

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
STATEMENT OF THE HONORABLE JAMES B. BUSEY
ON THE FISCAL YEAR 1991 BUDGET REQUEST
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION
APRIL 18, 1990

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE FEDERAL AVIATION ADMINISTRATION'S FISCAL YEAR 1991 BUDGET REQUEST.

OUR BUDGET REQUEST FOR THE FORTHCOMING FISCAL YEAR HAS BEEN CAREFULLY FORMULATED TO REFLECT THE REALITIES OF THE ENVIRONMENT WITH WHICH THE FAA MUST OPERATE. TODAY, THAT AVIATION ENVIRONMENT IS FAR DIFFERENT THAN THAT OF A DECADE AGO--TERRORISM, AGING AIRCRAFT, SYSTEM CAPACITY AND MODERNIZATION ARE ISSUES WITH WHICH WE MUST DEAL ON A DAILY BASIS.

ONE CONSTANT, HOWEVER, HAS BEEN SYSTEM GROWTH. BY THE YEAR 2000, AIR TRAVEL WILL NEARLY DOUBLE ITS 1980 LEVEL. JUST SINCE AIRLINE DEREGULATION BEGAN IN 1978, THE NUMBER OF AIRLINE PASSENGERS HAS INCREASED ABOUT 73 PERCENT; AND WE WILL CONTINUE TO BE CONFRONTED WITH THE CHALLENGES THAT GROWTH BRINGS.

WHAT DOES THIS GROWING DEMAND FOR AIR TRAVEL MEAN TO THE FAA? IT MEANS RETRAINING OUR SPECIALIZED WORK FORCE TO OPERATE, MAINTAIN, AND SUPPORT THE NEW TECHNOLOGY THAT WE MUST DEVELOP AND INSTALL. IT MEANS EXPANDING AIRPORT CAPACITY. IT MEANS REMOVING FEDERAL RESTRICTIONS ON LOCAL AIRPORTS' ABILITY TO RAISE REVENUE AND ENCOURAGING MORE PUBLIC/PRIVATE PROJECTS. IT MEANS INCREASING SECURITY TO COUNTER THE GROWING THREAT OF TERRORISM. IT MEANS

EXPANDING THE FAA'S INSPECTION FORCE TO RESPOND TO AGING AIRCRAFT CONCERNS AND, IMPORTANTLY, IT MEANS COMMITTING SIGNIFICANT RESOURCES TO MEET THESE NECESSARY OBJECTIVES.

FOR FISCAL YEAR 1991, WE ARE SEEKING AN OPERATIONS APPROPRIATION LEVEL OF \$4.1 BILLION -- ONLY A 7 PERCENT INCREASE OVER FISCAL YEAR 1990. THE MAJORITY OF OUR REQUESTED INCREASE -- IN FACT, 6 PERCENT -- IS NEEDED JUST TO SUSTAIN CURRENT LEVELS OF EMPLOYMENT AND SERVICES. THE REMAINING 1 PERCENT INCREASE RECOGNIZES THE PRESSING NEED FOR ADDED RESOURCES TO MEET INCREASED DEMANDS AND ALLOWS PROGRAM GROWTH OVER FISCAL YEAR 1990 TO INCLUDE A 495 EMPLOYMENT INCREASE IN THE AIR TRAFFIC CONTROLLER WORKFORCE, 200 MORE FIELD MAINTENANCE TECHNICIANS, 300 ADDITIONAL SAFETY INSPECTORS AND 170 NEW SECURITY SPECIALISTS.

WE HAVE VERY LITTLE FLEXIBILITY IN OUR OPERATIONS APPROPRIATION SINCE MORE THAN 73 PERCENT OF IT IS MADE UP OF PAYROLL COSTS. EIGHT OUT OF NINE PEOPLE IN OUR OPERATIONS WORK FORCE ARE IN SAFETY RELATED JOBS OR DIRECTLY MANAGE THOSE PERSONNEL OR PROGRAMS, AND THE DEMAND PLACED ON THEM IS SIGNIFICANT. IN FISCAL YEAR 1991, EACH DAY THEY WILL HANDLE MORE THAN 176,000 TAKE OFFS AND LANDINGS, 132,000 INSTRUMENT OPERATIONS, AND PROVIDE 123,000 FLIGHT SERVICES; THEY WILL CONDUCT 120,000 STUDENT WEEKS OF TRAINING; THEY WILL OPERATE AND MAINTAIN OVER 25,000 AVIATION FACILITIES; THEY WILL PERFORM MORE THAN 30,000 SECURITY INSPECTIONS AND ASSESSMENTS; THEY WILL CONDUCT OVER 5,000 ACCIDENT PREVENTION SEMINARS AND PERFORM ALMOST 300,000 SAFETY INSPECTIONS OF AIRLINES AND OTHER AVIATION ACTIVITIES LICENSED BY THE FAA; THEY WILL ADMINISTER OUR AIRPORTS CERTIFICATION AND GRANTS PROGRAMS; AND THEY WILL PROVIDE ESSENTIAL SUPPORT SERVICES THAT FACILITATE THE PERFORMANCE OF OUR CRITICAL SAFETY AND OPERATIONAL

FUNCTIONS.

FOR OUR FISCAL YEAR 1991 FACILITIES AND EQUIPMENT APPROPRIATION, WE ARE SEEKING \$2.5 BILLION. THIS 45 PERCENT INCREASE OVER FISCAL YEAR 1990, WHICH IS NEEDED TO FUND THE ACQUISITION ASSOCIATED WITH THE MODERNIZATION OF OUR AIR TRANSPORTATION SYSTEM AND THE INSTALLATIONS OF NEW TECHNOLOGY, CLEARLY REFLECTS THE IMPORTANCE OF THESE CAPITAL IMPROVEMENTS TO AVIATION AND THE NATION'S ECONOMY. MAJOR NATIONAL AIRSPACE SYSTEM (NAS) PLAN PROGRAMS TARGETED FOR FUNDING IN FISCAL YEAR 1991 INCLUDE: A SUBSTANTIAL INCREASE FOR THE ADVANCED AUTOMATION SYSTEM CONTRACT; THE VOICE SWITCHING AND CONTROL SYSTEM, DESIGNED TO MODERNIZE THE SYSTEM'S OUTDATED COMMUNICATIONS NETWORK; TERMINAL DOPPLER WEATHER RADAR AND LONG RANGE RADAR, DESIGNED TO IMPROVE WEATHER SERVICES AND REPLACE OBSOLETE EN-ROUTE RADAR; AND THE COMPUTER RESOURCE NUCLEUS PROJECT THAT WILL ALLOW US TO MEET OUR EXPANDED INFORMATION NEEDS OF TODAY AND TOMORROW.

APPROPRIATION OF OUR FULL REQUEST FOR THE FACILITIES AND EQUIPMENT ACCOUNT IS PARTICULARLY VITAL IN FISCAL YEAR 1991 SINCE WE ARE ENTERING THE HOME STRETCH ON IMPLEMENTATION OF MAJOR NATIONAL AIRSPACE SYSTEM PLAN PROJECTS. IN THE INTERIM, WE NEED TO CONTINUE TO MAKE SHORT-TERM IMPROVEMENTS IN THE CURRENT SYSTEM TO ENSURE THAT DEMAND DOESN'T OUTSTRIP CAPACITY IN THE SHORT RUN. WE NEED TO CONTINUE SPENDING AT OR NEAR THE FISCAL YEAR 1991 REQUEST LEVEL OVER THE NEXT FIVE YEARS IF WE ARE GOING TO STAY AHEAD OF THE STEADILY INCREASING DEMANDS OF THE AIR TRANSPORTATION INDUSTRY AND ASSURE ACCESS TO ALL SYSTEM USERS. WE ALSO MUST CONTINUOUSLY LOOK AHEAD. AND, WE ARE FAR ALONG IN COMPLETING THE DEVELOPMENT OF A MORE COMPREHENSIVE AND FLEXIBLE CAPITAL INVESTMENT PLAN FOR THE POST-NAS PLAN ERA. OUR SCHEDULE CALLS FOR PUBLISHING

THAT PLAN THIS SUMMER.

AT THE SAME TIME THAT WE ARE SEEKING ADDITIONAL FUNDING, IT IS IMPORTANT THAT WE IN THE FAA ENSURE THAT WE ARE GETTING THE MAXIMUM BENEFIT FROM EVERY DOLLAR SPENT. IMPROVING THE ACQUISITION PROCESS TO PROMOTE GREATER EFFICIENCY AND ECONOMY FROM TOP TO BOTTOM HAS, THEREFORE, BEEN ONE OF MY MAJOR GOALS FROM DAY ONE AS FAA ADMINISTRATOR. IN FEBRUARY, I ANNOUNCED A REALIGNMENT OF THE AGENCY'S ACQUISITION SYSTEM TO DEAL MORE EFFICIENTLY WITH THE INCREASED SPENDING LEVELS NEEDED OVER THE NEXT FIVE YEARS. THIS REALIGNMENT ESTABLISHES AN INDEPENDENT CAPABILITY TO OVERSEE THE ACQUISITION PROCESS; STRENGTHENS THE PROGRAM MANAGEMENT FUNCTIONS; BRINGS GREATER FOCUS, DISCIPLINE, AND EFFICIENCY INTO THE ACQUISITION PROCESS; AND ENHANCES THE FAA'S SYSTEM DESIGN CAPABILITIES TO INCLUDE STRONGER RELATIONSHIPS BETWEEN RESEARCH AND DEVELOPMENT AND FACILITIES AND EQUIPMENT PROGRAMS. BY EMPOWERING PROGRAM MANAGERS AND HOLDING THEM ACCOUNTABLE, I AM CONFIDENT THAT THE FAA WILL DO A BETTER JOB OF BRINGING MAJOR EQUIPMENT ON LINE FASTER AND CHEAPER.

NOW I WOULD LIKE TO MENTION BRIEFLY OUR REQUESTS IN TWO OTHER VERY IMPORTANT APPROPRIATION ACCOUNTS: RESEARCH, ENGINEERING AND DEVELOPMENT, AND AIRPORT GRANTS.

OUR RESEARCH, ENGINEERING AND DEVELOPMENT PROGRAMS DEAL WITH SOME OF THE MOST SENSITIVE, DIFFICULT, AND PUBLICLY DISCUSSED ISSUES OF OUR TIME -- COUNTER-TERRORISM AND EXPLOSIVE DETECTION TECHNOLOGY, AGING AIRCRAFT, AND AIR TRAFFIC CONTROL TECHNOLOGY TO HELP US DEAL WITH BOTTLENECKS THAT AFFECT ALMOST A HALF BILLION PASSENGERS A YEAR. IT IS CLEAR THAT MORE MUST BE DONE IN THESE

CRITICAL AREAS. THEREFORE, WE ARE REQUESTING \$190 MILLION FOR OUR RESEARCH, ENGINEERING AND DEVELOPMENT PROGRAMS, WHICH WOULD PROVIDE A 12 PERCENT INCREASE OVER FY 1990.

OUR REQUEST FOR AIRPORT GRANTS IS \$1.5 BILLION, AMOUNTING TO A 5.3 PERCENT INCREASE OVER FISCAL YEAR 1990. THIS AMOUNT WILL FUND FORMULA-DRIVEN GRANTS FOR AIRPORT DEVELOPMENT PROJECTS AT COMMERCIAL AIRPORTS, AS WELL AS GRANTS TO STATES TO IMPROVE SMALLER AIRPORTS. THE REQUEST ASSUMES \$196 MILLION FOR CAPACITY, SAFETY, SECURITY, AND NOISE PROJECTS. THIS FUNDING WILL BE DIRECTED TO PRIMARY COMMERCIAL AIRPORTS AND THEIR ASSOCIATED RELIEVERS FOR PROJECTS WHICH HAVE A SIGNIFICANT EFFECT ON OUR OVERALL NATIONAL AIR TRANSPORTATION SYSTEM CAPACITY. AS I INDICATED EARLIER, SYSTEM CAPACITY IS A MAJOR CHALLENGE TO US ALL.

TO PUT THESE MAJOR APPROPRIATION REQUESTS INTO CONTEXT, I WANT TO ADDRESS HOW WE PROPOSE TO FINANCE THEM. AS YOU KNOW, THE SECRETARY SUBMITTED OUR FIVE-YEAR REAUTHORIZATION BILL TO CONGRESS ON MARCH 19. I BELIEVE ITS SPEEDY ENACTMENT THIS SUMMER IS KEY TO MEETING THE AVIATION CHALLENGES OF THE 1990'S. THE BILL AUTHORIZES HIGHER FUNDING LEVELS IN VITAL PROGRAM AREAS AND ALLOWS A MORE FLEXIBLE AND DYNAMIC APPROACH IN IDENTIFYING AND PLANNING FOR CAPITAL INVESTMENT NEEDS IN AN ERA OF RAPID GROWTH AND CHANGE.

PERHAPS THE BILL'S PRINCIPAL INNOVATION IS A PROVISION THAT WOULD AUTHORIZE LOCAL AIRPORTS TO COLLECT A PASSENGER FACILITY CHARGE (PFC), OR "HEAD TAX," OF UP TO \$3 PER PASSENGER. THIS WOULD PAVE THE WAY FOR LOCAL GOVERNMENTS TO RESPOND MORE EFFECTIVELY TO CAPACITY CONSTRAINTS. WE ESTIMATE THE PFC'S --

WHICH ARE COMMON IN SOME 138 FOREIGN COUNTRIES -- COULD GENERATE AS MUCH AS \$1 BILLION ANNUALLY AT UNITED STATES AIRPORTS. AIRPORT NEEDS CONTINUE TO GROW. REMOVING THE FEDERAL BARRIER TO LOCAL PASSENGER FEES WOULD HELP FINANCE THOSE NEEDS.

THE BILL ALSO CALLS FOR AN INCREASE IN THE AMOUNT OF THE FAA'S TOTAL BUDGET FUNDED OUT OF THE TRUST FUND FROM THE CURRENT LEVEL OF ABOUT 57 PERCENT TO A LEVEL OF 85 PERCENT, AND WOULD FINANCE THIS THROUGH INCREASED USER FEES. THIS IS CONSISTENT WITH A SERIES OF COST ALLOCATION STUDIES, INCLUDING ONE BY THE CONGRESSIONAL BUDGET OFFICE, WHICH SHOW THAT 85 PERCENT OF OUR COSTS CAN BE DIRECTLY ATTRIBUTED TO SPECIFIC USERS. SINCE 1982, THE TRUST FUND HAS FINANCED ONLY ABOUT 57 PERCENT OF THE FAA'S BUDGET. DURING THIS TIME PERIOD, THE TRUST FUND HAS FUNDED ONLY ABOUT 24 PERCENT OF THE COST TO OPERATE AND MAINTAIN THE AVIATION SYSTEM. WE THINK THAT THE OPERATION OF THE MODERNIZED AVIATION SYSTEM IS JUST AS IMPORTANT AS THE PURCHASE AND INSTALLATION OF NEW EQUIPMENT. AFTER ALL, THE USERS OF THE SYSTEM WOULD RECEIVE NO BENEFIT FROM THE INSTALLATION OF NEW TECHNOLOGY IF THAT TECHNOLOGY IS NOT CERTIFIED, MAINTAINED, AND OPERATED FOR THEIR USE. TAXPAYERS SHOULD PAY FOR THE 15 PERCENT USAGE ATTRIBUTABLE TO MILITARY AND OTHER PUBLIC USERS. OUR PROPOSAL IS BASED ON THE PREMISE THAT THOSE WHO DIRECTLY BENEFIT FROM AVIATION SERVICES HAVE A RESPONSIBILITY FOR PAYING FOR THE COST OF THOSE SERVICES. THIS DOES NOT MEAN, AS SOME ALLEGE, THAT WE DO NOT BELIEVE THAT AVIATION BENEFITS SOCIETY AS A WHOLE. CLEARLY, IT DOES--AVIATION PRODUCES IMMENSE BENEFITS. BUT PUBLIC BENEFIT DOES NOT EQUATE TO PUBLIC SUBSIDY. OUR PROPOSAL, THEREFORE, PLACES RESPONSIBILITY FOR FUNDING FAA ACTIVITIES ON THOSE WHO DIRECTLY USE THEM AND BENEFIT FROM THEM.

IN CLOSING, MR. CHAIRMAN, I WANT TO RECOGNIZE THE CONTRIBUTION WHICH YOU AND THE MEMBERS OF THE SUBCOMMITTEE HAVE MADE TO THE SAFETY AND EFFICIENCY OF OUR AIR TRANSPORTATION SYSTEM. I LOOK FORWARD TO WORKING CLOSELY WITH THE MEMBERS OF THE SUBCOMMITTEE AND URGE THE SUBCOMMITTEE TO ACT FAVORABLY ON THE FAA'S APPROPRIATION REQUEST FOR FISCAL YEAR 1991. THE AMOUNTS WE ARE REQUESTING ARE ABSOLUTELY NECESSARY FOR THE FAA TO FULFILL ITS SIGNIFICANT SAFETY RESPONSIBILITIES ON BEHALF OF THE AMERICAN TRAVELING PUBLIC.

THIS CONCLUDES MY PREPARED STATEMENT. I WILL BE PLEASED TO RESPOND TO ANY QUESTIONS YOU MAY HAVE. THANK YOU.