

Remarks by Admiral James B. Busey
Administrator
Federal Aviation Administration
15th Annual Aviation Forecast Conference
Washington, D.C.
March 2, 1990

It's good to be with you today and to have this opportunity to talk about the growing internationalism of aviation and the FAA's response to that trend.

Aviation's increasing international impact is getting a lot of attention these days. But it's really nothing new. Since the days of the first international carriers, aviation has been making the world smaller, shrinking the time it takes to get from one country to another and from one continent to another.

We hear talk of a global village. And indeed in many respects, that is what the world is becoming. Thanks to aviation, people around the world have become neighbors in every sense of the word.

And that process is continuing. With the rate of technological change we're witnessing today, we're probably only at the dawn of the age of the global village.

Consider the aviation capabilities that will soon be with us. The hypersonic transport, which will cross the Pacific in a couple of hours. Portable telephones, the size of your wristwatch, that will work anywhere in the world. Satellite television blanketing the-globe.

No one can say what effect all of this will have on our daily lives. But we must be prepared for it. We live in the age of technological miracles, and they are coming faster than ever before.

And those miracles are not all scientific or technical. We have seen miracles in the world of politics as well. The walls are coming down in Eastern Europe. No one could have predicted that a year ago, and no one today can predict how our lives in the years ahead will be affected by those historic events.

We do know, however, that now we can communicate more freely with the peoples of those countries. And we know that many opportunities for trade and cooperation are opening up.

There is no question that aviation will play an increasingly important role in helping those nations catch up with the Free World. The economic opportunities are virtually limitless, and efficient transportation must be available to help them raise the quality of their lives.

We know from our own experience in this country how vital efficient air transportation can be to a nation's economy. National markets no longer really exist. We must sell our products in a world market that knows no borders. To get our products to those markets at a competitive price, our manufacturers absolutely depend upon an efficient air transport system.

And so do millions and millions of passengers. Total U.S. international passengers more than doubled between 1977 and 1988, rising from 28.5 million to nearly 61 million during those years. And the number of U.S. air carriers serving international destinations has grown from a dozen prior to deregulation to more than 40 today.

On the manufacturing side, international collaboration is showing strong growth, too, as manufacturers seek increased capital formation and enhanced marketing opportunities. In 1980, for example, there was an estimated 7 to 9 percent of foreign content in large U.S. transports.

Today, with the increase in licensing, co-production, and joint venture agreements, the foreign content of large transports has risen to an estimated 20 to 30 percent. And it works both ways. Aircraft manufactured in other countries contain significant American content.

So the growth of the world market has brought tremendous benefits to the business side of aviation.

On the regulatory side, of course, the growth of internationalism has increased the need to develop cooperative relationships with other nations to help assure a continued high level of safety.

Increases in multi-national manufacture, cross-border leasing, and the liberalization of air transport economic regulations mean that we must provide greater uniformity in airworthiness certification and safety standards.

We have seen dramatic growth in international leasing in recent years. And this trend will continue. Some people are saying that by the turn of the century half of the world's commercial fleet may be controlled by large international leasing companies.

And that raises some very important questions. Who, for example, will be responsible for safety oversight and maintenance for a plane that is, say, owned by GPA, registered in the U.S., leased to America West, sub-leased to Austral, and operated in Australia?

We must find ways to harmonize national regulations so that we can be certain that adequate and continued airworthiness standards are being maintained for such aircraft. This, of course, will require considerable international cooperation. And we are working toward that right now.

Yes, there are problems. But, on balance, they are small compared to the tremendous benefits from the continued internationalization of the aviation business.

For example, in creating greater capacity for aircraft and component manufacturing, many nations are stimulating further growth in their industrial sectors and raising the quality of life for their people. And this tends to raise the general level of technical competence in these nations as well.

The FAA, of course, believes strongly in the need for international cooperation. You can see this commitment in our work with the International Civil Aviation Organization, which now has 162 members.

As advances in transportation and communications technology continue to make our world a smaller place, ICAO provides an essential forum for the discussion and resolution of crucial technical issues and problems that must be resolved.

In the area of civil air regulations, we are dedicated to getting the greatest possible commonality in certification and operating standards for international air transport. We have a confusing mix of civil air regulations today. And we believe that greater standardization must be achieved if we are to enjoy the benefits of truly efficient international transportation.

So we are working with our European counterparts to develop common operating and airworthiness standards, with the next series of meetings scheduled for June in San Francisco.

Not only must we have commonality in our written standards, we need it also in the interpretation of those standards. Since aircraft and engines are now being developed on an international basis, we simply cannot tolerate sharp differences in interpretations of the common written standards. That would defeat our purpose.

Our commitment to serving the needs of international aviation can also be seen in three special areas: Satellite communications, bilateral aviation agreements, and our policy relating to foreign repair stations.

As you know, a special committee of the ICAO council on future air navigation systems (FANS) was set up back in 1984. Looking ahead 25 years, the committee determined that satellite technology has a unique potential to satisfy many of our communications, navigation, and surveillance requirements -- including better service over oceans and other remote areas.

I believe that the air control system of the future will be based on satellite technology. And I think we'll see it first with the development of Automatic Dependent Surveillance systems and satellite datalink and voice communications systems. In fact, we will be running the first operational test of ADS over the Pacific this year.

If we're going to gain the full advantages of international air traffic, then we must be prepared to increase the capacity of our overseas routes and make international flying safer and more efficient. Certainly, satellite technology offers great promise in helping us achieve those goals.

For one thing, the improved navigational surveillance offered by ADS should allow us to make considerable increases in the traffic capacity of our over-water flight tracks.

So we are working through industry forums, ICAO, and specific bilateral efforts to foster the development of satellite services. We believe they represent the technology of the future, for which we must prepare today.

Concerning bilateral agreements, we are currently working on updating our bilateral airworthiness agreements with the major European manufacturing nations. And we maintain bilateral airworthiness agreements with major manufacturing nations in the Pacific region as well.

In addition, we have supported the co-production effort that McDonnell Douglas is undertaking with China, and we have also provided agency-to-agency assistance to help China improve the capabilities of its airworthiness authority.

Although the FAA does not directly negotiate route and service agreements, we are working closely with Secretary Skinner and the Department of Transportation to usher in a new era of more open and liberal bilateral agreements.

The U.S. has over 70 bilateral air transport agreements. Most establish some form of control over airline service and pricing. And some allow government regulation of virtually every aspect of the business -- the number of carriers that can serve the market, the routes that can be flown, the number of seats, the frequency of flights, and the prices that can be charged.

These restrictions can stifle market development. They can significantly reduce the social and economic benefits that should flow from aviation.

So, over the past decade, the U.S. has worked to set up more liberal aviation agreements with countries all around the world. We want market-oriented agreements that will help speed the flow of international traffic and that will open the way for increased capacity in the international air system.

Such agreements can benefit everyone involved, because they lead to better service, economic growth, more jobs, and a better standard of living.

On the subject of foreign repair stations, we are well aware that the civil aviation environment has changed significantly since our regulations governing the use of foreign repair stations were first adopted 41 years ago.

It is clear, today, that the capability to provide proper maintenance or alteration of U.S. aircraft no longer depends on the aircraft's geographical location. We know now that foreign repair facilities, when found to be properly qualified by the FAA and operated in accordance with FAA procedures and surveillance, can indeed provide services that equal those provided by U.S. facilities. In 1988, recognizing the continuing growth of U.S. International operations and use of U.S. manufactured aircraft overseas, the FAA changed repair station rules to permit more extensive use of FAA certified facilities abroad. Here, again, you can see our commitment to the growth of international aviation.

We want to foster a climate that promotes the growth of international aviation. To do that, of course, we must work with our counterparts in other nations. And that means we've got to have people on-site overseas.

Two years ago, we had six permanent representatives stationed abroad. Today, we have eight. And we expect to have 11 soon.

These international representatives can provide a vital link with other civil aviation authorities. And they can help other governments to get technical assistance, counsel, and

In a number of countries, we are providing technical assessments of specific systems requirements that are needed for aviation system development. This provides the definition and focus that is so often needed before any large aviation project can be undertaken, especially in developing countries.

We are also providing training for more than 400 foreign students a year at our Academy in Oklahoma City, in subjects ranging from computers to airport planning.

And, in the past two years, we have started a major outreach program, which provides seminars for top aviation officials from other countries on how U.S. aviation is structured, how it is regulated, and how it operates. These seminars help establish better communications with the top people in other countries, and they give us an opportunity to encourage the use of U.S. products and services as well.

In the security area, we have, of course, beefed up our presence overseas in recent months. We will be stationing 27 more security people in the Middle East and Europe in the coming months. They will establish working relationships with foreign security officials and will help U.S. and foreign air carriers to implement FAA security requirements.

As you can see, the FAA is active in the international arena. We have done much in the past decade. We will do more in the coming decade.

I know that, working with our international neighbors, we can help build an international air system that will, truly, serve the world's needs.

Thank you.

Remarks by Admiral James B. Busey
Administrator, Federal Aviation Administration
Before the General Aviation Meeting
Washington, D.C.
March 5, 1990

Today I'm announcing an action plan to strengthen the FAA/general aviation partnership for safety.

I want to say, right at the start, that while we'll be making changes in our compliance and enforcement programs, we are doing so to improve safety.

We will continue our insistence on total compliance with the rules and regulations that have made American aviation the safest in the world.

I believe our FAA professionals have done a good job with the marching orders they have been working under. Now we want to modify those orders to further enhance compliance and thereby safety.

We intend to complete final action on many parts of this plan within 90 days. The flying public should begin to see the results of the implementation by then.

Now before discussing some of the specific changes we're going to make, I'd like to give you the background that led us to undertake a review of the way we deal with general aviation.

When I first joined the FAA, I made a special effort to talk to a lot of people in aviation. I wanted to open up good communications. And I wanted to find out what the perceived problems were and what we might do about them.

I heard a lot. You know the story as well as I do. So let's talk facts.

Just about every major general aviation user group and countless individuals jumped on me about FAA enforcement. They said they were being treated unfairly. They told me they weren't getting the services they needed and they said they mistrusted the FAA.

I think we can agree that public confidence in the FAA and its enforcement policies is an essential element of aviation safety. These initiatives will benefit the public interest by fostering trust and confidence.

I want to emphasize that voluntary compliance is the bedrock of aviation safety in our country. The willingness to cooperate and to follow the rules is essential to safety. But that willingness to cooperate can quickly be undermined by the wrong kind of enforcement actions.

We must work together as partners. Now I know when I use the word, "partners," some of you might think it's just public relations puff. It isn't. Whether you fly a Piper Cub or a 747, or whether you work for the FAA, you and I and everyone in aviation have the same goal--which is to make flying as safe as possible.

The FAA has a number of tools it uses to achieve that goal. Those tools include good communications, training, education, counseling, and--lastly enforcement.

With the program I'm announcing today, we're going to use every one of those tools more effectively and we're going to use the tools of communicating, training, and education, before we use the tool of enforcement where possible.

This program identifies the direction in which we are going to move. It also emphasizes our responsibility for clearly communicating the compliance options to our inspectors and our customers.

Last summer, at Oshkosh, I announced a top-to-bottom review of the way we deal with general aviation. I commissioned a System Safety and Efficiency Review of our compliance and enforcement policies.

Last fall, with the cooperation of every major organization in general aviation -- we held listening sessions around the country to give people a chance to tell us what they thought.

We quickly and clearly confirmed that there is a good deal of misunderstanding about the enforcement process. This situation has led to mistrust and friction.

After the listening sessions, we got together again with representatives of the aviation community to sift through everything we had heard, look at our own data, and identify the issues that concerned us all.

The FAA team then came together again to draft the recommendations. I agree fully with these recommendations. They are the basis of the action plans we are announcing today. These actions are designed to maximize safety.

The FAA, exercising our leadership role in aviation, is executing today 34 action plans to further enhance the high degree of safety the United States is noted for and the public expects.

Today, we begin to move from the study and recommendation phases to the implementation phase.

This process will take a little time, but the results will be worth it. We have cultural changes to make and attitudes to change.

This morning, as a first step, I have signed an order rescinding the mandatory requirement of a 60-day suspension for TCA violations.

We continue to regard such violations as serious ones and we reserve the right to impose very serious sanctions when and if warranted.

I believe, however, that we can achieve the desired result just as effectively by using a variety of compliance tools rather than automatically taking a pilot out of the air for 60 days.

Let me give you other examples of what we intend to accomplish. I think you'll agree with me that there will be substantive changes.

- o We're going to make the application of our compliance procedures more flexible. We're going to put more emphasis on promoting compliance through education and open communications.
- o We're re-energizing our Accident Prevention Program. Since this program is our primary means for communication and education of people in general aviation, we want it to be as effective as possible. So we're giving it additional resources in order to provide better educational tools and marketing materials to promote aviation safety. I kicked off our new 5-year Back to Basics II program just last week as part of the re-energizing.
- o We're going to re-emphasize that we want our inspectors in the field to use discretion and judgement. They will be encouraged and are free to consider all the facts and circumstances, including mitigating factors, and then prescribe remedial training or counseling or other remedies, that are appropriate to the situation. I want them to use their professional judgement and to operate with the flexibility to fit the corrective action to the issue at hand.
- o We're setting up new training programs for our inspectors. These will focus not only on additional ways to handle compliance and corrective actions, but also on developing better communications skills and improved human relations.

- o We're going to look at simplifying the rules and regulations to enhance understanding and promote compliance.
- o We intend to identify certain areas of non-compliance which may be handled administratively rather than through legal action. In many cases, a warning letter or remedial training may clearly be more effective than legal enforcement.
- o We are going to re-examine our Sanction Guidance Table to make it consistent with these initiatives.
- o We intend to set up procedures to expunge records of violations after a reasonable period of time elapses.

I could go on listing more changes we'll be making. But I think you get the idea where we are headed.

The goal for all of us is safety--and we believe the best way to get there is by promoting cooperation, open communications, and compliance.

Our inspectors will now have the use of more tools to promote compliance through counseling, education, and training, and I want to make sure they are using all those tools to help pilots fly more safely.

As I stated before, we will continue to enforce the rules and regulations and to expect 100 percent compliance.

But, our public responsibility to enforce the rules does not prevent us from being reasonable. We need to be firm but fair.

I will be looking closely at monthly progress reports on each of the 34 action plans to make sure they are serving our primary goal of safety. I am here to tell you that I am committed to this action, and I will not hesitate to make whatever changes I think are necessary to improve its effectiveness.

Meantime, we look forward to working with you to make this program work for all of us--the aviation community, the FAA, but most of all the flying public. Compliance is our objective. Improved safety in all phases of aviation is our continuing goal.

Thank you.

TALKING POINTS FOR ADMINISTRATOR BUSEY
AT THE UNVEILING OF THE PORTRAIT OF
LANGHORNE MCCOOK BOND
MARCH 6, 1990

O LADIES AND GENTLEMEN, DISTINGUISHED GUESTS, IT'S A PLEASURE TO WELCOME YOU HERE TODAY TO UNVEIL THE FORMAL PORTRAIT OF LANGHORNE BOND, THE SEVENTH FAA ADMINISTRATOR.

O IN 1977, HE BECAME THE SEVENTH MAN TO OCCUPY THE OFFICE OF ADMINISTRATOR AND HE SERVED AS ADMINISTRATOR UNTIL JANUARY 1981.

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O HE WAS THE YOUNGEST MAN TO SERVE AS FAA ADMINISTRATOR, TAKING THE OATH OF OFFICE AT THE AGE OF 40. HIS STAY HERE ON THE 10TH FLOOR WAS 104 DAYS SHORT OF FOUR YEARS. ONLY JEEB HALABY AND JACK SHAFFER HAD LONGER TENURES.

O IN A REAL SENSE, LANGHORNE WAS BORN INTO AVIATION. HE WAS BORN IN SHANGHAI, CHINA, WHERE HIS FATHER RAN AN AIRLINE, THE LEGENDARY CHINA NATIONAL AVIATION CORPORATION.

- 0 LANGHORNE WAS NO STRANGER TO THE DEPARTMENT OF TRANSPORTATION WHEN HE BECAME ADMINISTRATOR. HE HAD SERVED DURING THE 1960S AS AN ASSISTANT TO ALAN BOYD, THE FIRST U.S. SECRETARY OF TRANSPORTATION.
- 0 HE LATER SERVED AS ILLINOIS SECRETARY OF TRANSPORTATION WHERE, AMONG OTHER THINGS, HE MASTERED THE ART OF POLITICS. TESTIMONY TO THIS IS THE FACT THAT WHILE HE WAS THERE ILLINOIS JUMPED TO THE TOP OF THE 50 STATES IN THE RECEIPT OF FEDERAL FUNDS FOR TRANSPORTATION.

- 0 SECRETARY BROCK ADAMS, AT LANGHORNE'S SWEARING-IN CEREMONY, RECALLED THAT ALAN BOYD HAD WARNED HIM THAT LANGHORNE WOULD BE "A REAL HANDFUL." I AM SURE IF JOHN BURTON, J. J. O'DONNELL, JOHN BAKER, AND ROBERT POLI WERE HERE, THEY WOULD AGREE WITH BROCK ADAMS.

- O LANGHORNE HAD TO BE TOUGH BECAUSE HE HAD SOME TOUGH ISSUES TO DEAL WITH AS ADMINISTRATOR DURING THAT TIME: AIRLINE DEREGULATION; THE FIERCE INTERNATIONAL COMPETITION OVER THE SELECTION OF A MICROWAVE LANDING SYSTEM; THE CREW COMPLEMENT CONTROVERSY; AND THE ENDLESS CONFRONTATIONS WITH PATCO. THERE ALSO WERE THE ELABORATE AIRSPACE PROPOSALS IN THE WAKE OF THE SAN DIEGO MIDAIR COLLISION AND THE GROUNDING OF THE ENTIRE DC-10 FLEET AFTER THE DC-10 ACCIDENT IN CHICAGO.

- O HE DIDN'T BACK OFF FROM THESE TOUGH ISSUES AND I THINK ALL OF US, INCLUDING THE OTHER FORMER FAA ADMINISTRATORS HERE TODAY, ADMIRE HIM FOR THAT.

- O THERE WAS ONE ISSUE HE TOOK ON, THOUGH, THAT I AM NOT SURE I ADMIRE EXCEPT AS A QUIXOTIC BUT ESSENTIALLY HOPELESS CAUSE. HE NURSED THE VAIN HOPE THAT FEDERAL EMPLOYEES MIGHT SOME DAY WRITE IN THE QUEEN'S ENGLISH. "THE DREAD SPLIT INFINITIVE DISEASE HAS CREPT INTO THIS DOCUMENT," HE ONCE INFORMED HIS CHIEF COUNSEL. ON ANOTHER OCCASION, HE LECTURED FAA STAFFERS TO "PUT AN END TO THIS DAMN JARGON," AND ORDERED THEM TO COME UP WITH A PLAN TO ABOLISH ALL "JUNK WORDS" AND REPLACE THEM WITH ENGLISH LANGUAGE EQUIVALENTS. I REGRET TO REPORT THAT LANGHORNE DID NOT SUCCEED IN THIS AREA.

- O LANGHORE BOND OVERSAW THE BEGINNING OF THE TRANSITION FROM A REGULATED TO A DEREGULATED AIRLINE INDUSTRY. AND I THINK IT IS A TRIBUTE TO THE QUALITY OF HIS STEWARDSHIP THAT DURING HIS LAST YEAR IN OFFICE, 1980, U.S. AIRLINES ENJOYED THEIR SAFEST YEAR IN HISTORY WITH A FATAL ACCIDENT RATE OF 0.00.
- O I THINK ANYONE WHO HAS SERVED IN THIS OFFICE, HOWEVER SHORT A TIME, REALIZES THE BURDENS AND ENORMITY OF THE JOB. SO, I WANT TO TAKE THIS OPPORTUNITY TO PUBLICLY THANK LANGHORNE BOND FOR THE JOB HE DID AS FAA ADMINISTRATOR.

O AND HAVING DONE THAT, I AM NOW PLEASED TO UNVEIL THE
PORTRAIT OF MY DISTINGUISHED PREDECESSOR.

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March

TALKING POINTS FOR USE BY
FAA ADMINISTRATOR JAMES B. BUSEY
TO STUDENTS ATTENDING
THE 1990 CONGRESSIONAL SEMINAR

PUBLIC SERVICE:

- * IT'S A PLEASURE TO MEET WITH YOU TO DISCUSS THE ROLES AND RESPONSIBILITIES OF THE FEDERAL AVIATION ADMINISTRATION.
- * YOU ARE FORTUNATE TO HAVE THE OPPORTUNITY TO SPEND THIS TIME IN WASHINGTON. NOTHING BEATS "UP CLOSE" EXPERIENCE WHEN IT COMES TO UNDERSTANDING HOW YOUR GOVERNMENT WORKS.

- * I HOPE YOU TAKE BACK TO YOUR COMMUNITIES A GREATER APPRECIATION OF GOVERNMENT SERVICE. IT'S IMPORTANT FOR OUR COUNTRY THAT WE ATTRACT YOUNG, BRIGHT PEOPLE LIKE YOURSELVES TO CAREERS IN GOVERNMENT, WHETHER IT BE AT THE LOCAL, STATE OR NATIONAL LEVEL.

- * I HAVE SPENT A LIFE-TIME IN GOVERNMENT AND I STILL REGARD PUBLIC SERVICE AS A A NOBLE AND IMPORTANT CAREER FIELD. IT CAN BE REWARDING, NOT IN MONETARY TERMS, BUT IN TERMS OF PERSONAL SATISFACTION AS LONG AS ONE KEEPS THE IDEA OF "SERVICE" UPPERMOST IN MIND.

- * BUT, WHETHER ANY OF YOU END UP IN GOVERNMENT CAREERS, THIS TIME IN WASHINGTON WILL BE VALUABLE TO YOU EVENTUALLY AS CITIZENS INVOLVED IN NATIONAL AND COMMUNITY AFFAIRS.

FEDERAL AVIATION ADMINISTRATION:

- * FAA ESSENTIALLY IS ABOUT SERVICE--SERVICE TO THE AVIATION COMMUNITY AND THE FLYING PUBLIC. IF I WERE BOASTFUL, I COULD SAY WITHOUT FEAR OF CONTRADICTION THAT THE "SERVICE" THE FAA OFFERS THE AVIATION COMMUNITY IS THE BEST IN THE WORLD--BUT I WON'T SAY THAT.

- * NOW LET ME DISCUSS BRIEFLY WHAT WE DO AT THE FAA. IN A WORD, WE DO A "LOT."

OUR FIRST PRIORITY IS AVIATION SAFETY. MORE SPECIFICALLY THIS AGENCY:

- * ISSUES AND ENFORCES SAFETY RULES;
- * CERTIFIES AIRMEN, PILOT SCHOOLS, AVIATION MECHANIC SCHOOLS, AND REPAIR STATIONS;
- * CERTIFICATES AIRCRAFT, ENGINE, PROPELLORS AND COMPONENTS;

- * PROMOTES CIVIL AVIATION SECURITY;
- * PERFORMS FLIGHT INSPECTION OF AIR NAVIGATION FACILITIES;
- * ISSUES OPERATING CERTIFICATES TO AIRLINES.

AIRSPACE IS A WORD WE USE A LOT AT THE FAA. IT IS OUR RESPONSIBILITY TO:

- * CONTROL AIR TRAFFIC AND MANAGE THE U.S. AIRSPACE;

- * OPERATE AIRPORT TOWERS, AIR TRAFFIC CENTERS, FLIGHT SERVICE STATIONS AND RADAR FACILITIES.

THOSE AIRPORTS YOU TRAVELED THROUGH TO GET TO WASHINGTON MUST DEAL WITH THE FAA BECAUSE WE ARE THE AGENCY THAT:

- * CERTIFICATES AIRPORTS;
- * DEVELOPS AND IMPLEMENTS AIRPORT CAPACITY ENHANCEMENT PROGRAMS;
- * ISSUES REGULATIONS ON NOISE.

WE ALSO ARE INVOLVED IN INTERNATIONAL AVIATION. AMONG THE ACTIVITIES WE GET INVOLVED IN ARE:

- * NEGOTIATING BILATERAL AIRWORTHINESS AGREEMENTS WITH FOREIGN AVIATION AUTHORITIES;
- * CERTIFYING FOREIGN REPAIR STATIONS, AIRMEN AND MECHANICS;
- * PROVIDING TECHNICAL ASSISTANCE AND TRAINING TO FOREIGN AUTHORITIES.

TO CARRY OUT THESE RESPONSIBILITIES, WE HAVE SOME 50,000 EMPLOYEES, DISPERSED THROUGH NINE REGIONS AND TWO CENTERS, THERE ARE 22 ENROUTE CENTERS, 454 AIR TRAFFIC CONTROL TOWERS, 214 FLIGHT SERVICE STATIONS.

AMONG THE MAJOR PROJECT WE ARE INVOLVED IN INCLUDE IMPLEMENTATIONS OF A \$15.8 BILLION NAS PLAN AND A NEW CAPITAL INVESTMENT PROGRAM.

THE KEY ISSUES ON OUR PLATE NOW INCLUDE AVIATION SECURITY AND AGING AIRCRAFT.

NOW, I WOULD LIKE TO SHOW YOU A
BRIEF VIDEOTAPE WHICH SHOWS HOW THE AIR
TRAFFIC CONTROL SYSTEM WORKS.
FOLLOWING THAT, I WILL BE GLAD TO FIELD
SOME OF YOUR QUESTIONS.

Remarks By Admiral James B. Busey
Administrator
Federal Aviation Administration
National Association of State Aviation Officials
Washington, DC
March 15, 1990

It's a pleasure to talk with you this afternoon.

Since becoming FAA Administrator last summer, I've met with dozens of aviation groups across the country.

We've had plenty of frank discussions. And we haven't always agreed on the exact way of doing things.

But we all share the same goal of meeting the spiraling growth of aviation and keeping our skies the safest in the world.

I intend to keep these lines of communication up and running. Don't hesitate to speak your mind. I won't hesitate to speak mine.

Now, to today's hot issue. The challenges facing aviation as we march into the 21st century -- and how to meet them.

In the year 2001 -- and 2001 isn't that far away -- eight hundred and seven million passengers will climb aboard commercial planes in the United States headed for domestic and international locations.

Can you imagine? That's more than three air trips for every American in a single year -- and about 330 million more than a year ago.

We all face a tough job. We have scores of technological milestones to reach in the next decade and beyond. And, yes, some very tough political hurdles to overcome in the next few months.

Are we going to be ready? We have to be ready. But the FAA and the Federal government can't do it alone. State and local governments can't do it alone either.

We have to pull together.

We already have a good partnership going with state governments. Everything from "Air Bear" -- that furry critter who gives youngsters that aviation spark -- to the ever-increasing number of Aviation Education Resource Centers cropping up at colleges across the Nation.

Now, thanks to the foresight of Transportation Secretary Sam Skinner, we have an excellent blueprint -- the National Transportation Policy.

You've all heard about it. To emphasize its importance, President Bush and Secretary Skinner announced it last week at the White House.

Simply put, the policy focuses on doing the right things with our limited resources.

It is built around six themes:

One, maintaining and expanding our existing transportation system;

Two, providing a sound financial base for transportation programs;

Three, maintaining a strong and competitive transportation industry;

Four, ensuring public safety and national security;

Five, enhancing the environment and quality of life for our citizens, and;

Six, advancing transportation technology into the 21st century.

It's a sound plan. It's a no-nonsense plan. It's a "can-do" plan.

And it's a flexible plan that gives local and state aviation authorities the resources they need to make decisions to improve airport capacity.

These proposals are innovative, financially sound and, yes, very controversial.

But, quite frankly, the news media didn't tell the whole story about the National Transportation Policy last week.

That's why we have our work cut out for us. We have to tell people how it benefits them.

I'm sure you'll help Sam Skinner and those of us at the FAA do that job when you get back to your home states.

I know you're all interested in that policy, and the FAA Reauthorization Bill we will soon be sending to Congress. The bill includes an increase of more than 70 percent in the FAA budget over the next five years. And it will include a provision allowing local airports to assess "passenger facility charges" to support airport development.

The words "reauthorization" and "passenger facility charges" sound mighty dull.

But they signal some exciting changes in the way we can expand local airport and aviation capacity. And get vital projects built sooner with less government red tape.

By letting localities charge an additional three dollars on a passenger's ticket, it gives you better control over sources of income.

It eliminates uncertainties associated with depending on Airport Improvement Program grants.

And it improves an airport's access to bond markets.

Let me make it clear. This is extra money -- about one billion dollars a year.

And this extra money helps us move up timetables so we can fund more projects from Airport Improvement Program grants.

Yes, there may be some adjustments in entitlements for airports that decide to impose PFCs.

But, believe me, you will be much better off with a combination of funding from PFCs and Federal grants than with the grant program alone.

The bill also proposes major spending increases to meet our ambitious goal of updating the air traffic control system. That's to make sure that major new modernization programs are not delayed.

The FAA currently has billions of dollars of major technological improvements going on line and scheduled to become operational this decade.

One major program, the Advanced Automation System, is a three and a half billion dollar project to revolutionize air traffic control, making it a global model of technological efficiency, safety and accuracy. The target is on-time, on-cost delivery of these new systems.

The bill also will seek significant increases in funding of research, engineering and development for new aviation technologies.

These research and development funds would be used to accelerate security, safety, satellite technology, and "human factors" research -- making sure the new high-tech equipment and their human operators work well together.

Besides the passenger facility charge, the proposed legislation would allow modest increases in aviation user fees. This supports the user fee concept that people who use the Nation's airways should contribute their fair share of the costs.

To help pay their fair share, the legislation calls for an increase in user fees.

As you know, the Airport and Airway Trust Fund's major revenue source is the passenger ticket fee which has not increased since 1970. We think this should be increased, as well as the fees for the freight waybill, non-commercial aviation gasoline, and non-commercial jet fuel.

We want to spend those additional funds sooner by chipping away at trust fund balances.

Our studies show that 85 percent of the FAA's budget goes to provide service to air carrier passengers, shippers, and general aviation, but only 55 percent of FAA's total budget has been appropriated for this purpose from the trust fund.

That's why our legislative proposal calls for paying for a larger percent of the FAA's budget with trust fund revenues.

If Congress agrees, the fund's uncommitted balance would be decreased from an estimated seven point six billion dollars at the end of the 1990 fiscal year to about three billion dollars at the end of the 1995 fiscal year.

Well, there it is. An ambitious plan to keep America's aviation system the best in the world and a fair way to pay for it.

With your help, we will meet these challenges head on and realize our aviation goals and dreams.

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- * IT'S A PLEASURE TO MEET WITH YOU
TO DISCUSS THE ROLES AND
RESPONSIBILITIES OF THE FEDERAL
AVIATION ADMINISTRATION.
- * YOU ARE FORTUNATE TO HAVE THE
OPPORTUNITY TO SPEND THIS TIME IN
WASHINGTON. NOTHING BEATS "UP
CLOSE" EXPERIENCE WHEN IT COMES
TO UNDERSTANDING HOW YOUR
GOVERNMENT WORKS.

- * I HOPE YOU TAKE BACK TO YOUR COMMUNITIES A GREATER APPRECIATION OF GOVERNMENT SERVICE. IT'S IMPORTANT FOR OUR COUNTRY THAT WE ATTRACT YOUNG, BRIGHT PEOPLE LIKE YOURSELVES TO CAREERS IN GOVERNMENT, WHETHER IT BE AT THE LOCAL, STATE OR NATIONAL LEVEL.

- * I HAVE SPENT A LIFE-TIME IN GOVERNMENT AND I STILL REGARD PUBLIC SERVICE AS A A NOBLE AND IMPORTANT CAREER FIELD. IT CAN BE REWARDING, NOT IN MONETARY TERMS, BUT IN TERMS OF PERSONAL SATISFACTION AS LONG AS ONE KEEPS THE IDEA OF "SERVICE" UPPERMOST IN MIND.

- * BUT, WHETHER ANY OF YOU END UP IN GOVERNMENT CAREERS, THIS TIME IN WASHINGTON WILL BE VALUABLE TO YOU EVENTUALLY AS CITIZENS INVOLVED IN NATIONAL AND COMMUNITY AFFAIRS.

FEDERAL AVIATION ADMINISTRATION:

- * FAA ESSENTIALLY IS ABOUT SERVICE--SERVICE TO THE AVIATION COMMUNITY AND THE FLYING PUBLIC. IF I WERE BOASTFUL, I COULD SAY WITHOUT FEAR OF CONTRADICTION THAT THE "SERVICE" THE FAA OFFERS THE AVIATION COMMUNITY IS THE BEST IN THE WORLD--BUT I WON'T SAY THAT.

- * NOW LET ME DISCUSS BRIEFLY WHAT WE DO AT THE FAA. IN A WORD, WE DO A "LOT."

OUR FIRST PRIORITY IS AVIATION SAFETY. MORE SPECIFICALLY THIS AGENCY:

- * ISSUES AND ENFORCES SAFETY RULES;
- * CERTIFIES AIRMEN, PILOT SCHOOLS, AVIATION MECHANIC SCHOOLS, AND REPAIR STATIONS;
- * CERTIFICATES AIRCRAFT, ENGINE, PROPELLORS AND COMPONENTS;

- * PROMOTES CIVIL AVIATION SECURITY;
- * PERFORMS FLIGHT INSPECTION OF AIR NAVIGATION FACILITIES;
- * ISSUES OPERATING CERTIFICATES TO AIRLINES.

AIRSPACE IS A WORD WE USE A LOT AT THE FAA. IT IS OUR RESPONSIBILITY TO:

- * CONTROL AIR TRAFFIC AND MANAGE THE U.S. AIRSPACE;

WE ALSO ARE INVOLVED IN INTERNATIONAL AVIATION. AMONG THE ACTIVITIES WE GET INVOLVED IN ARE:

- * NEGOTIATING BILATERAL AIRWORTHINESS AGREEMENTS WITH FOREIGN AVIATION AUTHORITIES;
- * CERTIFYING FOREIGN REPAIR STATIONS, AIRMEN AND MECHANICS;
- * PROVIDING TECHNICAL ASSISTANCE AND TRAINING TO FOREIGN AUTHORITIES.

TO CARRY OUT THESE RESPONSIBILITIES, WE HAVE SOME 50,000 EMPLOYEES, DISPERSED THROUGH NINE REGIONS AND TWO CENTERS, THERE ARE 22 ENROUTE CENTERS, 454 AIR TRAFFIC CONTROL TOWERS, 214 FLIGHT SERVICE STATIONS.

AMONG THE MAJOR PROJECT WE ARE INVOLVED IN INCLUDE IMPLEMENTATIONS OF A \$15.8 BILLION NAS PLAN AND A NEW CAPITAL INVESTMENT PROGRAM.

THE KEY ISSUES ON OUR PLATE NOW INCLUDE AVIATION SECURITY AND AGING AIRCRAFT.

NOW, I WOULD LIKE TO SHOW YOU A
BRIEF VIDEOTAPE WHICH SHOWS HOW THE AIR
TRAFFIC CONTROL SYSTEM WORKS.
FOLLOWING THAT, I WILL BE GLAD TO FIELD
SOME OF YOUR QUESTIONS.

Remarks by
FAA Administrator James B. Busey
ATCA Symposium of the FAA's FY 1991 Budget
Washington, DC
March 16, 1990

I appreciate your invitation to appear here today to kick off this symposium on FAA's Fiscal Year 1991 budget.

However, since most of you already know the details of the '91 budget as well as I do, I suspect what you really want to know is whether we are going to get all of the money we're asking for?

That question has crossed my mind, too.

And the answer is that I'm persistently optimistic. You get that way if you hang out with Sam Skinner long enough.

Sam never asks if something can or can't be done; he just wants to know how long it's going to take. Then, of course, he wants to know if you can do it faster.

Actually, if you look at the record, the agency has done quite well in recent years where the budget is concerned.

During a time when the Gramm-Rudman law has forced cutbacks and belt tightening across-the-board, FAA has been one of the few government agencies to receive budget increases.

For example, we got a boost of approximately eight percent in FY 1989, 12 percent in FY 1990, and we're asking for 16 percent in FY 1991.

Let me add quickly that these numbers are not the result of any favoritism on the part of either the Reagan and Bush Administration.

Rather, they reflect a continuing commitment by the Executive Branch to the modernization and expansion of the National Airspace System.

What we have here is a hard-headed business decision to invest critical resources where they will yield the most benefit. In slang terms, it's also called "putting your money where your mouth is."

The Congress also has exhibited consistent support for these goals and not just because the members use the system so frequently, traveling back and forth to service their states and districts.

In my conversations with the people on Capitol Hill, I have been extremely impressed with the knowledge and understanding of the important contributions that aviation makes to the nation's economy.

They also are aware of the potentially disastrous consequences of not keeping pace with the rapidly increasing demands for air transportation services.

A few words of acknowledgment and appreciation also should go to the people in this room from the various aviation trade and user organizations.

As part of my education as FAA Administrator, I've discovered that you have your own unique ways of making yourselves heard and understood in Washington.

And you all seem to be speaking with a single voice on one issue, at least. That is the critical need to expand system capacity.

I've been preaching the same gospel since I took office last summer and it's reassuring to know that I am not a lonely voice crying in the wilderness.

The editors of Business & Commercial Aviation, for instance, recently asked the leaders of the various general aviation trade and user organizations to identify the issues of the 1990's.

They found that the number one concern across-the-board was capacity and continued access to the system. Even John Baker went along with the crowd, although I'm sure it wasn't easy for him.

Still, this year's budgetary process promises to be especially challenging. One factor is the sheer size of the budget request -- \$8.3 billion, as I said, up 16 percent from the current level.

Despite popular opinion to the contrary, the Washington political establishment really doesn't enjoy spending the taxpayers hard-earned dollars, especially in an election year.

So we can expect very close scrutiny by the appropriations committees when the annual budget hearings begin next month. But we'll be ready for them.

Another consideration is the need to enact a parallel reauthorization bill to prevent user fees from expiring at the end of the year and to keep Trust Fund monies flowing into the agency's Facilities and Equipment (F&E) and Research, Engineering and Development (R,E&D) programs.

Funding authority for these two program areas expires on September 30. It continues another two years for the Airport Improvement Program.

Getting full funding of the F&E account is particularly vital since we are entering the home stretch on major NAS Plan projects and have begun the development of a more comprehensive and flexible capital investment plan for the post-NAS Plan era.

We also need to make interim improvements in the current system to ensure that demand doesn't outstrip capacity in the short run.

Moreover, let me make it clear that the 1991 budget request is not intended as a one-shot, catch-up infusion of F&E funds to compensate for past under-funding of these programs.

We need to continue spending at the '91 level over the next five years if we are going to outpace the steadily increasing demands of the air transportation industry and guarantee equal access to all system users.

In a minute, I will discuss the "reauthorization bill" which we will soon be sending to Congress. But, before I do, I want you to know what we are going to do to improve our performance in program management.

Those of you who have heard me speak before know that improving the procurement process to promote greater efficiency and economy from top to bottom has been one of my major goals from Day One as FAA Administrator.

We got a big boost in that direction last fall from Secretary Skinner when he restored to the FAA Administrator the authority to serve as the source selection official on major procurements.

And last month, I announced that FAA has realigned the agency's procurement system to deal more efficiently with the increased spending levels envisioned over the next five years.

The key element in the realignment is the creation of a new position of Executive Director for Acquisition to conduct oversight of the upgraded procurement effort.

It will be headed by John Burt, whom I brought into the agency last year primarily because of his extensive procurement experience in the Navy.

Getting back to the Administration's reauthorization bill, I believe its speedy enactment this summer is vital to meeting the aviation challenges of the 1990's.

The bill not only would authorize higher funding levels in vital program areas but also allow 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, or "head tax," of up to \$3 per passenger. We estimate that PFC's -- which I was surprised to learn are common in some 138 foreign countries -- could generate as much as \$1 billion annually at U.S. airports.

The Airport Improvement Program, meanwhile, would continue to be funded at approximately current levels but with more money available for capacity expansion projects.

The bill also would authorize the use of Trust Fund monies to cover 85 percent of the total FAA budget and would finance this through increased user fees.

This undoubtedly will be the most controversial portion of the Administration's proposal but we sincerely believe that the users of the system must pay a fairer share of the agency's future costs of doing business.

Without the increased user fees, the proposed 85 percent spending from the Trust Fund would bankrupt the Trust Fund after 1993.

Since 1982, the Airport and Airway Trust Fund has financed only 57 percent of FAA's total budget. However, during this time, the Trust Fund has funded only 24 percent of the cost to operate and control the aviation system.

Any way you look at it, that means the general taxpayer has been subsidizing air travel. A series of systematic cost allocation studies consistently show that private sector users should pay about 85 percent of FAA costs.

While taxpayers generally should pay for the 15 percent usage attributable to military and other public users, those who otherwise directly benefit have responsibility for the remainder of FAA's expenditures.

Financing 85 percent of FAA's total budget from the Trust Fund means that the capital improvement, grants, and research programs are financed 100 percent by the Trust Fund. This leaves about 72 percent of the operations costs paid for by the Trust Fund.

Now what do "operations costs" pay for? They pay for all the air traffic controllers who handle traffic seven days a week, 24 hours a day. Flight service specialists, who provide weather and advisories to pilots. The aviation safety inspectors, who conduct inspections necessary to ensure the airworthiness of aircraft and competency of airmen and mechanics.

They also pay for the airway facilities technicians who maintain the vast array of communication and radar systems for the safe movement of air traffic. The civil aviation security inspectors who oversee the security of the traveling public by U.S. air carriers throughout the world.

Finally, the "operation" account covers airport programs, leased telecommunications services, logistical and spare part support for the National Airspace System (NAS) Plan, and our training systems.

I think you will all agree that the FAA's operations are just as important as the capital improvement programs.

Just ask yourself this question: why should an airplane passenger's ticket fee pay only for the equipment that helps the plane land and not for the controller who guides the plane, the technician who keeps the equipment maintained properly, the inspector who helps ensure that the plane is safe, or the security specialist who inspects the airlines' security system?

But, it's not really my job to stand up here this morning and resolve all of the outstanding issues related to the budget and the reauthorization bill. You've got all day for that and, knowing what efficient problem solvers you all are, you might even be able to knock off a little early.

To help point the way, ATCA has lined up a distinguished group of speakers, ranging alphabetically from Arnie Aquilano to Kate Moore from the Secretary's Office mixed in for good measure. I also would like to acknowledge Frank Frisbie, a former FAA Associate Administrator.

In fact, when I look over the list of speakers, I wonder if we left anyone behind at 800 Independence Avenue to keep the agency running. I think I had better check into that.

Thank you for your attention.

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REMARKS BY ADMIRAL JAMES B. BUSEY
ADMINISTRATOR
FEDERAL AVIATION ADMINISTRATION
AOCI/AAAE WASHINGTON CONFERENCE
WASHINGTON, DC
MARCH 19, 1990

EVER SINCE I ARRIVED AT THE FAA -- NEARLY A YEAR AGO -- I HAVE BEEN EXAMINING WAYS TO STREAMLINE THE FAA/OST OPERATION. MANY OF YOU MET WITH MEMBERS OF MY STAFF AND THE STAFF FROM THE OFFICE OF THE SECRETARY TO DISCUSS THE IMPROVEMENTS YOU THOUGHT WERE NEEDED IN THE RELATIONSHIP BETWEEN THE SECRETARY AND THE ADMINISTRATOR AND THE DEPARTMENT OF TRANSPORTATION AND THE FAA.

IN TANDEM WITH THE DEVELOPMENT OF THE NTP, SECRETARY SKINNER AND I HAVE UNDERTAKEN A SERIES OF ACTIONS TO ENHANCE THE FAA'S ABILITY TO IMPLEMENT THE POLICY'S GOALS. WE HAVE BEGUN TO DEVELOP A NEW WORKING RELATIONSHIP BETWEEN DOT AND FAA AND TO PUT INTO PLACE ADMINISTRATIVELY AND LEGISLATIVELY THE TOOLS THE FAA WILL NEED TO MEET THE AVIATION CHALLENGES OF THE 1990's.

TODAY I AM PREPARED TO OUTLINE FOR YOU THE INTERNAL MANAGEMENT IMPROVEMENTS AND REFINEMENTS WE HAVE MADE. IN ADDITION, I AM PLEASED TO ANNOUNCE THAT THIS MORNING WE FORWARDED TO THE HILL THE FAA REAUTHORIZATION BILL -- OFFICIALLY KNOWN AS THE AIRPORT AND AIRWAY EXPANSION ACT OF 1990. BETWEEN THE INTERNAL IMPROVEMENTS THAT WE HAVE MADE -- AND THE LEGISLATIVE AUTHORITY WE SEEK IN THE REAUTHORIZATION BILL -- THE FAA WILL BE READY TO COMPLETE ITS COMMITMENT TO THE AVIATION SYSTEM OF THE 20TH CENTURY AND MOVE TOWARD THE IMPROVEMENTS AND ENHANCEMENTS WE NEED TO MAKE IN THE 21ST.

THE KEY INTERNAL IMPROVEMENTS ARE IN THE AREAS OF PROCUREMENT, PERSONNEL AND RULEMAKING:

- * FIRST, SECRETARY SKINNER LAST FALL RESTORED TO THE FAA ADMINISTRATOR THE AUTHORITY TO SERVE AS THE SOURCE SELECTION OFFICIAL ON MAJOR PROCUREMENTS -- THAT IS, PROCUREMENTS OVER \$150 MILLION.

- * AND JUST LAST MONTH, I ANNOUNCED THE REALIGNMENT OF THE AGENCY'S PROCUREMENT SYSTEM TO DEAL MORE EFFICIENTLY WITH THE PROJECTED SPENDING INCREASES I'LL BE TALKING ABOUT TODAY. THE KEY ELEMENT IN THIS REALIGNMENT IS THE CREATION OF A NEW EXECUTIVE DIRECTOR FOR ACQUISITION TO CONDUCT OVERSIGHT OF THE UPGRADED PROCUREMENT EFFORT. THAT WILL BE JOHN BURT, WHOM I BROUGHT INTO THE AGENCY LAST YEAR PRIMARILY BECAUSE OF HIS EXTENSIVE PROCUREMENT EXPERIENCE.
- * WE ARE STREAMLINING THE FAA/OST CONTRACT REVIEW PROCESS TO ELIMINATE DUPLICATION, AND WE ARE REFINING DEPARTMENTAL PROCUREMENT REQUIREMENTS THAT HAVE BUILT SOME DELAY INTO OUR PROCUREMENT SYSTEM.
- * IN THE PERSONNEL AREA, THE SECRETARY HAS DELEGATED TO ME THE AUTHORITY TO ESTABLISH SENIOR EXECUTIVE POSITIONS BELOW THE ASSOCIATE ADMINISTRATOR LEVEL. THIS GIVES ME THE ABILITY TO MANAGE MY EXECUTIVE RESOURCES TO MEET THE AGENCY'S NEEDS. IN ADDITION, HE HAS AUTHORIZED ME TO GRANT BONUSES TO THE SENIOR EXECUTIVE STAFF WHICH WILL ENHANCE MY ABILITY TO MANAGE THE AGENCY'S LEADERS.
- * FOR POSITIONS OF ASSOCIATE ADMINISTRATOR AND EXECUTIVE DIRECTOR, THE SECRETARY HAS ASKED THAT I BRIEF HIM ON MY DECISIONS AND GIVE HIM THE OPPORTUNITY TO MEET THE CANDIDATES I WOULD PLACE IN THESE SENIOR POLICY-SETTING POSITIONS. THAT SEEMS LIKE A FAIR REQUEST TO ME AND FULFILLS THE SECRETARY'S PROPER NEED FOR OVERSIGHT.
- * WE WILL MAKE GREATER USE OF SPECIAL AUTHORITIES TO HIRE PEOPLE WITH HIGH-LEVEL TECHNICAL AND MANAGERIAL SKILLS TO ALLOW THE AGENCY TO BRING IN QUICKLY HIGH-CALIBER TALENT TO HELP SOLVE OUR PROBLEMS.
- * AND WE ARE WORKING WITH OPM TO SPEED-UP THE PROCESS FOR HIRING AND TO ACCELERATE THE PROMOTION OF ELECTRONIC TECHNICIANS.

PERHAPS THE MOST STRIKING INTERNAL IMPROVEMENTS HAVE BEEN MADE IN THE RULEMAKING PROCESS WHERE WE ARE:

- * ESTABLISHING AN ADVISORY COMMITTEE TO WORK WITH US ON RULEMAKING.
- * ESTABLISHING PILOT PROGRAMS TO TEST WAYS TO STREAMLINE THE PETITION AND EXEMPTION PROCESSES,

- * ESTABLISHING A REBUTTAL COMMENT PERIOD THAT ALLOWS DIFFERING OPINIONS TO BE FULLY AIRED DURING THE RULEMAKING PROCESS AND,
- * IMPROVING PUBLIC HEARINGS SO THE PARTICIPANTS UNDERSTAND WHAT THE PROPOSED RULE IS ALL ABOUT.

IN ALL THESE AREAS -- PROCUREMENT, PERSONNEL AND RULEMAKING -- THE SECRETARY AND HIS STAFF WORKED CLOSELY WITH US TO RETURN THE GREATEST DEGREE OF AUTONOMY TO THE FAA WHILE STILL ENSURING THAT THE SECRETARY'S PROPER OVERSIGHT RESPONSIBILITIES ARE FULFILLED.

THE REAUTHORIZATION IS THE NEXT MAJOR STEP IN OUR EFFORT TO STREAMLINE THE AGENCY'S PROCESSES. IT ENSURES SUFFICIENT FUNDING LEVELS FOR OUR PROGRAMS AND SEEKS SOME LEGISLATIVE CHANGES IN THE PROCUREMENT AREA THAT ENHANCE THE REFINEMENTS ALREADY MADE.

PROBABLY MOST OF YOU ALREADY ARE GENERALLY FAMILIAR WITH THE MAJOR PROVISIONS OF THE REAUTHORIZATION SINCE THEY HAVE BEEN UNDER DISCUSSION FOR SOME TIME. I BELIEVE THIS ADMINISTRATION HAS PUT FORWARD A COMPREHENSIVE PROPOSAL TO DEAL WITH AVIATION IN THE 1990's. WE ARE FULFILLING OUR DUTY TO PROVIDE THE FEDERAL LEADERSHIP NECESSARY TO ADDRESS ALL OF THE CHALLENGES FACING OUR NATIONAL AVIATION INFRASTRUCTURE.

- * OUR LEGISLATION WILL MEET FUTURE CAPITAL DEVELOPMENT NEEDS BY INCREASING SPENDING FOR AIP, F&E, AND R&D.
- * IT WILL PROVIDE THE FAA WITH IMPORTANT MANAGEMENT TOOLS THAT WILL ALLOW US TO MANAGE OUR RESOURCES MORE RESPONSIBLY AND EFFECTIVELY.
- * IT PAVES THE WAY, THROUGH AUTHORIZATION OF A PFC, FOR LOCAL GOVERNMENTS TO RESPOND MORE EFFECTIVELY TO CAPACITY CONSTRAINTS.
- * IT WILL SPEND DOWN THE BALANCE IN THE AVIATION TRUST FUND.
- * IT RECOGNIZES BUDGET REALITIES IMPLICIT IN THE GREAT DEMAND FROM OTHER SECTORS IN SOCIETY FOR GENERAL REVENUES BY ASKING AVIATION USERS TO PAY A GREATER SHARE OF THE SYSTEM COSTS.

WITH THAT OVERVIEW, LET ME FILL IN SOME OF THE DETAILS.

THE MAJOR INNOVATION CALLED FOR IN THE FIVE-YEAR REAUTHORIZATION BILL -- AND THE ONE THAT IS OF THE GREATEST INTEREST TO THIS AUDIENCE, CERTAINLY -- IS THE PROVISION THAT WOULD ALLOW AIRPORT OPERATORS TO COLLECT A PASSENGER FACILITY CHARGE, OR PFC. SOME SOURCES ESTIMATE THAT THE PFC COULD GENERATE AS MUCH AS \$1 BILLION ANNUALLY IN ADDITIONAL AIRPORT PROJECT FUNDS.

I WON'T GET INTO THE DETAILS OF THE PFC PROPOSAL BECAUSE SECRETARY SKINNER WILL BE DISCUSSING THIS ISSUE WITH YOU TOMORROW.

LET ME JUST SAY THAT, AS IS THE CASE WITH MOST PROPOSED LEGISLATION, SOME OF THESE POINTS WILL HAVE TO BE CLARIFIED THROUGH REGULATIONS. THE BILL GIVES THE SECRETARY OF TRANSPORTATION UP TO ONE YEAR TO IMPLEMENT RULES GOVERNING THE IMPOSITION, COLLECTION AND USE OF PASSENGER FACILITY CHARGES.

IN REGARD TO THE PFC, LET ME SAY THAT THE SECRETARY AND I ARE LOOKING FORWARD TO THE RECOMMENDATIONS OF THE AIRPORT CAPACITY FUNDING ADVISORY COMMITTEE. WE RECOGNIZE AND APPRECIATE THE HARD WORK OF THIS GROUP, WHICH INCLUDES REPRESENTATIVES OF BOTH AIRPORTS AND AIRLINES, AND WE EXPECT THAT IT WILL PRODUCE SOME USEFUL SUGGESTIONS TO IMPROVE OUR PFC PROPOSAL.

OVER THE FIVE-YEAR LIFE SPAN OF THE BILL, \$7.70 BILLION WOULD BE MADE AVAILABLE IN AIP GRANTS -- A 28 PERCENT INCREASE OVER THE AMOUNTS MADE AVAILABLE DURING THE PAST FIVE YEARS.

WITHOUT A DOUBT, THE MOST CONTROVERSIAL SECTION OF THE REAUTHORIZATION BILL WILL BE -- ACTUALLY, ALREADY IS -- THE PROPOSAL TO INCREASE USER FEES. NOBODY LIKES TO HEAR THAT THE GOVERNMENT IS RAISING THE COSTS OF ESSENTIAL SERVICES AS WITNESSED BY THE HUE AND CRY THAT WENT UP WHEN THE POSTAL SERVICE ANNOUNCED THAT IT PLANNED TO INCREASE THE COST OF FIRST CLASS POSTAGE NEXT YEAR FROM 25 TO 30 CENTS.

BUT I'VE GOT ENOUGH PROBLEMS WITHOUT DEFENDING THE POSTAL HIKE. I JUST WANTED TO MAKE THE POINT THAT GAO AND OTHER GOVERNMENT STUDIES SHOW THAT THE USERS OF THE NATIONAL AIRSPACE SYSTEM ARE NOT PAYING THEIR FAIR SHARE OF SYSTEM COSTS. UNFORTUNATELY, THIS FACT IS NOT WIDELY UNDERSTOOD BECAUSE OF THE LARGE UNCOMMITTED BALANCE IN THE AVIATION TRUST FUND. BUT TO A GREAT EXTENT, THAT SO-CALLED "SURPLUS" IS THE RESULT OF THE "PENALTY PROVISION" IN THE CURRENT LEGISLATION THAT RESTRICTS THE USE OF THESE MONIES FOR THE OPERATIONS AND MAINTENANCE OF THE SYSTEM.

LET ME CITE A COUPLE OF NUMBERS TO ILLUSTRATE THAT POINT: DURING THE PERIOD 1982-1990, FAA PROGRAM COSTS WERE \$46 BILLION AND, AT 85 PERCENT, THE USERS' SHARE WOULD BE \$39 BILLION. BUT, ONLY \$24 BILLION WAS COLLECTED IN USER FEES. THE \$15 BILLION SHORTFALL HAD TO BE DRAWN FROM THE GENERAL FUND WHICH, ANY WAY YOU SLICE IT, REPRESENTS A SUBSIDY FOR AVIATION. MOREOVER, THE FAA'S FY 1990 BUDGET IS \$7.1 BILLION WITH THE CURRENT USER FEE SCHEDULE EXPECTED TO GENERATE ABOUT \$3.9 MILLION, ONLY 55 PERCENT.

EVEN WITH THIS FUNDING SCENARIO, I THINK IT'S IMPORTANT TO NOTE THAT SIGNIFICANT CAPITAL INVESTMENTS HAVE BEEN MADE FROM THE AVIATION TRUST FUND. APPROPRIATIONS FOR AIP HAVE GROWN FROM \$250 MILLION IN FY 1970 TO \$1.425 BILLION IN FY 90. IN F&E, WE'VE GONE FROM A \$400 MILLION APPROPRIATION IN 1970 UP TO \$1.7 BILLION IN 1990. IT IS OFTEN SAID THAT THE TRUST FUND IS NOT BEING USED AS IT WAS INTENDED. IN FACT, IT HAS FUNDED SIGNIFICANT CAPITAL EXPENDITURE OVER ITS LIFETIME. FROM 1982 THROUGH 1990, ALMOST \$19.4 BILLION HAS BEEN APPROPRIATED TO FUND AIRPORTS, EQUIPMENT, AND RESEARCH, AND DURING THAT TIME FRAME, \$6.4 BILLION HAS BEEN APPROPRIATED FROM THE TRUST FUND FOR OPERATIONS.

RECOGNIZING THAT THERE ARE TREMENDOUS COMPETING INTERESTS FOR GENERAL REVENUES, OUR PROPOSAL SEEKS TO INCREASE BOTH CAPITAL AND OPERATIONS PAYMENTS FROM THE TRUST FUND. GIVEN THE COMPETITION FOR GENERAL REVENUES, WE BELIEVE THAT IF WE ARE GOING TO ADDRESS THE AVIATION SYSTEM'S NEEDS, WE HAVE TO RESTRUCTURE OUR APPROACH. CONSEQUENTLY, THE REAUTHORIZATION BILL PROPOSES TO INCREASE THE USER-FUNDED SHARE OF THE FAA BUDGET FROM THE CURRENT LEVEL OF ABOUT 57 PERCENT TO 85 PERCENT FOR THE FIVE YEARS COVERED BY THE LEGISLATION, CONSISTENT WITH OUR COST ALLOCATION STUDIES OF THE APPROPRIATE LEVEL OF USER CONTRIBUTION.

AS I'VE ALREADY INDICATED, WHAT THIS MEANS TO AIRLINE PASSENGERS, FREIGHT SHIPPERS AND GENERAL AVIATION OPERATORS IS A MODERATELY HIGHER ADMISSION PRICE TO FLY IN THE NATIONAL AIRSPACE SYSTEM. MORE SPECIFICALLY, THE AIRLINE PASSENGER TICKET TAX WOULD INCREASE FROM 8 TO 10 PERCENT AND THE CHARGE ON FREIGHT WAYBILLS FROM 5 TO 6 PERCENT. SIMILAR INCREASES ARE PROPOSED FOR GENERAL AVIATION FUEL TAXES -- FROM 12 TO 15 CENTS PER GALLON FOR AVIATION GASOLINE AND 14 TO 18 CENTS PER GALLON FOR JET FUEL.

THE HIGHER USER FEES ARE NECESSARY TO FINANCE SIGNIFICANT INCREASES IN CAPITAL SPENDING OVER THE NEXT FIVE YEARS ALONG WITH HIGHER R,E&D LEVELS. AND WE STILL SPEND DOWN THE UNCOMMITTED BALANCE IN THE AVIATION TRUST FUND FROM THE PROJECTED LEVEL OF \$7.6 BILLION AT THE END OF THE CURRENT FISCAL YEAR TO LESS THAN \$3 BILLION AT THE END OF FY 1995.

THE BIGGEST INCREASE IN SPENDING WOULD BE FOR FACILITIES AND EQUIPMENT. OVER THE FIVE-YEAR PERIOD COVERED BY THE BILL, F&E SPENDING WOULD INCREASE APPROXIMATELY 130 PERCENT WHEN COMPARED TO THE PRECEDING FIVE YEAR PERIOD. THE TOTAL WOULD BE \$13.5 BILLION, OR AN AVERAGE OF \$2.7 BILLION ANNUALLY.

THESE SPENDING LEVELS ARE NECESSARY BECAUSE WE NOW ARE IN THE HOME STRETCH ON MOST OF THE MAJOR PROJECTS IN THE NATIONAL AIRSPACE SYSTEM PLAN AND EXPECT TO HAVE THEM SUBSTANTIALLY COMPLETED BY THE MID-NINETIES. IN FACT, AS I'M SURE YOU ARE AWARE, WE NOW ARE IN THE PROCESS OF REPLACING THE NAS PLAN WITH A NEW MORE COMPREHENSIVE CAPITAL INVESTMENT PLAN THAT ADDRESSES THE NEEDS OF THE NINETIES AND BEYOND. IT WILL BE CONSIDERABLY BROADER IN SCOPE THAN THE NAS PLAN AND ALSO -- BY CLEARLY DISTINGUISHING BETWEEN NEAR-TERM AND LONGER-RANGE PLANNING EFFORTS -- PROVIDE US WITH THE FLEXIBILITY WE NEED TO DEAL WITH NEW TECHNOLOGY AND CHANGING SYSTEM REQUIREMENTS.

ON THE MANAGEMENT SIDE, THE LEGISLATION WOULD GIVE THE FAA ADMINISTRATOR MULTI-YEAR LEASING AND PROCUREMENT AUTHORITY. MULTI-YEAR LEASES COULD BE NEGOTIATED FOR PERIODS OF UP TO 20 YEARS AND YOU DON'T HAVE TO BE A CPA TO FIGURE OUT THE POTENTIAL SAVINGS THAT COULD BE REALIZED FROM THIS APPROACH.

MULTI-YEAR PROCUREMENTS WOULD BE AUTHORIZED IN CASES WHERE THEY ARE IN THE GOVERNMENT'S BEST INTEREST AND WOULD PROMOTE SAFETY OR EFFICIENCY IN THE NATIONAL AIRSPACE SYSTEM.

IT ALSO DESIGNATES THE FAA ADMINISTRATOR AS THE SENIOR PROCUREMENT OFFICIAL FOR SIGNIFICANT FAA SOLE SOURCE PROCUREMENTS.

IN SUBMITTING THE REAUTHORIZATION BILL TO THE CONGRESS, SECRETARY SKINNER NOTED THAT WE HAVE BEEN ASSURED BY OPM THAT FAA'S PERSONNEL PROBLEMS WILL RECEIVE REAL CONSIDERATION IN THE DRAFTING AND CARRYING OUT OF LEGISLATION THAT THE ADMINISTRATION WILL PROPOSE TO AMEND FEDERAL PERSONNEL LAWS.

AT THE MOMENT, HOWEVER, OUR FIRST LEGISLATIVE PRIORITY MUST BE OBTAINING QUICK PASSAGE OF THE REAUTHORIZATION BILL. WE SIMPLY CAN NOT AFFORD TO HAVE THE FUNDING MECHANISMS FOR OUR VITAL CAPITAL IMPROVEMENT PROJECTS DISRUPTED.

EVER SINCE I TOOK OVER AS FAA ADMINISTRATOR LAST SUMMER, I'VE BEEN TALKING ABOUT THE NEED TO EXPAND SYSTEM CAPACITY TO JUST ABOUT EVERY CAPTIVE AUDIENCE THAT WOULD HAVE ME.

ACHIEVING THAT GOAL IS GOING TO TAKE THE BEST EFFORTS OF ALL OF US WORKING TOGETHER. THAT IS, FEDERAL, STATE AND LOCAL GOVERNMENTS, THE PRIVATE SECTOR, AVIATION-ORIENTED ORGANIZATIONS LIKE AAAE AND AOCI, AND THE SYSTEM USERS. WE ALL HAVE A STAKE IN THIS.

ESSENTIALLY, THAT IS THE MESSAGE IN THE NATIONAL TRANSPORTATION POLICY. THE POLICY REAFFIRMS THE LEADERSHIP ROLE OF THE FEDERAL GOVERNMENT IN MEETING THE NATION'S TRANSPORTATION CHALLENGES INTO THE 21ST CENTURY BUT EMPHASIZES THAT FUNDING FOR THESE PROJECTS MUST COME FROM A VARIETY OF SOURCES, INCLUDING A "CONTINUING AND SUBSTANTIAL INFUSION OF PRIVATE CAPITAL."

LET ME INTERJECT HERE THAT I WAS EXTREMELY PLEASED -- AND I KNOW SECRETARY SKINNER WAS AS WELL -- BY YOUR SOLID ENDORSEMENT OF THE NATIONAL TRANSPORTATION POLICY GOALS AND YOUR PLEDGE TO WORK CLOSELY WITH THE FEDERAL GOVERNMENT TO TRANSLATE THESE GOALS INTO ACTION. GIVEN THE KEY ROLE THAT AIRPORTS PLAY IN THE NATIONAL AVIATION SYSTEM, YOUR SUPPORT IS ABSOLUTELY ESSENTIAL TO THE SUCCESS OF THIS EFFORT.

MOREOVER, I THINK YOU GRASPED WHAT MANY OTHER PEOPLE SEEM TO HAVE MISSED IN THEIR CONSIDERATIONS OF THE POLICY STATEMENT. THAT IS, THAT PUBLICATION OF THIS DOCUMENT MARKED THE BEGINNING OF A STRATEGIC PLANNING PROCESS DESIGNED TO GET AMERICA MOVING AGAIN AND NOT THE END OF THAT PROCESS.

SO I LOOK FORWARD TO WORKING WITH ALL OF YOU TO GET THE PROCESS STARTED. WE'VE GOT OUR WORK CUT OUT FOR US. BUT THERE'S NO TELLING HOW MUCH WE CAN ACCOMPLISH IF WE ALL PULL TOGETHER.

THANK YOU.

Talking Points for The Administrator's
Appearance at "Newsmakers"

- o Most of the questions I'm asked these days relate--in one way or another--to aviation safety. So why don't I start with a quick rundown on some of the things the FAA is doing to maintain the title U. S. aviation has always held--the safest and most efficient system in the world.
- o Modernization is the crucial element in aviation safety. Just last week the FAA announced a \$22 billion, five-year reauthorization plan to boost airport and airway capacity, and continue the updating of the nation's air traffic system. This is the first action taken by DOT to implement Secretary Skinner's recently announced National Transportation Policy.
- o What the plan does is give the FAA the tools the agency needs to meet the challenges of the 1990's.
- o Who is going to pay the bill? The plan calls for new approaches to generate revenue, including "passenger facility charges" which would give local airports greater flexibility in generating and using revenue for airport projects. The proposal also calls for paying 85 percent of the FAA's budget with trust fund revenues.
- o Let me turn now to two more actions announced by the FAA this month--actions I hope will bring about dramatic improvement in the way the FAA does business. The actions deal with both general aviation and air carriers, and are targeted on increasing compliance with safety regulations.
- o Compliance is the literal cornerstone for the system we call aviation safety. The FAA cannot--nor was it ever designed to--have an inspector looking over the shoulder of every pilot or mechanic. My new program is designed to improve compliance by increasing the incentives to comply. For example, I've asked the airlines to develop a strict self-audit program. If this self-audit program uncovers an inadvertent violation--and that violation is reported immediately along with a program to correct the problem--then the FAA will not take enforcement action.

- o I want to touch briefly on another subject that's "in -the-news": Airport security. The FAA has an ongoing program to continually tighten the security network. We now have explosive detection devices operating at Kennedy Airport, Miami International, and we are putting the final touches on an agreement to install a device at London's Gatwick Airport. In addition, just this month we approved a new program designed to upgrade the standards for hiring, training and testing personnel who conduct security screening for airline passengers.
- o Next, I want to touch briefly on controller staffing. We have reached our goal of a 17,000 controller work force for FY 1990. That number includes 15,024 operational controllers--of which 10,251 are full performance level controllers (FPL). Since 1988, we have increased the number of FPLs by about 500 per year.
- o The term "FPL" has taken on more significance in the public mind than it really merits. Actually, the number of operational controllers is the best indicator of appropriate staffing levels. An operational controller is one who is checked out at two or more operational positions. So, when operational controllers are working at those positions, they are in essence FPLs. Obviously, a FPL who is qualified at all positions in a facility gives the manager more flexibility, but that's about all.
- o I'm sure I'll get a question on alcohol and flying before I leave so let me make the FAA's position on the problem very clear: It will not be tolerated! Any pilot who abuses drugs or alcohol will be removed from the cockpit. Let me tick off several of the FAA's recent actions to insure that my words become fact.
- o I've initiated a six-point plan aimed at making FAA inspectors more proficient at detecting alcohol violations.
- o Yesterday, I sent a letter to the CEO'S of all major airlines urging them to support this tough anti-alcohol program.
- o Finally, we are moving ahead with rulemaking action which would allow FAA to deny application, or suspend, or revoke an airman's certificate for certain alcohol or drug-related motor vehicle offenses.

- o Before I get to your questions, let me add this:
Commercial aviation is an extraordinary safe travel system,
and getting safer. Since 1979--the first year of
deregulation--the total number of commercial accidents and
fatalities have significantly decreased--while the number
of hours flown and the number of passenger enplanements
have increased dramatically. I see those kinds of
statistics as proof we are on the correct course.

REMARKS BY
ADMIRAL JAMES B. BUSEY
ADMINISTRATOR
FEDERAL AVIATION ADMINISTRATION
BEFORE THE AERO CLUB OF
WASHINGTON, DC.
MARCH 27, 1990

I am pleased to be with you this afternoon, and I'm especially grateful for the chance to talk to you about the most important subject I can think of: aviation safety. I'm also grateful to the AERO Club of Washington for making this opportunity to talk to you possible.

Several weeks ago, I announced a major safety initiative. It primarily affected the general aviation community. After months of study and evaluation and an extensive series of listening sessions across the country, we at the FAA came up with a new program--a program we are confident will improve safety by encouraging compliance with our aviation regulations.

I announced our plan to establish a renewed partnership with general aviation to make our skies safer for everyone. This program emphasizes better and increased communications between FAA and the general aviation community. In addition, it encourages FAA inspectors to use all available tools--administrative action, education, training, as well as legal enforcement action, to achieve compliance.

One of our many initiatives was to rescind the mandatory 60-day grounding of pilots for certain airspace violations. Our overall objective is to reestablish solid lines of communication with the general aviation community so that we will achieve a higher level of compliance with a resulting higher degree of safety. I think general aviation will be well served by these initiatives.

Today, I intend to talk about another important sector of the aviation industry, a sector whose activities will involve some 480 million passenger enplanements this year and a billion enplanements a year before the year 2010.

I'm speaking, of course, of the commercial sector, the air carriers who provide a service vital to the free world and essential to the economy of our country. We hold these companies to the highest standards of compliance and safety performance. We hold their pilots to our highest standards of medical fitness as well as the highest standards of professional skill and performance.

Now when I say we hold these pilots to these high standards, I'm not suggesting that we have an inspector in every cockpit, or in every maintenance shop, or at every security gate...at least not 100 percent of the time. We all know that in terms of manpower and money that's not possible. But, more importantly, it's really not necessary.

It's not necessary because fortunately, in this country, we have a long and fundamental tradition of voluntary compliance. Voluntary compliance: it is arguably one of the most important precepts of our democratic system of self-governance.

We assume people will voluntarily pay their taxes and will voluntarily comply with a whole host of laws and regulations. We assume it because we have imposed these taxes and regulations upon ourselves. We do this to assure the common good, and our individual safety and security. If people don't voluntarily obey these regulations, they are subject to stiff penalties.

The Federal Aviation Regulations--the FAR's--are nothing more than an extension of this concept applied especially to aviation. Voluntary compliance is essential here, too, both to the concept and the process.

We have traditionally relied on the carriers to voluntarily comply with the regulations which were crafted to assure the highest level of safety and security for the traveling public. In fact, the Federal Aviation Act of 1958 requires each certificate holder to comply with the regulations.

Of course, as a regulatory agency, the FAA fields inspectors to make certain the letter and the intent of the regulations are being adhered to.

Since deregulation, commercial air traffic has increased significantly. Demands on our inspector work force have increased, but our primary focus remained to assure safety through compliance.

In the late 80's, the FAA began to encourage the airlines to conduct their own internal audits. We reasoned that by encouraging airlines to conduct self-examinations and find and report problem areas, we were, in effect, exponentially increasing surveillance and compliance.

This was a good start. But, since that start some carriers have expressed concern that the FAA proceeded with enforcement actions even when the carriers own audit teams, not FAA inspectors, detected violations. Consequently, as might be expected, reporting never has become widespread. The process doesn't work.

I can tell you this is a major concern to me. The system isn't working as intended. As a result, I believe we have lost two major opportunities to enhance safety and compliance.

First, we don't know what priority, if any, the carriers are assigning to internal audits.

Second, the FAA has lost a potentially valuable source of information on trends and common problem areas within the industry. This source has the potential to identify problems that may be systemic among all carriers.

Instead of taking a positive step forward in our quest for a safer aviation system, we are, in my opinion, blocking ourselves from moving forward. This isn't acceptable.

I want to promote a spirit of cooperation--a new relationship with the aviation industry--so that we can work together to identify and correct deficiencies before they actually affect the safe operation of aircraft. I want to revitalize the partnership for safety.

Therefore, today I am announcing a major change in the FAA's enforcement policy. Simply stated, it is this: If you discover an inadvertent violation, correct the problem, report it promptly to the FAA, and put in place a permanent fix acceptable to FAA to make sure it will not happen again, the FAA will not penalize you...Period.

In other words, we want to encourage carriers to shift their resources from contesting punitive enforcement actions to making their operations safer. Internal evaluation promises to benefit the aviation industry and the FAA by allowing each of us to use our resources more positively, intelligently and effectively.

This new policy--which I am sending shortly to the CEOs of major airline companies--is based on the time-honored principle and statutory mandate that primary responsibility for monitoring and ensuring compliance lies with the certificate holder. It also takes into account the fact that the 200,000 people in the industry are in the best position to put their own houses in order.

By the same token, it also recognizes the fundamental reality that the FAA, with its relatively small corps of inspectors, cannot police every aspect of the industry, cannot crawl through the belly of every aircraft, look over the shoulder of every pilot, or personally screen every passenger and piece of luggage that flies in the system.

The system was never meant to work that way, and I want to make sure FAA policy reflects that reality.

I want to encourage executives of airline companies to monitor personally the safety of their operations as closely as they monitor their bottom line. In fact, high-level corporate oversight is key to the success of any internal evaluation effort. It means providing continuous review and oversight of policies, practices, procedures, and systems to maximize safety.

This may involve designating a safety auditor or setting up a separate safety department reporting directly to the CEO. Or it may be some other structure that becomes an integral part of everyday management.

Of course, the structure a company decides to use is up to the company.

In July of last year, the FAA began a six month process of holding meetings throughout the country to discuss the concept of internal evaluation. Represented at these meetings were 39 Part 121 airlines, 30 Part 135 operators, four air carrier associations, 25 FAA field offices, and all nine FAA regions.

Reaction to the concept has generally been positive, and I am heartened by the fact that some major carriers are developing their own version of an internal audit program. I applaud their efforts. And I am confident that the further incentive I have announced today will serve as an acknowledgement to the carriers who have taken the lead and encourage the rest to follow.

There is also one other point I'd like to make. Internal evaluation is totally consistent with the Total Quality Management concept we are currently promoting at the FAA.

TQM, as it is known, is essentially a process for continually improving products and services. It is catching on in a broad range of industries across the nation. You may have heard of it. I predict TQM will revolutionize the way industry does business, and I predict it will help the U.S. aviation industry maintain its competitive advantage in world aviation.

What I'm suggesting is that the aviation industry can apply a concept which matches their bottom line to our bottom line: safety and security.

The details of my proposal are still being worked out. We will publish guidance materials to define and describe our program. This summer, the agency will conduct training seminars to provide guidance for our inspectors. And, by this fall, we will have model programs available. These model programs can be tailored to specific needs, regardless of an organization's size or complexity.

I want to make it clear that compliance with safety and security regulations is what we want to achieve. The initiative I announced today is designed to renew and strengthen the government/industry partnership that has historically promoted this objective.

One area in particular where we need to do a better job of working together is the detection of pilots who violate alcohol- and drug-related regulations. We simply cannot tolerate or protect pilots who abuse drugs and alcohol. They are jeopardizing public safety and public confidence in aviation and we must remove them from the cockpit.

Recently, I initiated a six-point plan aimed at making FAA inspectors more proficient at detecting violations of FAA's alcohol- and drug-related regulations. In addition, today, I am sending a letter to the CEOs of all "major" and "national" airlines, as well as the CEOs of Washington organizations representing the airlines, reminding them of their duty to join in this effort.

Finally, we are moving ahead with rulemaking action that would allow FAA to deny application or suspend or revoke an airman's certificate for certain alcohol- or drug-related motor vehicle offenses.

This proposed rule will supplement, not replace, current stringent regulations governing alcohol and drug use by crew members. It will give us another important tool to help rid aviation of a threat to safety that we cannot ignore.

All of us here today understand that U.S. aviation is the safest in the world. We can take pride in this record. But, in our quest for perfection there is always room for improvement. That's the whole idea behind the voluntary Internal Evaluation Program, and the reason we are inaugurating this new incentive.

I will be monitoring this program very closely, and I won't hesitate to exercise my statutory responsibility to make whatever changes I feel are necessary to assure that compliance, safety, and security are being served well.

Make no mistake, our FAA inspectors will continue to conduct regular inspections and surveillance. And they will still expect and demand 100 percent compliance with the rules and regulations. The only difference is that this objective, in our judgment, will be better achieved by a cooperative effort. My message to the industry is this: I'm holding out my hand to you. Take it and we can move out together on the path towards full compliance and improved safety.

It's simple. Catch an inadvertent compliance error. Correct it. Report it promptly. Put a permanent fix in place. You win, we win, but most importantly, the public wins!

I look forward to working with the industry and with all of you in this new spirit, this new partnership for safety. Most of all, I look forward to the benefits that will accrue to the flying public. As Pogo might have said had he worked for the FAA: We met the beneficiaries, and they are all of us.

Thank you.

TALKING POINTS
FOR USE BY
FAA ADMINISTRATOR JAMES B. BUSEY
IN PRESENTING
FAA AWARD FOR DISTINGUISHED SERVICE
TO CLIFTON VON KANN

AERO CLUB
WASHINGTON, D.C.
MARCH 27, 1990

- * IT'S A PLEASURE FOR ME TO PRESENT THE
FAA AWARD FOR DISTINGUISHED SERVICE
TO CLIF VON KANN.
- * IT IS ONLY FITTING THAT WE RECOGNIZE
CLIF WITH THIS AWARD BECAUSE HIS
CAREER HAS TRULY BEEN DISTINGUISHED.

- * I GUESS I SHOULD SAY "CAREERS," IN THE PLURAL, BECAUSE CLIF HAS HAD A LEAST THREE DISTINGUISHED CAREERS AND IS ALREADY WORKING ON A FOURTH.
- * HE SERVED FOR ALMOST 30 YEARS IN THE U.S. ARMY, RETIRING IN 1965 AS A MAJOR GENERAL.
- * HIS LAST POST WAS AT FT. RUCKER, ALABAMA, WHERE HE SERVED AS COMMANDING GENERAL OF ABOUT 7500 MILITARY AND CIVILIAN PERSONNEL ENGAGED IN FLIGHT TRAINING, FLIGHT TESTING, AND EVALUATION OF ARMY AIRCRAFT ACCIDENT RESEARCH AND SAFETY PROGRAMS, AS WELL AS HUMAN FACTORS RESEARCH.

- * FROM THAT DISTINGUISHED MILITARY CAREER, CLIF WENT ON TO SERVE FOR 15 YEARS AS SENIOR VICE PRESIDENT FOR OPERATIONS AND AIRPORTS AT THE AIR TRANSPORT ASSOCIATION.
- * AT ATA, HE WAS INVOLVED IN VIRTUALLY EVERY ASPECT OF AIRLINES--SAFETY, AIRPORT PROGRAMMING AND FINANCING, REGULATIONS, TRAINING, AIR TRAFFIC CONTROL, R&D, MAINTENANCE.
- * IT WAS AT ATA--AND FOR THE LAST DECADE AT THE NATIONAL AERONAUTIC ASSOCIATION--THAT FAA GOT TO KNOW AND RESPECT CLIF VON KANN AS A STRONG ADVOCATE AND EFFECTIVE SPOKEMAN FOR AVIATION.

- * OVER THE YEARS, CLIF HAS WORKED CLOSELY WITH FAA ON PROJECTS TO IMPROVE AVIATION, AND HE HAS NOT HESITATED TO SPEAK OUT WHEN HE THOUGHT WE WERE WRONG.
- * HE HAS BEEN SO INVOLVED IN SO MANY ASPECTS OF AVIATION THAT TO TICK OFF ONLY A FEW OF THE HIGHLIGHTS FROM HIS CAREER SEEMS INADEQUATE.

- * SO CLIF, WILL YOU PLEASE STEP UP HERE AND PERMIT ME TO PRESENT YOU WITH THIS AWARD FROM THE FAA. AS YOU HAVE MOVED FROM BEING THE PRESIDENT OF THE NATIONAL AERONAUTIC ASSOCIATION TO BE CHAIRMAN OF THE BOARD, WE IN THE FAA THANK YOU FOR THAT SERVICE TO AVIATION. WE ALSO WISH YOU WELL AND PLEDGE OUR SUPPORT AS YOU SERVE AS PRESIDENT OF THE FEDERATION AERONAUTIQUE INTERNATIONALE. (READ CITATION)
- * I WOULD BE REMISS IF I DIDN'T RECOGNIZE YOUR WIFE KITTY BECAUSE SHE CERTAINLY HAD A MAJOR PART TO PLAY IN YOUR CAREER SUCCESS. COMING FROM A MILITARY BACKGROUND MYSELF, I KNOW FIRST-HAND THE SACRIFICES THAT WIVES HAVE TO MAKE FOR THEIR HUSBANDS' CAREERS.

- * SO, KITTY, HALF OF THIS PLAQUE IS FOR YOU. GODSPEED TO BOTH OF YOU AND BEST WISHES IN YOUR NEW ENDEAVORS.

NATIONAL PRESS CLUB MORNING NEWSMAKER, JAMES BUSEY, ADMINISTRATOR,
FEDERAL AVIATION ADMINISTRATION, NATIONAL PRESS CLUB
WEDNESDAY, MARCH 28, 1990

F-3-1 page# 1

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ADM. BUSEY: Thank you, John, and good morning, ladies and gentlemen.

Most of the questions that I'm asked these days relate in one way or another to aviation safety, so I thought I'd start this morning with a rather brief rundown on some of the things that the FAA is doing to maintain the title that United States aviation has always held, that is, the safest and the most efficient system in the world.

Modernization is the crucial element in aviation safety. Just two weeks ago, we in the FAA announced a \$22 billion, five-year reauthorization plan to boost airport and airway capacity and to continue to update the nation's air traffic system. This is the first action taken by the Department of Transportation to implement Secretary Skinner's recently announced national transportation policy.

What the plan does is give the FAA the tools that we in the agency need to meet the challenges of the '90s and beyond. The question is who's going to pay for the bill? The plan calls for new approaches to generate revenue, including passenger facility charges, which would give local airports greater flexibility in generating and using revenue for airport projects. The proposal also calls for paying 85 percent of the FAA's budget costs out of trust fund revenues.

Let me mention now two other actions announced by the FAA just this month, actions that I hope will bring about dramatic improvement in the way the FAA does business with our customers, the users of the national airspace system. These actions deal with both general aviation and with the air carriers and are targeted on increasing compliance with our safety and operational regulations.

Compliance is the literal cornerstone for the system that we call aviation safety. The FAA cannot, nor was it ever designed to have an inspector looking over the shoulder of every pilot or every mechanic operating in our system. Our new program and emphasis is designed to improve compliance by increasing the incentives to comply. For example, I've asked the airlines to develop a strict internal self-auditing program with top management oversight and involvement. If this self-audit program uncovers an inadvertent violation of the federal air regulations, and that violation is reported immediately to an FAA inspector and action is taken immediately to correct the discrepancy so that it cannot occur again, the FAA will not take enforcement action.

In other words, what I'm trying to do is to gain the support and more active participation by the air carrier maintenance

compliance instead of spending time litigating the issues and the violations which may lead to severe penalties.

Let me touch briefly on another subject that's in the news, and that is airport security. The FAA has an ongoing program to continuously tighten the security network, both domestically and internationally. We now have explosive detection devices, the TNA devices in operation at Kennedy and at Miami International, and we're putting the final touches on an agreement to install a device at London's Gatwick Airport. In fact, the final agreement will be signed this week and then we'll be able to move forward with installing a TNA device at Gatwick.

In addition, just this month we approved a new program designed to upgrade the standards for hiring, training, and testing the personnel who conduct security screening for all airline passengers at our domestic airports here in the United States. We're trying to upgrade the performance standards and the hiring standards of these persons that operate the vital X-ray screening machines that all of you are familiar with.

I next want to touch briefly on the controller situation, the air traffic controller staffing, which is the key part of our management of the air traffic control system. We've reached our goal of 17,000 controllers in the workforce for this fiscal year, for fiscal year '90. That number includes 15,000 operational controllers, of which 10,000 are full performance level controllers, or FPLs. Since 1998 (sic) we have increased the number of FPLs in the workforce, full performance level controllers in the workforce by roughly 500 per year. The term FPL, full performance level, has taken on a lot of significance in the public mind, and in my judgment, more than it perhaps really merits. Actually, the number of operational controllers, the 15,000 that I mentioned, in my judgment is the best indicator of appropriate staffing levels. An operational controller is a man or woman who has checked out at two or more operational positions in a facility. So when operational controllers are working at the positions for which they are checked out, they are really full performance level controllers. Obviously, a full performance level controller who is defined as a person that's checked out at all of the positions in a facility, and there may be three, four, or five various positions in a control tower or terminal radar facility or an en route facility, so a full performance level who is qualified in all positions gives management more flexibility. But that's really about the only distinction.

I'm sure I'll get a question this morning on alcohol and flying before we're finished, so let me make the FAA's position on that problem very clear this morning. It will not be tolerated. Any pilot who abuses drugs or alcohol will be removed from the cockpit. And I can mention several of the recent actions that we've taken following events of the last several weeks to ensure that my words in fact are true. We have initiated a six-point plan internal to the FAA which is designed to heighten the awareness and give more tools to our inspectors out in the field so that they can become

more proficient at detecting alcohol abuse and violations in the aviation industry.

Yesterday, I sent a letter to the CEOs of all the major airlines, urging them to join in and support us in a partnership basis by supporting this tough anti-alcohol program. All of the major air carriers have for the last decade been partners in an effort to provide identification and rehabilitation actions with aviators and air crew members who voluntarily submit themselves to a rehabilitation program. But we need to toughen up our stance in the identification and dealing with that. Finally, we are moving ahead with a rulemaking action within the FAA which will allow us to deny applications or suspend or even revoke an airman's certificate for certain alcohol or drug related motor vehicle offenses.

And lastly, before we get on with questions, I want to mention that airport development, improving the capacity of the national airspace system from the standpoint of providing more flexibility and more capacity in the airspace side as well as the land side, the concrete side, we are moving forward and with great speed in that regard, and I want to announce to you this morning that yesterday we made another significant step by providing the fiscal year '90 grant in the amount of \$90 million to the Denver officials which will go towards continuing the construction of the new Denver airport. Secretary Skinner and I yesterday presented Mayor Pena of Denver with this \$90 million check which is the second incremental grant fund. Last year we provided \$60 million so now the Denver authorities have \$150 million of federal grant monies.

And we have before the Congress, as we speak, and additional letter of intent for their perusal and approval, in the amount of \$351 million which will be granted to Denver authorities over the next eight years for a total of \$501 million of federal grant contributions towards this major new airport, the first new airport that will have been built in our country since 1974 when the Dallas Ft. Worth airport was completed. A major, major new facility that will contribute to reducing delays in our overall airspace system in the order magnitude of approximately 5 percent by the time it comes online in the next three years.

So, before I get to your questions, let me then add this: Commercial aviation is an extraordinarily safe travel system and its getting better. Since 1979, the first year of deregulation, the total number of commercial accidents and fatalities has significantly decreased, while the number of hours flown and the number of passenger enplanements have increased dramatically. So, I see these kinds of statistics and these trends when we look at them from a macro standpoint as encouraging evidence that we are on the correct course and will continue our efforts, of course, towards zero accidents in the system and we'll work just as hard as we can towards that objective.

So, that concludes my prepared comments for you this morning and I'm now available for any questions that you may have.

MODERATOR: Thank you very much, Admiral. I'll ask you, please, to identify your affiliations when you ask your question, all right? The first question.

Q Admiral, Jim Carroll, Knight-Ridder Newspapers. Why does the FAA need a new rule to allow them to pull the ticket on someone involved in drug trafficking. Can't they do that now, in order to -- hasn't the FAA had any way of getting access to driving records prior to this from an airline pilot?

ADM. BUSEY: No, we really haven't had the direct access that we needed to check driving records. The Congress, several years ago, gave us the authority to gain access to the National Highway Registry, which as you know is a compilation of data that the states voluntarily provide to that database.

Our rulemaking will really tighten up the procedures and spell them out in great detail as to how we will use that registry. A pilot will -- or an airman will, on their medical application form, and we have the three categories there -- an airline transport rating or a commercial air-pilot must have a new medical examination every six months; a commercial pilot, every year; and a private pilot, every two years if he doesn't use his ticket for commercial purposes.

So, on the medical application form that comes up every six months, one year, or two years, an airman will indicate on there if he has had any type of convictions or traffic violations. If he indicates "yes" -- and that is also a consent form for us to be able to go back to the state and access their driving records -- if he indicates "yes," then we will pursue that. The medical persons involved then will have that heightened awareness and be able to determine if there is an apparent medical problem because of drug or alcohol abuse, and then we'll make the decision whether to grant that certificate or not.

If an airman checks "no" in that block, and we then through our -- the new affiliation where we will access the national database and we find that we didn't get a true answer, then we will have the ability to take immediate certificate revocation action because of the answers that we didn't receive.

Q As I understand, there's about 30,000 people who are certificated to operate commercial aircraft. That includes pilots, co-pilots and flight engineers. Do you have any idea what percentage of those people have alcohol-related problems or drug-related problems?

ADM. BUSEY: The number is much higher than 30,000. We have 10,000 applications per week for pilot certificates that run the gamut from a private pilot to commercial to airline transport pilot rating. We have no statistical database that gives us any indication as to what percentage out there might be flying with drug

NATIONAL PRESS CLUB MORNING NEWSMAKER, JAMES BUSEY, ADMINISTRATOR,
FEDERAL AVIATION ADMINISTRATION, NATIONAL PRESS CLUB
WEDNESDAY, MARCH 28, 1990

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or alcohol problems. We'll be able to generate those statistics
once we get this new rule into place.

But let's recognize that we've got a culture and a societal
problem here.

CONTINUED

NATIONAL PRESS CLUB MORNING NEWSMAKER, JAMES BUSEY, ADMINISTRATOR,
FEDERAL AVIATION ADMINISTRATION, NATIONAL PRESS CLUB
WEDNESDAY, MARCH 28, 1990

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the Secretary's asking, including the three you mentioned. In fact, one machine has been ordered. What's taking so long and when are the machines going to be installed?

ADM. BUSEY: Quite frankly, we are experiencing more difficulty than we anticipated a year and a half ago in working through the bilateral arrangements necessary to emplace the TNA devices in foreign airports. We've got issues of sovereignty and extraterritoriality that we have to deal with. We have insurance issues that we've had to deal with. And I'm very frustrated that we have not been able to get the original six machines in place. Our rule-making is a multistaged effort which will require the initial machines to be installed at 40 -- what we determined to be high-risk airports, both domestically and internationally that primarily serve international passengers.

I continue -- intend to continue to keep the pressure on to try to move forward with the procurement and installation of those devices at those international airports by our domestic air carriers with the users -- our domestic and international air carriers -- with the users paying for the procurement and operation of those machines.

If we find, as we continue on into this process, that we need to make some time adjustments in the rule-making, because of fact-of-life issues, then we'll certainly make that, because in my judgment, any rule we make is certainly subject to being modified and changed from an enforceability standpoint and from a common sense, fact of life standpoint.

But I intend to continue to pursue it primarily because the TNA technology is the only technology that we have available to us that will detect small quantities of the plastic explosives that are otherwise impossible to detect. And I feel that, as a public servant, it's our responsibility to use this technology, to get it out into the operational field as soon as we possibly can so that we are providing the best protective -- protective devices and the best deterrent devices that we possibly can for our American citizens that are traveling in US carriers.

Yes, sir?

Q What were the chief obstacles in the Gatwick agreement and do you now have a schedule for installing that machine?

ADM. BUSEY: The chief obstacles again were the issues of sovereignty and extraterritoriality, actually, of course we're trying to install this device in a sovereign country in an airport that British authorities

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service the baggage of US international carriers. So that was the primary obstacle along with co-insurance issues, very technical legal issues -- who is responsible, et cetera.

As I said, that agreement I expect to be finally signed this week, either today or tomorrow, and our installation plan is to have it in place by the end of August because I intend to make a visit late August, the first week of September, and personally inspect that device in operation at Gatwick.

Yes, sir?

Q (Name inaudible) -- New York Times.

Are there any plans to review the FAA's policy of reissuing an (airman's?) certificate -- (inaudible) -- to a pilot who has been diagnosed as having alcoholism -- airman -- since the FAA began the program in the '70s more than a thousand pilots have been diagnosed and then recertified. Number one, are there any plans to review that, and number two, are you doing anything to encourage airlines to encourage their pilots to come forward with their problems?

ADM. BUSEY: Yes. That's the whole crux of the letter I mentioned that I'd sent to the CEOs yesterday. It's to reenergize their awareness that I am placing heightened awareness on the issue of alcohol and flying to gain their support from a top-level management standpoint to encourage them to use the rehabilitation programs that all of them have -- all the airlines have in place -- and to work towards these rehabilitation programs.

You're quite right -- we have reinstated some aviators that have recovered or are recovering alcoholics after they go through the process that's set up, and I believe it requires a two-year demonstration of alcohol-free operation for airline transport pilot ratings. They require a re-medical exam every six months so that we believe that we have the adequate tools in place there to oversee that.

And, as we do throughout the industry in this country, we see absolutely no reason why we can't reinstate aviators that have recovered from an alcohol problem because they can return back to their full operational performance very successfully, as recovering alcoholics can elsewhere in our society. So, I see no need right now to change that program, other than to -- than to reemphasize and heighten our awareness towards dealing with the issue.

Yes, sir?

Q Sid Goldstein (sp?), from Air Safety. There's a program now of civil penalties for certain types of infractions of FAA regulations. What are your intentions for the civil penalties program in light of the self-audit program announced -- (off mike)?

ADM. BUSEY: I'm trying to move our enhancement and compliance

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with the federal aviation regulations from one of enforcement-oriented to one of compliance-oriented. The civil penalty process that we have available to us right now is but one of many tools that we have available to us if we need to go to enforcement action. There are many other administrative type actions that we can take to help us ensure full compliance with the regulations before moving towards either certificate action, criminal sanctions or civil penalty actions which may involve large fines against a violator.

And I'm trying to move towards using the administrative sanctions through a more cooperative spirit of compliance. Our whole system of governance in this country is built on voluntary compliance with the law, and compliance with the federal aviation regulations are certainly no different than those laws which require all of us to pay our income taxes, and we do that voluntarily to comply with the law, the vast majority of us do.

We have asked for an extension of the civil penalty experiment, if you will, because statutorily that civil penalty option was given to us a little more than two years ago by the Congress. It expired in December of last year. We have obtained a 90-day extension -- or 120-day extension. That civil penalty option now expires the end of April. We have a proposed rule-making that has been out for public comment for the last 60 to 90 days. That will close. I think we've made some significant modifications to the administrative part, the technical part of the civil penalty compliance and enforcement option that's available to us, and I quite frankly expect to see legislative authority to extend the civil penalty option force downstream to give us permanently that additional tool that we'll have to ensure enforcement if we need to go that far.

Yes, sir?

Q Admiral Don Kirkland (?), Scripps Howard News Service. Recently Secretary Skinner said that the FAA has identified 13 military airports that are soon to be closed and considering possible conversion of those to civilian use. Is the FAA drawing up any sort of program to implement that program? What have you got in mind? What are you doing? And by the way, what airports are we talking about?

ADM. BUSEY: Well, we're talking about such airports as Pease Air Force Base, I think George Air Force Base, are two that come to mind, and I can't recall any of the other of the 13. These evolved out of the DOD base closure announcement that was made during the previous administration. What we have done at the regional level is our airport experts and air traffic control personnel in the nine regions throughout the country have worked with local communities to provide them advice and counsel concerning the feasibility of the use of these airports for commercial use.

We don't build airports; we don't maintain airports in the FAA. We provide the technical advice for local communities. The ultimate decision will be theirs as to whether there is a commercial

application for these closing military bases, and I think we will continue to provide that advice. I've strengthened the liaison that we in the FAA have with the Department of Defense, so we're involved with the Department in an early way when they are contemplating the closure of bases or when they are contemplating the possibility of joint use of military bases throughout the country.

And again, our role, as I envision it, will be to advise from a technical standpoint local communities concerning the feasibility of the use of these airports for commercial applications and what upgrading may be necessary, what kind of studies may need to be done, whether it be a noise application study, whether it be an engineering study that would need to be done involving modifications to those bases. So that's our role that we'll continue to work.

Q Do you really favor this program?

ADM. BUSEY: Yes.

Q It seems like a way out for a lot of communities to solve their problems.

ADM. BUSEY: It is definitely a way. And from a national airspace standpoint, we can't afford to lose concrete, we can't afford to lose airports in our nation. With the constantly increasing use of commercial commuter air taxi operations serving our citizens throughout the country, we need to preserve every airfield that we have and protect it from encroachment, from inappropriate zoning efforts, from restrictive noise policies. So I want to continue to do everything that we possibly can to preserve those airfields that we have scattered around the country.

Q And one last remark. It seems like the DOD is not particularly in favor of losing any of these. I've talked to these people several times and they very politely say, no.

ADM. BUSEY: Yes, that's true. And I think that's what we would naturally expect the Department of Defense to do. In many cases, these airports have long-standing histories and the Department of Defense has, every time we've come into a new national threat situation since World War II, the Korean War, the Vietnam War, has seen instances where they need to heighten training or operational uses where they've gone back into bases that have -- that over the intervening years of peacetime or low-threat activity have dwindled in their operational importance. They like to have that ability to plan ahead and to have a facility that they can move back into.

And I would submit to you that if we can convert these airfields rather than close them, completely convert them to commercial application, we still preserve the availability of those airfields for future threat evolutions instead of losing them completely from the inventory for other developmental purposes.

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Yes, sir?

Q Do you see the potential for these airfields as a new commercial airport -- you know, handling commercial airlines, or primarily as to relieve airports, to take a lot of the general aviation off of the bigger airfields?

ADM. BUSEY: I think the answer there would be D, all of the above. It depends on the appropriateness. If it's a small airport outside a small community that is not now airtaxi or commuter service it could provide that community that kind of service. And every airport

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wouldn't necessarily be considered for expanding into a huge domestic hub, for example. Nor would every airport be suitable for air taxi or commuter operations. But from a general aviation reliever where we can get the general aviation aircraft moving away, and business and executive aircraft moving away from such concentrated hubs as La Guardia, Kennedy, O'Hare, San Francisco International, Los Angeles International, and thereby relieve capacity at those larger airports, that's also a possibility. So all of the purposes that you mentioned are appropriate, but depending on the local situation, I think.

Yes, sir.

Q Jim Baumgardner (sp), Aviation Daily. Admiral, Secretary Skinner's policy didn't go too much into the stage two aircraft issue. Is there going to be a phase-out deadline for stage two, or just what is the situation?

ADM. BUSEY: The national transportation policy that you're referring to is a strategy, a general strategy to give all of the rest of the modes (?) in the Department of Transportation the skeletal framework, if you will, the over-arching umbrella to develop more detailed and more specific plans.

I think the language that's contained in the national transportation policy that addresses noise issues is sufficiently adequate in my judgment to enable me now, from an FAA standpoint, to build a more detailed strategic plan that I'm proceeding with that will enable us to enter in, if you will, to a national debate on noise. We need to deal with the issue of aviation noise in our country. We are finding more and more local communities that are imposing different noise standards that are beginning to have a potential impact on interstate air commerce. So we need to enter into the national debate, and we need to address such issues as restrictive zoning, as local noise policies that force an early movement towards stage three aircraft and an early staging out of the stage two or more noisy aircraft. We need to arrive at a national consensus as to how we are going to deal with this issue of noise, which would involve the -- a timetable for the phasing out of the stage two aircraft. That is a plan that I intend to get involved in later this year under the umbrella or building on the skeleton of the national transportation policy.

Yes, sir?

Q (Name and affiliation inaudible.) Back on the TNA devices, what countries are you currently negotiating with to place the devices, and do you have -- could you now tell us when you expect to have a certain number in

ADM. BUSEY: Yes. We've been negotiating with the German government to place a device in Frankfurt Airport for some time. We're in a very structured process where German officials now want to come to our country and bring their own explosives with them, to test their explosives and their baggage on the TNA device. That timetable allows for those tests next month, and we intend to continue our bilateral negotiations with the Germans to install that device in Frankfurt. I can't give you a detailed time frame because we're tied up with diplomatic negotiations and issues of sovereignty there.

We're also in the final stages of consummating the agreement with local airport authorities to place a device at Dulles Airport in a public concourse. It's been my desire to have one of these mechanisms there where the public can actually see it, see it in operation and know what it's there for and what it's doing.

I expect that we will complete those discussions and negotiations which have to do with coinsurance and physical locations and who pays for what in the next couple of months, and hopefully we'll have a device moved and beginning to be installed at Dulles by this summer.

I'd like to have a device placed in the Philippines, but of course, we're involved again in diplomatic relations and negotiations to get that device in place. So, I've got no specific timetable, and as I mentioned earlier, I'm somewhat frustrated that it takes us so long to comply with all the requirements of not only our allied partners, where we'd like to put these devices in place, but with the insurance issues and legal issues involved.

Yes, sir?

Q (Name and affiliation inaudible.) Recently, a conservative and libertarian think tank independently recommended that increasingly the nation's airports be privatized, and portions of the air traffic control system. What's the FAA's position on that, and what do you think the effects of privatization of portions of the transportation system would be?

ADM. BUSEY: Okay, as far as the privatization of airports is concerned, we are proceeding very deliberately in evolving that policy -- the federal policy towards privatization of airports. As we have gotten more in depth into studying all the ramifications of this policy development, we've seen a very definite need to make sure that we're dotting all the i's and crossing all the t's. We have a lot of different categories of airports throughout our system, some were surplus from World War II, for example, that have been converted into commercial applications.

So, we have different categories of airports and we've got to make sure that when we come to closure on a federal policy that we've adequately addressed all of those issues. We've invested a

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lot of tax payers' dollars in the development of the public airport system that we have in our country in the form of making investments in concrete for runways, taxi ways, precision landing systems, lighting systems, air traffic control towers. A lot of the studies that we see addressing privatization, in my mind, are nothing more than an effort to get those airports back on the local tax rolls and take the dollars off of those airports downtown to apply them to some other need other than aviation needs. And our direction has always been and will continue to be that airport revenue that generated on-airport must stay on airport for the further development of that airport from a capacity standpoint. So, that's but one of the issues we've got to deal with.

As far as your question concerning the privatization of the air traffic controller workforce, I have no plans or no thoughts in mind to move towards that type of a commercial operation right now. I don't see it in the cards in the near term. We've got a well functioning system. We've got to realize that in that 25,000 person total involvement in air traffic control, we've got 17,000 controllers, but we've got a lot of other supporting people that make that system work. We've got major training ramifications. We've got career patterns that we have to consider. We've got rotational assignments. And right now, the personnel system that we have in place, with a little enhancing, and I'm very dependent on Ms. Newman (sp) of the Office of Personnel Management's new initiatives. She's got some new legislative initiatives that'll be coming out in the near term that are going to address the federal pay scales, geographical pay differences, bonuses, things of that nature. I'm counting on those initiatives to help me solve some of the internal management problems that I have, to give me more power to retain these quality people that I have in the Air Traffic Control work force. But we have no plans to consider privatization of that force.

Yes, sir?

Q (Inaudible) -- Policy Institute is going to release a study claiming that deregulation has resulted in higher, not lower fares, and -- (inaudible) -- other problems such as congestion and narrower safety margins and the like. Could you -- this runs counter to the -- (inaudible) -- report -- (inaudible). Can you tell us what your and the FAA's policy is (and your attitude)?

ADM. BUSEY: Well, of course, fortunately, from the FAA's standpoint, getting involved in the economics of air traffic from a fare standpoint is not one of the responsibilities that I have to be directly involved in. My job is to provide full access to the system for all the users of the system, from the private pilot to the commercial operators, and to ensure the safety and effective management of that air system from -- both from the air space standpoint and from the land standpoint.

I'm of course familiar with the departmental study, with studies that have been done by air carrier organizations, with other

independent agencies. I think we're all aware that fares have certainly decreased on many segments of the air transportation system, but there have been increases in those fares on other shorter legs.

I know of no efforts or no thoughts to consider to consider reregulating the system so that we can change the fare structure as it was done because the bottom line is since deregulation we've seen increasing -- clearly increasing -- access to the air transportation system by the citizens of our country. And I think the supply and demand, free competition precepts of our mode of doing business has clearly led to the increased use of the system. We had 480 million passengers operating in our system in this last year, and we forecast that to grow to over 800 million by the end of this decade.

And I think supply and demand economics will continue to operate freely and continue to make air transportation available to an increasing segment of our economy. And the bottom line is, in my mind, if people are upset about the rates that they're having to pay, then demand is going to control that. We're encouraging constantly more competition in the field. And I think that the competition in a deregulated aviation market is the best way to keep moving towards lowered rates. We're probably always going to have higher rates on some segments than travellers would like to see, and that's simply because of the infrequency in operation that may be working there.

So, we're going to see a lot of studies and a lot of differing opinions. And I think our citizenry is just going to have to base their judgment calls on the facts as they see them.

Yes, sir?

Q Go back to TNAs. You've given us basically a schedule of the first six --

ADM. BUSEY: Yes.

Q What about the next 100? When are they going to go through the pipeline?

ADM. BUSEY: Well, as I tried to indicate before, I intend to keep the pressure on. Our rule-making again called for the emplacement of X numbers of TNAs at the 40 high-risk airports. That's the first phase in the next two years. We're pushing towards that. We're developing a common standard that all such technologies that enter into the marketplace can be tested against because our attitude is, although TNA technology is the only technology we know of, we're not locking ourselves into the device that has presently been built -- the six devices that we, the FAA, the federal government has paid for. We're welcoming all entrants that want to come into the market to use that technology because I firmly believe that if we can continue to generate competition at the marketplace, we're going to

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drive not only the cost of these devices down that cost roughly a million bucks apiece now, we'll not only be able to drive the cost down, but I think we'll be able to drive the size down somewhat and we'll be able to speed up the processing capability of these devices.

So, we're evolving a standard and we intend to keep the pressure on the system to move as rapidly as we can, and our target was to get these 40 airports equipped over the next two-year period of time so that we can get this technology out there as rapidly as possible. But as facts of life come out and indicate that that's an unrealistic schedule, then we'll modify accordingly. But I had no intention of modifying or backing away from our objectives right now.

Q Is that -- (inaudible) -- scheduled yet, or are you still -- (inaudible)?

ADM. BUSEY: I don't think it's unrealistic. I think we've got the manufacturing capability out there in the system right now. We've got the testing standards. I think the difficult part that we're going to face, I predict, will be the continuing difficulty of arriving at the bilateral relationships that we need with the countries in which we would like to see these devices placed. And I think the lessons that we have learned over the last year are going to help us speed up that process. But those negotiations and those agreements are something that I simply cannot control. So, as we got into that process, we may have to modify our desired timetable. But my thrust is I want the American public to know that we're going to keep the pressure on to get this technology, this protective technology out there, as fast as we can and in as large a quantity as we can so that they're not worrying about the safety of their travel internationally.

Q Admiral, I've heard that we're facing a shortage of qualified airline pilots and that the military as a source of replacement is drying up. Would you comment on this, please?

ADM. BUSEY: Sure. We are, indeed, facing a shortage. Since

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deregulation with the increasing growth in air transportation, the demand for pilots in the air taxi operations, in the commuter operations, in the commercial operations and in the military continues to increase. Last year for the first time, we saw that the majority of hirings that the commercial airlines were making did not come from the military. The military has always been a source of supply for the commercial fleet, and now we see that trend decreasing. That's not to say that we still don't have a large number of military pilots going into the airline industry. We do have. But the balance has shifted. The demand, as I recall the statistics for the next 10 years, is going to be for about 50,000 pilots to go into the commercial marketplace. And the supply that we see now, based on military pilots coming out, going into the commercial world and pilots coming up out of the general aviation training pipeline, the supply is not going to meet that demand by something approximating about a 10,000 shortfall.

The Congress, the Senate has directed that the Department of Transportation in conjunction with the Department of Defense, do a study through a presidential commission organization, of pilot training in this country. We're seeing such instances, for example, as -- because of the demand, we're seeing a drying up of flight instructors. Young flight instructors, as soon as they get some experience under their belt, are very quickly picked up the commuter or air taxi operators. They'll spend a year to a year and a half in the right seat of a commuter airline operation. Then they're moved over into the left seat, and they'll operate as a captain there for maybe two to three years until they get a couple of 3,000 hours under their belt. Then they -- the large carriers will hire them. They move back into the right seat for a number of years and then on up into their captain's seat.

So that kind of flow puts tremendous pressure on our pilot training system. The general aviation pilot training opportunities -- we're concentrating on those. We're looking at ab initio training, which means from the beginning, where you take a young person and start them back out into the pilot training world. But we've got a problem facing us of still unknown proportions. It's not clear yet the magnitude of this problem, but as the commercial demand continues to grow, we're simply going to have to look at new ways of providing training for rising pilots.

Q Admiral, I understand that concerning that DOD -- (inaudible) -- study that some kind of panel was supposed to have been appointed to look into this. What's -- what is the progress on that?

ADM. BUSEY: We're in the final stages now of working out the administrative details like who's funding it, who's going to provide the manpower, who are the agencies that are going to be appointed

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to the panel, what's the charter for this commission, what are the objectives that we'd like for them, what's the time-frame. So, we're in the final stages and I would predict that I think we can expect to see this commission start their work probably within the next two to three month period of time.

As I recall, it was a directive from the Congress in the language of last year's appropriation or this year's appropriation's bill without a lot of specifics. And we're working together -- the Department of Transportation's working with the Department of Defense right now to iron out those details that I mentioned earlier. So I think that group will be to work in the next several months and that we'll hear more about it, of course, in the ensuing months, because it will be a public commission.

Yes, sir?

Q Admiral, I came in a little late so you may have said this already. As I understand it, the six TNA devices that you're talking about are the two that are in Miami and JFK and then Gatwick, Frankfurt, plans for Dulles and then the Philippines is the sixth? Is that correct?

ADM. BUSEY: Yes, yes.

Q Why the Philippines? I sort of see why the others would be.

ADM. BUSEY: What we're -- what we want to do -- the New York traffic, for example, gives us an opportunity to gain experience working on European type baggage. People pack differently when they go to different places. The Miami installation gives us an opportunity to gain experience and more knowledge on South American type baggage. A Philippine location would give us an opportunity to gain more experience on Western or Pacific Rim type of baggage. The Dulles location would give us another experience and the Frankfurt location would give us, of course, more European experience, but also would be a forward-based deterrent and protective device.

So, you know the Thermoneutron Activation Device is based on excitation of nitrogen atoms. The plastic explosives contain a high concentration of nitrogen, but we also find that high concentration of nitrogen in woolens, in leathers, so to calibrate a machine for each location, you've got to gain a lot of experience about the type of material that you're going to be exposed to in the bags. That's why the wide dispersal.

Yes, sir?

Q I realize you don't have much time left, but I can't let you go without asking you the trust fund question.

ADM. BUSEY: Okay.

Q It's called commonly the Aviation Trust Fund. The title of it is the Airport and Airway Trust Fund. It was established to pay for improvements to the airports and airways of the national transportation system. There is currently an unspent balance of, what, about \$10 billion? And yet the administration is asking for higher user taxes to go into this fund, which is not being spent for its intended purpose, and for a higher percentage of the FAA's operations and maintenance budget to come out of this trust fund.

ADM. BUSEY: Yes.

Q This is the year for the reauthorization of the trust fund. (What do you advise ?)

ADM. BUSEY: Okay. The Airport and Airways Fund, as you mentioned, when it was set up back in the 1970 time frame, was really set up to fund FAA operations. The intent of Congress at that time was (total ?) these user fees that are collected from ticket tax, from non-commercial aviation gasoline and aviation jet fuel and from waybill taxes; those funds will accumulate in this so-called trust fund; we would like for you to use those monies as they accumulate for hardware, for installations, for modernization purposes; and then after the balances begin to accumulate in that trust fund, you can use them for operational purposes.

Well, early on in the '70s, too much of a demand was made for operational support of those services from the trust fund, and then we began to see restrictive clauses put into the trust fund, and we see the evolution of the common belief that it was the original intent that those monies only be used for airport and airway equipment improvements and runway and airport improvements. But the basic tenets, when you go back to the establishment of that, also included operational expenses.

Now, we have about \$13 billion of unspent money in the trust fund. Of that, \$7 billion at the end of this year will be uncommitted, meaning the other \$6 billion is committed to expenditures. As we let contracts to buy new equipment, as we make grants to states and local governments, we are committing, we are obligating, from an accounting standpoint, those dollars for future expenditure. So the uncommitted balance at the end of this fiscal year will be something approximating \$7 billion.

Over the five-year reauthorization period that we're asking for, we intend to take that uncommitted balance down from \$7 billion to \$3 billion, and then in the next five-year reauthorization period, it's my intent that we continue that spend-down. As part of the package, we are asking for 85 percent of FAA operations -- total operations. That's for facilities and equipments, for airports, for research and development and for the operation of the system.

My operations budget is about \$7 billion a year today. Of that, more than 70 percent is salaries. That's to pay the air -

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traffic controllers, to pay the airway maintenance technicians, to pay the security inspectors that I have throughout the system, to pay the accident investigators, the safety briefers. Seventy percent of my operations budget is salary.

Another significant proportion of that is for leased telecommunications, both ground-to-ground and air-to-ground communications, that we lease from our telecommunications contractors throughout the country.

So we're asking for 85 percent of the FAA funding to be paid for out of the trust fund. That means if 100 percent comes from facilities and equipment, 100 percent of research and development, 100 percent of the airport improvement program -- the airport grants -- then approximately we're asking for 74 percent of the operations be paid for by the users -- that is, the people that are paying the taxes going into the system.

If we gained a full 85-percent funding this year or next fiscal year, we would run the trust fund broke in two years -- simply because my annual budget of about \$8 billion a year and the annual inflow of funds coming in because of the user taxes don't balance. We'd only gather -- even with the increase in the user fees -- and, incidentally, these user fees have not been raised since the trust fund was established back in the 1970 time period -- there's never been an increase -- but even with the increase, there's about a \$4.9-billion dollar flow of user fees coming into the trust fund. So you can see that the inflow does not match our requirements.

So without a tax increase, without a user-fee increase, we'd run the trust fund broke in two years. That's why we're going for a five-year reauthorization with 85-percent funding, with the increase in user fees, so that we don't run the fund broke during that five-year authorization period -- which would require us to go back to the Congress through another reauthorization in a two-year time frame and then ask for the user-fee increases because we had run the fund broke.

I'm trying to get it done so I can do some long-range strategic planning with a lot of stability instead of having to go through this reauthorization process every two or three years.

Does that answer your question?

Q The 3 billion [dollars] you'd have left at the end of five years is premised on the additional fees?

ADM. BUSEY: That's correct -- that's correct.

MODERATOR: We have time for one more question.

Admiral, we thank you very, very much for being with us today. Thank you so much.

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ADM. BUSEY: Thank you.

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