

**SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION:  
QUESTIONS FOR THE RECORD**

**HEARING ON FAA REAUTHORIZATION: AIR TRAFFIC CONTROL MODERNIZATION  
AND REFORM  
TUESDAY, MAY 19, 2015**

**Questions for Mr. Jeff Smisek, Chairman, President and CEO, United Airlines**

**From Chairman Thune**

*Question 1.* How does a standalone, commercialized air traffic control model address concerns about funding stability, continuity of operations, and the confidence among users regarding prospects for accelerating NextGen benefits in a way that cannot be achieved by more reforms within the government?

Answer. Chairman Thune, Airlines for America (A4A) does not believe the FAA has the best possible governance and funding structure to deliver the most efficient and modern air traffic control (ATC) system that the American consumers deserve. A government agency funded by taxes and subject to the annual budget process comes with far too many constraints and uncertainty to efficiently deliver ATC services and particularly the NextGen advances that the system requires.

There is an abundant amount of independent and insightful information on FAA's NextGen progress and efforts. In June 2014 the Assistant Inspector General for Aviation Audits at the U.S. Department of Transportation testified before the Commerce, Science and Transportation Committee stating--

“Since the effort began almost a decade ago, we [DOT IG] have reported on longstanding challenges and barriers that have limited FAA's progress in delivering NextGen capabilities, such as the Agency's inability to set realistic plans, budgets, and expectations, and clearly identify benefits for stakeholders.”

In May 2015 the National Academies of Sciences, Engineering and Medicine put out a congressionally mandated report on NextGen. A small excerpt from that release is below--

“The original vision for the Next Generation Air Transportation System is not what is being implemented today, and the Federal Aviation Administration should “reset expectations” for the program meant to modernize and transform the national airspace, says a new congressionally mandated report from the National Research Council.

NextGen, as the system is known, was designed to overhaul the U.S. air transportation system through procedural and technological improvements, including the use of newer technologies such as precision satellite navigation systems and a digital communications infrastructure, to increase capacity, reduce delays, and improve safety. Instead, NextGen today is a set of incremental changes that primarily emphasizes replacing aging equipment and systems. Although progress has provided some new capabilities and a foundation for further evolution, not all parts of the original vision will be achieved in the

foreseeable future. The report says that FAA should realign stakeholder expectations by qualifying the early vision in a way that clearly articulates the new realities.”

Most recently, in August 2015, the U.S. Department of Transportation’s Office of Inspector General (IG) reported that delays and cost overruns continue to plague the FAA’s transition to NextGen. Focusing on the FAA’s deployment of automation tools to optimize benefits of performance-based navigation (PBN) the IG report noted that, “FAA has not provided basic support to encourage its use, and additional enhancements are still required to further optimize PBN.” The IG also concluded that the FAA is still “several years away” from deploying new controller technology to manage airport arrivals.

Recognizing the need to ‘reset expectations’, A4A sought to benchmark and do a fact-based assessment of the governance, financial and operational performance of the U.S., Canadian and European ATC models. A4A’s analysis suggests some basic principles for success in any Air Navigation Service Provider (ANSP). There must be:

- (1) Separation of the ATC operations from ATC safety regulation, in which a new, independent ANSP directs ATC operations and future ATC investment decisions, and safety regulation is provided by the federal government through a performance-based oversight system;
- (2) Independent, multi-stakeholder board governance free from political influence over decision-making;
- (3) A professional, effective management team of the ATC provider, incentivized to pursue safety and efficiencies without the constraints imposed on government agencies that hamper their ability to manage more nimbly and effectively;
- (4) A fair, self-funding user fee model based on the cost of ATC services allowing for access to capital markets and a steady, predictable and reliable stream of funding that is not subject to governmental budgetary constraints such as those that have recently resulted in sequester and furloughs of air traffic controllers;
- (5) The ability to manage assets and capital investments in a way that enables far greater speed to market of technological modernization; and
- (6) Transparency in user fees so that users and their customers alike know what they are paying, allowing users full ability to recover costs.

These success factors would lead to an effective operation because an independent ANSP would then operate with long-term funding and governance certainty, subject of course to strong safety regulation and oversight by the FAA. This new ANSP organization would be accountable to stakeholders and users of the system, driving effective decision making, long-term investments and efficient operations to capture the full benefits of the ATC system. Based on our analysis and the principles noted above, it is A4A’s position that a nongovernmental, nonprofit type governance structure for air traffic control – with the FAA retaining the role of safety regulator – would deliver the greatest benefits for a reformed ANSP because such a structure would continue to put safety first, while driving value for all stakeholders, including the traveling public.

Recent events have made clear that the current ATC system, while safe, is not without its own operational vulnerabilities that can lead to public failures. In late 2014, a fire set by a contract worker at the federal Chicago Air Route Traffic Control Center snarled flights in the Midwest for an extended

period of time. In August 2015, a glitch in a software upgrade at an FAA facility in Leesburg, VA canceled and delayed hundreds of flights throughout the Washington, DC metropolitan region.

The risk of doing nothing is high and working within the existing governmental system will not yield the necessary changes needed to modernize the U.S. ATC system. We cannot afford the status quo of a safe system that does not meet the ever growing and changing demands of our diverse aviation system. By following the principles described above we can achieve a U.S. ATC system that is both incredibly safe and greatly more efficient.

*Question 2.* One goal of efforts to modernize the air traffic control system has been to leverage technology to consolidate aging and costly air traffic control facilities. What are some of the efficiencies that you would expect a corporatized air navigation service provider would be able to achieve with respect to facility consolidation versus a government provider?

Answer. Predicting or forecasting specific changes to the system at this time is nearly impossible. A4A proposes that there be a two-year moratorium on significant changes to service levels after a new ANSP assumes responsibility for ATC. The new ANSP will need to initially work through transition issues and develop a day-to-day understanding of all the assets.

In the longer-term, for any assets owned by the ANSP, the entity should have the ability to dispose, replace or consolidate those assets as appropriate to deliver more effective and efficient services without politically driven restrictions. However, the FAA should retain safety oversight to review the ANSP's safety assessment of any proposed changes and should have the ability to intervene for safety reasons only. There should also be a notice and comment process for any facility closure or significant changes in service level, and facility realignment should be undertaken through a data-driven process in collaboration with the ANSP's labor unions.

*Question 3.* Among the international Air Navigation Service Providers that you have examined, were any going through a modernization effort similar to NextGen when they were separated from the safety regulator? How, if at all, would a transition to a new air traffic control governance model impact NextGen implementation?

Answer. A4A is advocating for an entirely new U.S. ANSP that takes the best attributes of established international models and effectively adapts them to create an ANSP that works for the complex U.S. system and its unique operating environment.

Directly comparing this undertaking to another country's experience creates an 'apples to oranges' scenario. However, there are international examples of complex airspace with a diverse set of users where ATC reform has been successful, and the sector-based approach to air traffic control, coupled with the use of modern technology, make the business inherently scalable.

Please see Answer to Question 1 for NextGen implementation information.

### **From Senator Fischer**

*Question 1.* I have read the concerns expressed by the general aviation community regarding

“commercialization” or “privatization” of the air traffic control (ATC) system. Do you believe there is a way for us to reform this system to ensure safety, efficiency, and innovation, while protecting the concerns of general aviation?

Answer. Yes. It is the A4A position that a nongovernmental, nonprofit governance structure for air traffic control – with the FAA retaining the role of safety regulator – would deliver the greatest benefits for a reformed ANSP because such a structure would continue to put safety first, while driving value for all stakeholders, including general aviation and the traveling public. A more modern and efficiently run entity making decisions that benefit and are accountable to the users of the system will benefit all stakeholders.

*Question 2.* As the CEO of a major airline, can you please provide the committee with some examples of the challenges your company faces due to the inability of our current ATC system to keep up with the speed of innovation by private airlines? Can you also provide examples of how business is enhanced by private sector-oriented ATC systems in other nations?

Answer. From United’s perspective, the best example I can give is that when I started in the industry in the mid-1990s, a flight from Reagan National to our hub in Newark was booked for 54 minutes. Now that same flight is booked for 84 minutes to account for delays resulting from our antiquated air ATC system. Airlines and our customers have also recently been plagued by major failings of the government-run ATC system. For example, in late 2014 a fire set by a contract worker at the federal Chicago Air Route Traffic Control Center snarled flights in the Midwest for an extended period of time. In August 2015, a glitch in a software upgrade at an FAA facility in Leesburg, VA canceled and delayed hundreds of flights throughout the Washington, DC metropolitan region.

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