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Chairman Thune, Senator Nelson, Members of the Committee:

Thank you for inviting me to speak with you today on the reauthorization of the Federal Aviation Administration's (FAA) programs.

It seems it was not that long ago that the FAA was celebrating the passage of the *FAA Modernization and Reform Act of 2012* (the Act). As you know from recent hearings, the FAA continues to work to meet the directives of the Act. We have completed over three-quarters of the more than 200 reauthorization requirements that Congress directed us to undertake in the Act. We are proud of what we have achieved and know we still have more work to do.

Aviation was born in America – and has thrived in this country since Wilbur and Orville took their first flight over 100 years ago. We are truly unique in having the world's most vibrant and diverse aviation community - commercial carriers, regional carriers, business aviation and recreational flyers, not to mention new users like operators of unmanned aircraft systems (UAS) and commercial space vehicles. U.S. aircraft and avionics manufacturers produce some our nation's most valuable exports.

Our leadership, however, is being challenged globally by the evolution of the industry and the growth of foreign competitors. Domestically, the FAA faces several particular challenges moving forward: investing and implementing long-term modernization and recapitalization

projects, and quickly adapting to the growth and development of the global aviation industry. In recent years, funding uncertainties resulting from sequestration, government shutdowns, and short term reauthorization extensions, have hurt the FAA's ability to efficiently perform our mission, and have impeded our ability to commit to long-term investments. This means that we need stable, long term funding to effectively operate our air traffic control system, invest in NextGen and efficiently recapitalize our aging facilities. This would best be achieved with the passage of a long term reauthorization bill that establishes stable long term funding to provide the certainty necessary to plan and implement long term projects. In times of constrained budgets, we need to prioritize our responsibilities to focus our resources on ensuring the safety and efficiency of the existing aviation system as well as delivering new technology and capabilities, and respond nimbly to evolving challenges such as new external cyber security threats. Additionally, the agency needs greater flexibility to transfer funding between accounts to meet those challenges. We cannot risk being left behind as the aerospace industry becomes more complex, diverse, and globalized.

At the FAA, we have begun laying the foundation for the aviation system of the future and ensuring that the United States continues to play a fundamental role in shaping the global aviation system. To achieve this, I am focused on several strategic areas: (1) making aviation safer and smarter through risk-based decision making; (2) delivering benefits to the traveling public and industry through technology and infrastructure improvements; (3) fostering a workforce with the skills and innovation necessary to deliver the future system; and (4) reinvigorating our influence around the world through our Global Leadership Initiative.

To maintain our global leadership – and continue to reap the economic benefits of this industry – I believe we must use the upcoming reauthorization as an opportunity to provide the FAA with the tools necessary to meet the future needs of our industry stakeholders and the traveling public. Global leadership in aviation is an area that is of mutual concern to all of our stakeholders, this Committee and the Administration.

Air travel is an invaluable asset to the U.S economy and the FAA shares a responsibility for ensuring that asset is available to the flying public. A long term reauthorization can also lay the groundwork for ensuring consumer protection and fostering competition in the national airspace. Access to small and rural communities can be improved by increasing efficiencies in existing programs, and air travel can be made more accessible to those with disabilities. Because the flying public relies on services the FAA provides every day, because aviation is a tremendous asset to our economy, and because of our global leadership role, we must take steps to ensure the FAA is well-positioned to meet the challenges the aviation industry faces. A lot is at stake here, so getting things right is vital.

To succeed, we will need to unite the interests of industry and the flying public around our priorities and I welcome the opportunity to continue this dialogue on how best to move forward. With a unified view on the right tools and initiatives, this upcoming reauthorization will give the FAA a tremendous opportunity to make a difference for the traveling public and the economy, while addressing the challenges that the changing industry presents.

Making Aviation Safer and Smarter through Risk Based Decision Making

The aerospace industry is growing more complex, and is not the same industry we regulated in decades past, or even a few years ago. Several factors in particular are increasing the complexity of the industry and introducing different types of safety risk into the system. These factors include new aerospace designs and technologies (e.g., UAS), changes in the FAA's surveillance and oversight model (e.g., designee management programs), and different business models for the design and manufacture of aircraft and products (e.g., more global supply chains). In order to leverage FAA's limited resources, we must ensure that they are directed at areas with the highest safety risk. Because commercial aviation accidents are becoming rare occurrences, the FAA needs to build on these safety successes and identify and mitigate precursors to accidents to better manage aviation safety and ensure we continue to have the safest aviation system in the world.

Reauthorization can help us succeed with this initiative by establishing and fostering risk-based safety approaches to aviation oversight; expanding collaborative, data-driven safety processes with industry to improve safety; and accelerating risk-based certification mechanisms in order to achieve more streamlined processes in areas such as certification. I know you have heard from industry that this is important from their perspective in order to improve their competitiveness in a global market.

**Delivering benefits through technology and infrastructure in the National Airspace System
(NAS)**

This initiative lays the foundation for the NAS of the future by achieving prioritized NextGen benefits, integrating new user entrants, and delivering more efficient streamlined services. The nation's air traffic system is based on infrastructure that was largely built 50 years ago and is out of balance with our stakeholders' changing needs and is increasingly costly to maintain. Over the past 10 years, the agency has seen dramatic technological change, fuel price fluctuations, congestion concentrated in fewer hubs and an increasing backlog of much needed infrastructure, maintenance and modernization.

Building the NAS of the future and accommodating new services will require difficult decisions. FAA needs the flexibility to modify its service levels to match changing industry air traffic demands. This is essential in order to reduce costs and become more efficient in the long run. The network of FAA facilities, infrastructure, and technology is aging and sprawling and needs to be addressed. Over the next four years, it will be important to find a path so the NAS can undergo a transformation to a more efficient system with increased safety and user benefits. This means expanding collaborative efforts with industry stakeholders to implement NextGen. We need to continue to ensure that industry makes timely and necessary equipage investments to maximize the widespread deployment of NextGen. The NAS strategy sets a framework for prioritizing investment decisions and delivering measurable benefits. We can't afford a "business as usual" approach, especially if we want to maintain U.S. global influence. We need reauthorization to allow the FAA to better align our resources with the needs of the NAS by providing the FAA greater flexibility to modify our service levels to support changing industry demand, and by establishing a collaborative, transparent, and binding process to modernize

FAA's facilities and equipment and match our footprint to the demand for air travel.

NextGen is already redefining the NAS and delivering benefits to system users, such as reduced fuel costs, reduced delays, and reduced environmental impacts. Reauthorization can enable the FAA to enhance delivery of widespread benefits by expanding collaboration with industry to continue NextGen implementation. This includes collaborative efforts to ensure that industry makes timely and necessary equipage investments, working with industry to clarify and enhance milestones with hard deadlines for all NextGen projects and define measurable user benefits and deadlines for the delivery of those benefits.

Reauthorization should establish flexibilities, such as exemptions from existing law, needed to enable the safe and efficient integration of new users, including UAS and commercial space transportation vehicles, into the NAS, encouraging these innovative technologies. Last month, we issued a notice of proposed rulemaking that represents a big step forward in outlining the framework that will govern the use of small unmanned aircraft weighing less than 55 pounds. The proposed small UAS rule offers a very flexible framework that provides for the safe use of small unmanned aircraft, while also accommodating future innovation in the industry. We are doing everything we can to safely integrate these aircraft while ensuring that the United States remains the leader in aviation safety and technology. Reauthorization should support the development of tools and regulations to safely and efficiently integrate new users, including UAS and commercial space vehicles, into the NAS.

Finally, the nation's airport infrastructure must also be maintained. We propose to increase the

Passenger Facility Charge to \$8 to allow for needed investments in commercial service airports. Restructuring funding for the Airport Improvement Program (AIP) to better respond to the needs of smaller airports is also critical to ensuring that all users of the system have the infrastructure in place to meet their future needs.

Empowering and innovating with the Workforce of the Future

As our strategic initiatives suggest, FAA is embarking on a major transformation that can only be accomplished if it has a workforce that is prepared with the skills and mindsets to drive the needed change. Reauthorization can support long term workforce planning and implement policies that will foster the strong, skilled, accountable workforce necessary to implement NextGen. Strong leadership is required from all levels of the agency to communicate the vision, implement the priority initiatives, and ensure that transformational impact will be sustained. The movements toward risk-based decision making, transforming the NAS through streamlined services, acceleration of NextGen benefits, and integrating new users to the system require new technical and functional skills, and a cultural shift in how the agency works.

To stay accountable to the public, the FAA will also refine its publicly available agency performance scorecard to clearly and publically acknowledge major changes to program's milestones, deadlines, costs, savings, or benefits. Monthly reporting on the agency's website on the performance of the agency and aviation industry in meeting these goals will help ensure that the FAA remains transparent and accountable to its mission.

We are in the midst of a retirement wave, which presents both challenges and opportunities. It is important to set the foundation to empower and to innovate with tomorrow's FAA employees. The FAA needs to harness the collective strength of the agency's employees. The FAA's workforce is the ultimate driver of our success, which means that the agency must attract and develop the best and brightest talent, with the appropriate leadership and technical skills to undertake a necessary transformation.

Enhancing Global Leadership

To enhance our global leadership position, we need to show the world how to achieve the next level of safety, deliver the technological capabilities to modernize air traffic management, and integrate new users seamlessly into the NAS. While aviation was invented in America, there is no guarantee that the United States will continue to shape the second century of flight. As other nations have seen their aviation systems grow dramatically they have become significantly more influential on the international stage and this presents safety, efficiency, and competitive challenges for both the FAA and U.S. businesses. The FAA needs to be at the table to shape and harmonize international standards to effectively address these issues. This means we need to increase collaboration with industry and leverage our international relationships. The FAA also needs to strengthen the U.S. presence and role at the International Civil Aviation Organization (ICAO) and other international forums.

The United States benefits from global leadership with increases in safety, efficiency, environmental sustainability, exports, and leverage to achieve broader international

objectives. FAA programs promote seamless connectivity across borders for air navigation and product exchanges. Worldwide acceptance of U.S. policies and regulatory approaches removes barriers for the U.S. aerospace industry. The global leadership initiative ensures that the FAA maintains its external engagement and internal structure to continue improving the safety and efficiency of global aviation. To help us succeed, we need reauthorization to provide the budget stability over a long term that will prevent disruptions to our services and participation in the global aviation community, and demonstrate our commitment to aviation.

Conclusion

I have outlined our aspirations, our challenges, and some guiding principles and ideas for how reauthorization could help advance safety improvements, make the national airspace system more efficient, improve service for air travelers and other stakeholders, and enhance America's leadership in aviation.

What I have outlined today is a bold aspiration for the FAA, and will span far beyond the next four years. However, we are also committed to seeing measurable and steadfast progress that will achieve tangible benefits to users of the system by 2019. The rapidly changing industry, the technological opportunities, the uncertain fiscal environment, an evolving workforce, and the global backdrop comprise a compelling case for transformational change, and that is what the FAA expects to achieve.

I like to believe we share a common vision for the FAA and its role in the future of aviation, domestically and globally. I hope that this mutual goal will enable us to work closely in the coming months to agree upon the changes necessary for the FAA to achieve the initiatives I have outlined today.

Mr. Chairman, Ranking Member, I am eager to work with you and the committee as we strive to achieve the appropriate path for the future of aviation and the economic engine it represents.