlife poses to aircraft. The number of strikes has increased consistently since 1990, largely due to increased reporting, air traffic, and wildlife populations. The FAA has a robust wildlife mitigation research program that develops new techniques to make airports unattractive to wildlife. The results are published in the FAA's Wildlife Hazard Management Manual that provides practical methods airport operators can use to mitigate wildlife hazards. We are conducting assessments of low cost portable radars for detecting and tracking birds on or near airports. A radar assessment is underway at Seattle Tacoma Airport and additional radars will be installed for assessment this summer at John F. Kennedy and Chicago O'Hare. Although we have learned that these radars can detect and track birds, it is still not clear if they are practical for use as a real-time bird alerting system at commercial airports.

In the short-term, we believe the radars will be used by the airport operators to determine daily and seasonal bird transit routes and behaviors. This information will help them implement mitigation measures both on and off the airport.

NextGen

The FY 2010 budget provides a total of \$865 million in support of NextGen, an increase of 18 percent over FY 2009. This includes over \$790 million in the F&E program, \$65 million in RE&D, and \$9 million in the Operations account.

The Need for NextGen

The aviation sector will be an important factor in the nation's economic recovery, and updating our air traffic control is an important element of economic growth. NextGen represents a wide-ranging transformation of the entire national air transportation system to meet future demand and support the economic viability of aviation while improving safety and protecting the environment. NextGen will change the way the air transportation system operates – reducing congestion, noise, and emissions, expanding capacity and improving the passenger experience.

NextGen will mean new technologies, procedures, standards, and roles and responsibilities for pilots and controllers. Given the scope of this undertaking, substantial investment is required now to achieve near-term deployment of mature technologies, accelerate moderately mature concepts for operational viability, and perform research to better define long-term capabilities. As it is implemented, NextGen will enable aircraft to safely fly more closely together on more direct routes, reducing delays, and providing benefits for the environment and the economy through reductions in carbon emissions, fuel consumption, and noise.

NextGen also provides an opportunity to manage the environmental impacts of aircraft noise and emissions and concerns about energy usage and climate. Increased efficiency with NextGen operations will lead to reduced fuel consumption resulting in lower carbon emissions. NextGen investments in engine and airframe design and alternative fuels will accelerate the changes needed to reduce the environmental impact of aviation.

Implementing NextGen

As FAA lays the groundwork for this dramatic transformation, new technology and procedures are already being implemented to provide immediate benefits to operators. An example is the recent flight from Paris to Miami that tested the new space-based signaling system. This test involved the NextGen initiative that focuses on satellite guidance. It also engaged in unrestricted climbs and descents to determine the efficiency of the new procedure. Another test flight will be conducted without any kind of delay to determine the maximum benefit that can be achieved from the tailored arrival concept.

Step by step and procedure by procedure, we are increasing the integration between aircraft and ground-based technologies; however, the installation of certified avionics in the cockpit will be essential to the realization of NextGen capabilities. Significant investment by aircraft operators is necessary. This budget request positions FAA to continue to deliver the promise of NextGen, as outlined in FAA's NextGen Implementation Plan published in January 2009, and the NAS Enterprise Architecture. It also supports NextGen's provision of environmental benefits to reduce aircraft noise and emissions.

FAA is moving forward with a dual-pronged approach for implementing NextGen: maximizing the use of untapped capabilities in today's aircraft and ground infrastructure, while working aggressively to develop and deploy new systems and procedures that will form a foundation for more transformative capabilities that will be delivered in the mid-term. This approach allows both government and industry to extract the greatest value from existing investments, while positioning the industry to gain exponential benefits in the mid-term and beyond.

NextGen is expected to yield significant benefits in terms of delay reduction, fuel savings, additional capacity, improved access, enhanced safety, and reduced environmental impact. Last year we estimated that NextGen would reduce delay by 35-40 percent in 2018 compared to what the system would experience without NextGen. We are currently preparing an updated, detailed breakdown of the near- to mid-term NextGen benefits. This analysis will be completed soon, and updated annually in conjunction with FAA's budget submission.

Because the realization of NextGen benefits is integrally linked to how quickly the operators equip their aircraft, it is imperative that the FAA work closely with industry on NextGen deployment. As such, the FAA has established a NextGen Implementation Task Force with Radio Technical Commission for Aeronautics (RTCA), an industry association that serves as a federal advisory committee. The task force is expected to deliver its recommendations this August on how to move forward together on implementation.

The DOT Inspector General has urged FAA to complete a “gap analysis” of the current system and the future NextGen system of 2025, and develop an interim architecture or technical blueprint. We have completed a preliminary internal gap analysis against the mid-term NAS Enterprise Architecture that was completed in January 2009 as part of an on-going assessment. In August, we expect to deliver a gap analysis that includes requirements for addressing identified shortfalls.

Current Status of NextGen

Implementation of ADS-B ground infrastructure is on budget and on schedule. ADS-B is a key component of NextGen that will move air traffic control from a system based on radar to one that uses satellite-derived aircraft location data. ADS-B provides surveillance, like radar, but offers more precision and additional services, such as weather and traffic information for pilots. ADS-B essential services have been deployed in southern Florida and are being deployed in the Gulf of Mexico, where we have never had radar coverage. ADS-B deployment will allow us to use surveillance based procedures with their reduced separation and save an estimated \$546 million through 2035.

Other NextGen transformational programs made significant advances over the past year. The SWIM program, Data Communications, and NAS Voice Switch achieved major acquisition milestones, and NextGen Network Enabled Weather (NNEW) conducted demonstrations of the integration of weather data into automated decision support tools. This is a necessary step in the realization of improved management of weather in the NAS.

The FAA is working closely with all aspects of the aviation community to make NextGen a reality sooner rather than later. Moreover, through the efforts of the JPDO this past year, we

have seen the contributions to NextGen resulting from cross-department and cross-agency cooperation increase significantly. Through the cross-agency support provided by the JPDO and its Senior Policy Committee, we are collaborating within the Department of Transportation (DOT), the Department of Defense (DoD), the Department of Commerce, the Department of Homeland Security (DHS), and the National Aeronautics and Space Administration (NASA). Because of these efforts, DoD has established a division at JPDO to work on efficient and secure information sharing, and the Departments of Commerce, Defense and FAA have collaborated to deliver the first NextGen weather capability in 2013. JPDO has also conceived and facilitated the formation of Research Transition Teams to further the effective transition of research from NASA to implementation in the FAA over the longer term.

Performance-Based Navigation

Performance-based navigation is another building block for NextGen which we are accelerating with cooperation from industry. The FAA maximizes the use of airspace, especially in congested areas, through targeted airspace and procedures enhancements. Performance-based navigation includes Area Navigation (RNAV) and Required Navigation Procedures (RNP), which allow equipped aircraft to fly more direct and precise paths, reducing flight time and fuel use, as well as localizer performance with vertical guidance (LPV) procedures, which can increase access to airports, especially in low visibility conditions.

Today, more than three-quarters of commercial aircraft are equipped for RNAV, and almost half of these are equipped for RNP precision procedures. This level of equipage provides an excellent opportunity for the aviation community to use what it already has to produce ever-greater benefits. Operators like Southwest Airlines recognize the value of performance-based navigation. The airline made the business decision early last year to equip its entire fleet for RNAV and RNP procedures. Southwest believes its \$175 million investment can be recouped within the next three to five years because of the operational efficiencies RNP offers. The FAA has responded: last year we published more than 600 performance-based navigation procedures and routes, versus our goal of almost 400. We plan on keeping up this pace each year for the next four years.

Reduced Congestion

The Operational Evolution Plan (OEP) has helped communities, airports, and the FAA to continue to work together to build new runways and major runway extensions, which provide significant capacity and operational improvements. Four runway projects have been commissioned so far this fiscal year. On November 20, 2008, three major new runways opened: at Seattle-Tacoma, Washington Dulles, and Chicago O'Hare International Airports. The Seattle runway is expected to cut local delays in half by increasing capacity in bad weather by 60 percent, while the new runway at Dulles will provide capacity for an additional 100,000 annual operations. The new Chicago runway, which added capacity for 52,300 annual operations, is a part of the greater O'Hare Modernization Program (OMP) that will reconfigure the airport's intersecting runways into a more modern, parallel layout. The OMP will substantially reduce delays in all weather conditions and increase capacity at the airfield, allowing O'Hare to meet the region's aviation needs well into the future. On February 12, 2009 a runway extension at Philadelphia was completed, helping reduce delays at the airport. Looking forward for the next three years, new runways will open at Charlotte and Chicago O'Hare. Eleven other runway projects are in the planning or environmental stage at OEP airports through 2018.

While airfield improvements offer significant capacity increases, they alone are not enough to address current problems at certain airports, or the growth in demand we expect in the future. New technology and procedures can help us gain extra use from existing runways.

Today, capacity for closely spaced parallel runway operations (CSPO) is dramatically reduced in poor visibility conditions. We are working on capabilities that allow for continued use of those runways in low visibility conditions by providing precise path assignments that provide safe separation between aircraft assigned on parallel paths, restoring capacity and reducing delays throughout the system. In November 2008, we published a national order that allows us to safely reduce separation between aircraft approaching parallel runways at Boston, Cleveland, Philadelphia, St. Louis and Seattle. In good visibility Seattle's pair of parallel runways, together, could handle roughly 60 operations per hour; poor visibility conditions cut that rate in half. Even in poor visibility, the new order now safely allows a rate of about 52 operations per hour, a

significant improvement for the airport and its users. We are beginning to see similar benefits in Boston.

This order is a first step in a phased approach for safely increasing the use of CSPOs through a combination of procedural changes and new ground and aircraft equipment. Down the road, new rules for CSPOs could give airports more design flexibility so that they can safely build runways more closely together, increasing their capacity within their existing boundaries, providing better service to their communities without requiring additional land.

Environmental Stewardship

The FAA is committed to managing aviation's growth while ensuring the health and welfare impacts of aviation community noise and air quality emissions are reduced. The primary environmental and energy issues that will significantly influence the future capacity and flexibility of the NAS are aircraft noise, air quality, global climate effects, energy availability, and water quality. Aviation accounts for approximately three percent of direct greenhouse gas emissions, and national and international concerns about climate impacts could constrain the industry in the future, if not properly addressed. An environmental management system approach will be used to integrate all environmental and energy considerations into core NextGen business and operational strategies.

In 2009, we are moving forward on a research consortium called Continuous Low Emissions, Energy and Noise (CLEEN), which will allow us to work with industry to accelerate the maturation of technology that will lower energy, emissions and noise. CLEEN also seeks to advance renewable alternative fuels for aviation. These fuels not only improve air quality and reduce life cycle greenhouse emissions, but also enhance energy security and supplies. FAA helped form – and is an active participant in – the Commercial Aviation Alternative Fuels Initiative, or CAAFI. Alternative fuels will be the “game changer” technology that can enable the aviation sector to achieve carbon neutral growth. Significant deliverables in the FY 2009-2013 period include demonstrations of clean and quiet aircraft technologies that can be transitioned into new products and used to retrofit existing products, approval of generic renewable fuels for aviation, and models and guidance to improve our ability to quantify

environmental costs and benefits and to optimize solutions, including those to address CO2 and non-CO2 aviation climate impacts.

Global Connectivity

The FY 2010 budget request supports an expanded global presence, training, and technical assistance to foreign aviation authorities and maintenance of aircraft certification work. Specifically, FAA's will implement an Aviation Cooperation Program in Latin America, based on our successful China and India models.

Through strategic activities in FY 2010, FAA will support safety programs in Afghanistan, Africa, and Iraq and build mutually beneficial partnerships with civil aviation organizations in the Middle East, China, India and Latin America. The FAA continues to support government-industry partnerships and strengthening the capabilities of regional aviation authorities and organizations through technical assistance and training. Over the next year, FAA will be reviewing our global presence to more strategically align resources to be better positioned to influence aviation policy in rapidly growing world markets.

The FAA provides direct or indirect assistance to over 100 countries around the world to help them improve their aviation systems. The United States is the largest contributor of technical and financial support to the International Civil Aviation Organization (ICAO), which represents 190 of the world's civil aviation authorities. While the worldwide air accident rate has improved over the last ten years, the rate is higher in parts of the world where major growth is forecast to occur over the next century. In this environment, FAA will work with our international partners to ensure that the flying public is able to travel as safely and efficiently abroad as at home.

Security, Preparedness and Response

The FAA continues to promote aviation safety in support of national security. The FY 2010 budget request provides resources for critical infrastructure protection, emergency operations, contingency planning, and the safe transportation of hazardous materials in air commerce. In particular, the budget supports enforcing hazardous materials regulations issued by the DOT

Pipeline and Hazardous Materials Safety Administration (PHMSA) and implementing a strategic plan with PHMSA to strengthen those regulations.

The FAA's current information protection model was structured to protect and control information in paper form. However, recent trends show a continuing decrease of paper documents with nearly all information being received on electronic media. Ensuring the protection and control of electronic information at the same level of protection we afford our paper based information requires a cultural and business process change in the program. The budget supports the agency's efforts to implement the necessary security measures and oversight for the electronic protection of classified and controlled information.

In February 2009, the FAA experienced a large privacy breach, exposing personally identifiable information (PII) from 2006 on over 45,000 employees. As a result the agency had to notify its employees, many of whom had left the agency, and provide credit monitoring protection. It cost the FAA approximately \$2 million to manage remediation activities associated with the breach, including notification and protection of its employees. This does not include any potential legal costs that may result from this incident. In FY 2010, the costs associated with acceleration of activities needed to protect FAA information assets from unauthorized disclosure, and prevent loss of privacy sensitive data and other types of PII, are expected to exceed \$2 million. The FY 2010 request supports the acceleration of these activities. This will give us the ability to terminate malicious activity in near real time and reduce significant loss of data. We expect to achieve a reduction in privacy incidents to pre-2007 levels.

Organizational Excellence

The FY 2010 budget request ensures the success of FAA's mission through stronger leadership, a better-trained workforce, enhanced cost control measures, and improved decision-making based on reliable data. Working with employees and industry partners, FAA strives to invest in high-performing programs and services. At the same time, it must end those that are redundant or ineffective. Likewise, the agency must minimize costs and use resources wisely while maintaining its focus on customer requirements and aligning its products and services to their needs.

The FAA continues to implement strategies to address the need for cost reduction and improved financial management, including a centrally managed cost control program, better financial and procurement oversight, and improvements in the tools and training necessary for financial management. To date, our Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) initiative has achieved over \$35 million in cost savings. Since the 2005 implementation of a contract review process for all contracts with a value of \$10 million or more, the Chief Financial Officer has evaluated over 165 proposed acquisitions with an estimated contract value of over \$9 billion. FAA is also implementing DOT's federal real property management initiatives. Since they were established, the Department's efforts have resulted in removal of more than \$170 million in real property assets from the FAA portfolio. Savings resulting from the disposition of property have been applied toward future disposition efforts, as well as updates, upgrades, repairs, and renovations of current assets.

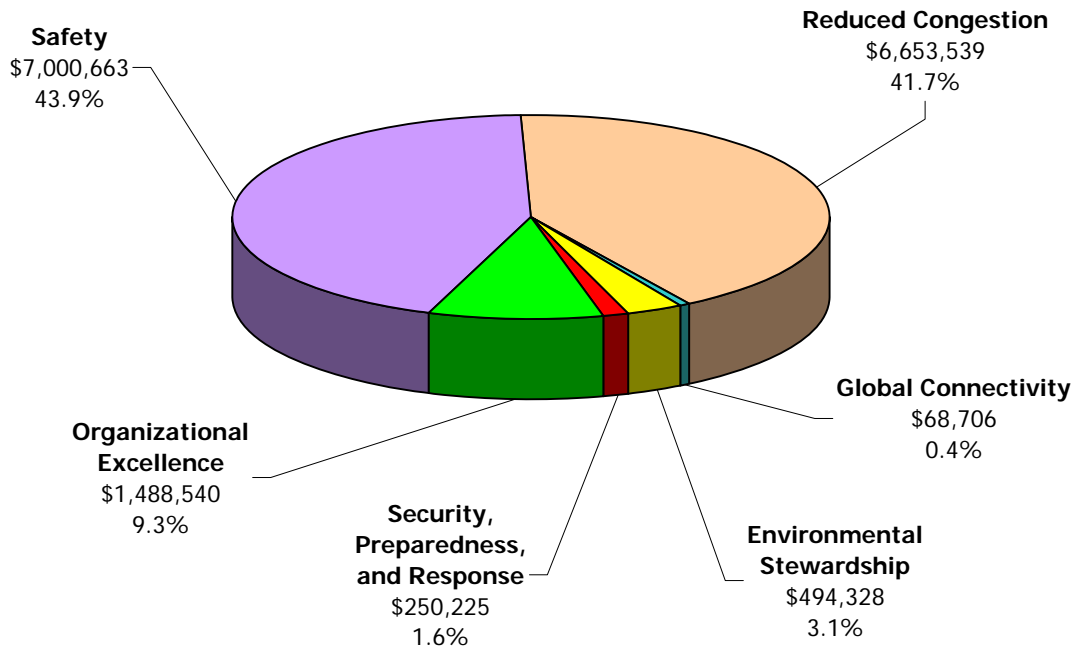
Earlier this year, the Government Accountability Office (GAO) removed FAA's air traffic control modernization program from its High Risk List because of the progress made in keeping programs within budget, on schedule, and for meeting performance measures and program commitments. We have improved management capabilities on major projects, developed and refined an enterprise architecture, implemented a cost estimating methodology and a cost accounting system, implemented a comprehensive investment management process, and assessed our human capital challenges. We have also developed an updated corrective action plan for 2009 to sustain our improvement efforts and enhance our ability to address risks, efforts that become even more critical as we transition to the more technically complex NextGen system.

Conclusion

The FAA is doing more than ever to manage itself responsibly, and it is paying off. Without question, we must prepare for the future, and the future begins with responsible investments in capital and a highly capable workforce. Given the vital role aviation plays in the Nation's economy and the need to prepare for the future, our funding request is designed to support America's growing demand for aviation-related services.

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FY 2010 FAA Budget Request by Goal
(\$000)



Comparison of Budgets FY 2008 – 2010
(\$ in thousands)

Accounts	FY 2008 Actual	FY 2009 Enacted (OMNIBUS)	FY 2009 Enacted (Total)*	FY 2010 Request	2009-2010 Change
Operations	8,740,000	9,042,467	9,042,467	9,335,798	3.2%
Facilities and Equipment Recovery Act Supplemental	2,513,611	2,742,095	2,742,095 200,000	2,925,202	6.7%
Research, Engineering & Development	146,828	171,000	171,000	180,000	5.3%
Grants-in-Aid for Airports Obligation Limitation Recovery Act Supplemental	3,514,500	3,514,500	3,514,500 1,100,000	3,515,000	0.0%
FAA Total	14,914,939	15,470,062	17,075,562	15,956,000	3.1%

*Includes funding provided by the American Recovery and Reinvestment Act of 2009. This act provides supplemental funding of \$200 million to Facilities & Equipment and \$1.1 billion to Grants-in-Aid for Airports.