

PREPARED REMARKS
LINDA HALL DASCHLE
DEPUTY ADMINISTRATOR
FEDERAL AVIATION ADMINISTRATION
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Good morning, and welcome to Washington.

I'm delighted and honored to have this opportunity to join you. Before beginning my prepared remarks, I have a very special presentation to make.

ICAO authorized each member country to award its 50th Anniversary Medal of Honor to one organization which has made significant achievements in aviation.

The United States chose RTCA as its recipient of this prestigious award.

RTCA is more than deserving of this award.

The organization has consistently distinguished itself through outstanding service to the United States and international aviation by bringing the full spectrum of the community together to formulate consensus recommendations on aviation issues.

The aviation community has come to rely on RTCA for advice, consent, and to impart knowledge to the industry.

As such, the organization has had a major impact on the safety, capacity, and efficiency of not only America's, but the world's, global air transportation system.

More importantly, RTCA functions as a United States Federal Advisory committee, and is known worldwide for its work. We at the FAA are grateful for their advice and help throughout the years, and look forward to continuing our relationship as we move into the future.

RTCA is a well-respected organization, especially for its technical competence and its impeccable integrity. And, I can think of no other organization more deserving of the honor it is receiving today.

So, let me at this time ask RTCA Chairman Roger Fleming and RTCA President David Watrous to join me, so I can present to them on behalf of RTCA, ICAO's 50th Anniversary Medal of Honor.

Congratulations.

Like RTCA, each of you, and those before you, have helped us address vital and critical issues -- that may seem needlessly technical to our customers, but which, I submit to you, are of paramount importance to both ensuring the continued safety of our passengers, and the strengthening of the U.S. aviation industry.

We know that we have the finest aviation system in the entire world. It is FAA's responsibility, and yours, to keep it that way, and we take that charge very, very seriously.

And we strongly believe that only a sustained private sector-public sector partnership can effectively address many of the difficult problems that merit our attention and need to be solved.

I have been asked to speak this morning on the subject of "Integrated Air Traffic Management" and the FAA's related plans and initiatives.

That's quite a broad and expansive topic, which touches on many of the subjects that you will be discussing during these meetings.

Knowing that other FAA speakers will provide further elaboration, I would like to use my time this morning to set the broader context for the issues which shape our ability to provide quality air traffic services and to achieve the highest safety standards.

As David Hinson, our Administrator, has said, we have two overriding goals.

First, that system safety is, and always will be, our first priority.

Second, to maintain our safety record, we must look for new ways to do business.

We have worked with industry, talked among ourselves at FAA, and involved experts in the field as we developed and refined FAA's strategic vision.

As we all realize, the fates of the aviation industry and the FAA are interdependent. One cannot thrive unless the other succeeds. Both the Airline Commission and the National Performance Review understood that relationship, and cited the need to restore the economic health of the industry.

That is why we, the FAA and the industry, developed a strategic plan that is both technically focused and strategic, and runs the gamut from implementing the agency's operational concepts to meeting capacity needs using advanced technology intelligently.

With safety always our primary objective, the main themes of the Strategic Plan are to increase system efficiencies, agency responsiveness and effectiveness, and improve performance.

Our strategic plan is not a document sitting on our shelves. Of the original 168 milestones outlined in the 1994 Strategic Plan, we have already completed over 50 percent. The rest should be completed by the end of the year.

Rapidly changing technologies, increased international trade, changing world economics and political trends, all herald an increasing role and importance for American aviation.

Our job now is to keep the U.S. air transportation system preeminent, but within a broader context as the aviation industry becomes increasingly global in nature.

Today the world of aviation is experiencing a period of unprecedented changes and unparalleled opportunities. And, we -- the FAA and industry -- must work together to exploit those opportunities and meet the challenges of the future.

This year, almost 500 million passengers will have flown in our skies. Within the next twenty years, we project that our air traffic control system, airlines, and airports, will handle approximately 1 billion passengers. Can we handle such a staggering forecast?

No, at least not with today's system. Only if we are really willing to change the way we do business as a government can we insure that appropriate actions will be taken to meet tomorrow's demands.

- One dramatic change in providing air traffic services is the concept of Free Flight.

The goal of Free Flight is to allow aircraft to fly point to point, without restrictions, in a conflict free environment. In cooperation with RTCA, we have formed an operational concepts working group to coordinate development. As one of the first steps in implementing the Free Flight concept, we expanded the National Route Program, allowing pilots to fly more direct, fuel efficient, routes between U.S. cities. Twenty-eight new city-pairs were recently added to this program, and we will hope to expand it.

- Another major initiative that we are currently working on is an airspace restriction audit throughout the National Airspace System. Our goal is to find embedded local restrictions that might be unnecessarily reducing capacity. In taking on this project, I would cite our willingness to improve upon customer service since it was our customers that asked for this audit. This audit is scheduled to be completed by the end of the year, and our preliminary findings indicate that there are restrictions in the system that can be eliminated to improve capacity.

Our job is being made easier by the advent of new and more sophisticated technology that will help us improve air traffic management services and thus help increase system capacity.

Today, air traffic control technology is being transformed by parallel developments in three separate fields: satellites, computers, and digital communications. Any one, by itself, would be a major advance. Combined they create virtually unlimited possibilities. This new era of ATC technology offers the prospect of an integrated global system -- a seamless system.

The FAA is more committed today, than it was in the past, to modernizing the national airspace system. Between 1982 and 2005, assuming funding is provided, the FAA will have invested \$32 billion in a capital investment plan to replace its aging equipment and to upgrade and improve the entire air traffic control system.

As you know, there have been some glitches along the way. Some of them highly publicized. But Administrator Hinson and I are determined to bring about sensible solutions to the technological problems we encounter.

And, as many of you are aware, George Donohue recently became the FAA's new Executive Director for Acquisitions. In an effort to make the agency's acquisition process more cost effective, timely, and coordinated, we have recently reorganized the research, development, and acquisitions functions of the agency.

A large part of the efforts of George and the new AAS team will be to deliver the new -- recently modified -- Advanced Automation System (AAS). I am confident that they will succeed. As you know, we have canceled or modified portions of the former AAS program. Our new program is expected to produce an automation platform that allows us to incorporate technology enhancements that we know about today, yet remain flexible so we can add tomorrow's technological developments -- and save money.

In the meantime, work continues on other systems which will move our air traffic management systems into the 21st century.

The most promising technology may be the Global Positioning Satellite Network.

In fact, that technology is so promising that in June the Administrator announced elimination of the category 2 and 3 microwave landing system (MLS) program, saying the FAA instead would concentrate on the aggressive development of the global positioning system (GPS).

The cancellation of the MLS program is predicted to save taxpayers and airspace users approximately \$59 million.

As GPS is incorporated into our air traffic system, more and more carriers will be able to benefit from more precise routing, fuel savings, and increased airport capacity in foul weather. Its rapid deployment is essential if we are to have an air traffic management system which can handle the growth we all predict for the future.

In fact, in some respects the future is already here. Next month, the FAA will establish a policy for the operational implementation of GPS as a primary means of navigation in oceanic and remote areas. This will be instrumental in providing more precise routings in such areas.

We are working closely with ICAO to implement GPS worldwide. In October, Administrator Hinson, in his address to the ICAO Council, announced that the United States would make GPS available at no charge to ICAO member states. We were delighted to receive word shortly thereafter from ICAO President Dr. Kotaite saying that the ICAO Council had accepted our offer. This is a first step toward achieving the ICAO global system.

The modernization of the air traffic system must also coincide with airport improvements. As a former airport policy executive, I can tell you first hand that our goal of moving aircraft safely, effectively, and efficiently will be restrained if we cannot respond to the airport improvements and augment capacity.

We have to focus on expanding capacity at the existing high volume, delay prone airports. For this reason, the FAA recently announced the use of benefit-cost analysis to guide AIP capacity investment decisions. We're also exploring various innovative finance strategies to make limited AIP dollars go further than traditional "pay as you go grants". Look to hear more on the use of AIP monies as leverage for bond financing airport development and possibly as seed money for revolving loan funds.

To achieve our goals -- not only those I have just outlined, but numerous other important initiatives -- FAA cannot operate in a "business as usual" mode.

So, today, as part of our continuing effort to make the agency a more efficient, effective, and businesslike organization, Administrator Hinson unveiled a new organizational structure for the FAA.

Consistent with changes already announced in the research and acquisition side of the house, the new FAA is structured around the agency's major products and services.

To maintain the agency's focus on aviation safety -- the FAA's highest priority -- we have established a new top-level system safety office, reporting directly to the Administrator. We will be conducting a nationwide search to fill this important position.

The new Air Traffic Services organization is composed of Air Traffic, Airway Facilities, and other appropriate functions. By establishing a single-point of accountability for operation, maintenance, and management of the National Airspace System, this structure will enhance customer service and improve safety performance.

The Regulation and Certification office will provide the regulatory, compliance, and safety oversight functions. Drawing a clear line between our regulatory functions and our operational activities will provide the clear-cut accountability that is the key to enhancing aviation safety.

We intend to maintain the Airports and Civil Aviation Security organizations as they are.

We expect that this reorganization will foster a better environment to improve our delivery of services and respond more effectively and with greater accountability to our customers. But how will we know we are achieving that goal?

The heads of each new office have been asked to create business plans for their new units. The plans will set organizational goals and objectives consistent with the DOT and FAA strategic plans. And, they will identify customers and determine ways to improve service, and establish criteria to measure performance.

This reorganization, however, cannot cure the institutional constraints the FAA confronts in archaic procurement, personnel, and budget regulations, which will continue to make it difficult to keep pace with technological developments and increased demands for aviation services.

As you know, several members of Congress are expected to introduce legislation in the next Congress that address reforms for the FAA.

And, one of the most far-reaching recommendations in the President's National Aviation Initiative was the proposal to re-invent the FAA's air traffic control services as a government corporation.

The President's aim is to create a new form of federal corporation which will be unhampered by cumbersome rules governing procurement, financing and personnel. This new organization would allow us to upgrade equipment much faster, to make more business-like investment decisions, and to hire people with the technical skills we need at any given moment. In fact, our reorganization is wholly consistent with the USATS proposal.

By creating the Air Traffic Services organization, composed of Air Traffic, Airway Facilities, and other appropriate functions, as well as the AXA organization, we have established a single-point of accountability for the operation, maintenance, and management of the National Airspace System. This is one goal of the Administration's USATS proposal.

This, however, is not a change we at the FAA can undertake on our own. The decision to create an air traffic control corporation ultimately lies with Congress and the President. And, we are very encouraged by the interest being expressed by the Congress on FAA reforms.

In the meantime, we at the FAA recognize that we need to change to keep pace. In an era of diminishing resources and increasing demands, it is necessary that the FAA strengthens the way it manages its products and services.

David Hinson and I realize that it is crucial that the FAA becomes a more efficient, effective, and businesslike organization.

Financial pressures are forcing the airlines to adopt more flexible work arrangements, cut spending and focus more on their core business. Tight budgets are forcing us in the federal establishment to do the same.

Doing more with less is more than an idealistic goal.

Budget constraints are a clear and present reality -- not a prediction.

Since 1993, the FAA has sustained dollar reductions of more than 8 percent. When you consider the mandatory cost increases that had to be absorbed within the amounts appropriated, the actual reductions are significantly greater than 8 percent.

And, FAA, like most other non-defense agencies is faced with at least a 12 percent employment reduction starting in 1994. Already we have reduced the workforce by 3,200 people in the past year.

Our budget for Fiscal Year 1996 is under development, and at the current review level there are clear indications that the restrictions are continuing.

As you can see, our budgets are not growing, our workforce is shrinking, and demands for our services are increasing. Hard choices are being made. But where there is adversity -- there is also opportunity.

Opportunities to get rid of unnecessary bureaucracy. Opportunities to change the culture and reward those willing to take risks because they believe there is a better way to produce the FAA product.

One thing is certain, however, the FAA will always work to ensure that ours remains the safest aviation system in the world. Despite what our critics may say, we have made tremendous improvements in our safety record and our committed to the goal of zero fatalities.

We all know that meeting the challenges ahead will not be easy. Introducing the changes we support is hard, it takes time, it takes courage, it takes commitment.

I hope that all of you will join those of us in government who are working hard to do the right thing. This monumental effort can not be business as usual. Because there is nothing "usual" about what we have to do.

Thank you.

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Press Briefing
Prepared Remarks for
Linda Hall Daschle
FAA Deputy Administrator
FAA Reorganizes, Creates a more Business-Like Operation
November 30, 1994

Good afternoon.

(Introduce FAA people)

Shortly after the Administrator and I arrived at the FAA -- approximately one year ago -- we were asked if we had any plans to reorganize the agency. It was an understandable question, because that's what new Administrators often do.

Fifteen months ago, we were not ready to answer that question.

Today we are.

Today the Administrator is announcing a new organization that will more clearly define functions producing our key products and clarify lines of accountability.

We believe it will make it easier to manage the FAA more like a well-run business.

And it will sharpen our edge when it comes to dealing with issues of safety.

In just a few minutes, I'll describe this new organization.

But first I'd like to talk a bit about how we came to decide that a change was needed and why we need to make it now.

Then we will walk you through the new organization and explain what we hope it will achieve.

For the first time that any of us can remember, we are looking at a series of "hard freeze" budgets.

Yet while our financial resources are shrinking, our responsibilities keep expanding.

Air travel is recovering from its slump and growth is returning to the industry.

Our airports are crowded again, and those which are already congested face the prospect of being overwhelmed.

In today's economic environment, delays due to congestion are more and more costly to our financially-strapped carriers.

The proliferation of new airlines, and the introduction of new models of aircraft confront the FAA with the need to step up our safety inspection and surveillance.

For nothing must be allowed to jeopardize the public's confidence in the safety of our aviation system.

And nothing must impair the ability of our agency to keep air traffic flowing smoothly and safely ... even at full system capacity.

Right now, the FAA is as near to top form as any operation of this scale and complexity can ever be.

We set a very high standard for the rest of the world. And for ourselves. This is the reason for the structural changes I am going to tell you about.

These are changes which we believe will enable the FAA to maintain its high level of performance in the time just ahead ... when the demands on our organization will far exceed anything we've had to face throughout agency history.

These are changes which make good business sense.

They give us the accountability and flexibility we need ... as an organization ... to meet the challenges of operating in a world of diminished financial resources and increased customer expectations.

The changes that we are announcing today are effective immediately. Let me run through them and tell you who will be heading up the new offices.

What you are seeing now is a chart showing the top tier of the organization -- where most of the change takes place.

To strengthen our continued commitment to safety, the Administrator has established a new System Safety office which will report directly to him. We will look to this office to provide us with an independent view on all safety matters and to challenge our existing assumptions. That's something we believe is needed if we are to achieve our goal of zero fatalities. We are conducting a nationwide search for the individual that will head this office. We hope to announce a selection very soon.

The boxes on the next line show the Chief Counsel and the Assistant Administrators. They oversee policy and staff functions in their respective areas.

For the most part, there has been no change in these organizations or in the people who manage them.

The Chief Counsel is Mark Gerchick. Barry Valentine heads Policy, Planning & International Aviation. Brad Mims is in charge of Government and Industry Affairs. Sandra Allen directs the Office of Public Affairs.

Leon Watkins is the agency's chief Civil Rights officer. That office will soon include a SES deputy assistant administrator to underscore the agency's commitment to making the FAA a model government agency and we will rely heavily on this office to ensure that we continue to make progress on our diversity goals, particularly as the FAA continues to downsize and reengineer.

The boxes on the next line require a bit of explanation. The offices you see here represent six very distinct product and services lines. This is the key point of the whole reorganization. It not only lets us streamline how we do business -- it also strengthens the lines of accountability.

These are the operating arms of the agency.

The new Air Traffic Services organization will be headed by Monte Belger with Darlene Freeman as his new Deputy and will include all of Air Traffic, all of Airway Facilities, the Office of System Capacity and Requirements, and the Flight Inspection program located at the Aeronautical Center. This organization will have approximately 36 thousand employees

Several weeks ago, we told you about the changes we had made to improve the research and acquisition process and introduced you to Dr. George Donohue. This organization's job is to see to it that our investments are made wisely and managed well. We look to George to complete the FAA's system modernization within budget and on time.

It's in the next box where we find one of the most significant changes in the way we do business as an agency.

Here we see that all our regulatory, compliance and safety oversight functions have been brought together to form a new Regulation and Certification Organization. It will be headed by Tony Broderick.

The offices reporting to Tony are Aircraft Certification, Flight Standards, Rulemaking, Aviation Medicine, Accident Investigation, Safety Information and Promotion, and the Civil Aviation Registry.

Drawing a clear line between our regulatory functions and our operational activities will provide the clear-cut accountability that is the key to enhancing aviation safety.

The Airports and Civil Aviation Security offices, headed by Cynthia Rich and Admiral Irish Flynn, require few, if any, changes to be consistent with the rest of the organization.

Finally, we have brought together all of our administrative functions. These include budget, accounting, training, human resources and related support services. The leader of this office will face the major financial and personnel challenge that will confront us in the coming months and years.

We've asked Dale McDaniel to serve as interim head to get this organization up and running while we initiate an aggressive search for the permanent selection.

You see that the Regional Administrators and the Aeronautical Center Director will be part of this new administrative arm, as well.

We want to state clearly that we will continue to rely on the Regional Administrators to represent the FAA in the regions they serve ... just as they do today. That hasn't changed.

All the organizations report directly to the Administrator and me. There is no intervening level. That is what I mean by "clear-cut accountability".

There's still some work to be done to put these changes in place.

We have tasked the heads of each new office to create business plans for these new units. The plans will set organizational goals and objectives consistent with the DOT and FAA strategic plans.

They will solicit input from our customers to determine ways to improve service, establish criteria to measure performance, and update our streamlining, reengineering, and diversity plans.

These are important, far-reaching changes -- ones which we need to make regardless of what eventually happens to the proposal for an independent air traffic services corporation.

Whatever the outcome, these are changes which will enable the FAA to move with the times and adjust to the new realities.

But they carefully preserve the central character of the FAA -- with its total and uncompromising commitment to a safe and secure system of air transportation.

Thank you. We will be pleased to take your questions.