

002061e

TALKING POINTS

NTSB RECOMMENDATIONS ON VALUJET ACCIDENT, JANUARY 7, 1996, NASHVILLE, TENN.

- The Federal Aviation Administration (FAA) will review very carefully the recommendations issued today by the National Transportation Safety Board (NTSB) in connection with a ValuJet Airlines accident at Nashville, Tenn., on January 7, 1996.
- The FAA takes the NTSB's recommendations very seriously and will respond to the board in a timely fashion.
- FAA has taken aggressive actions to ensure that ValuJet complies with the requirements of its operating authority:
 - Prompted by ValuJet's rapid growth and other factors, FAA performed in September 1995 a National Aviation Safety Inspection Program (NASIP) evaluation of the airline that addressed its manuals, procedures, records, maintenance facilities and ramp procedures.
 - On February 22, 1996, FAA launched a 120-day Special Emphasis Review that resulted in ValuJet's agreement to enhance its training programs to put greater emphasis on crew coordination, increase experience level in the cockpit and strengthen its maintenance programs.
 - To assess "lessons learned" from FAA's oversight experience with ValuJet, the FAA also undertook on June 18, 1996, an intensive examination of federal regulations and the agency's oversight of commercial airlines. Completed on September 18, 1996, the FAA report was forwarded to President Clinton's Commission on Airline Safety for review of issues pertaining to aviation safety. The report contained six principal and more than 30 supporting recommendations, including stepping up of the surveillance of newly certificated air carriers and increasing the number of aviation inspectors throughout the United States.
- According to the NTSB, the FAA has responded favorably to 84 percent of the board's recommendations.

###

December 11, 1996

Talking Points
Venezuela's Status in FAA's International Aviation Assessment Program
August 8, 1996

- The FAA was notified last night that two American Airlines aircraft had been inspected by Venezuela inspectors who determined that they did not meet international safety requirements.
- The airline was authorized to ferry the aircraft out of Venezuela without passengers.
- It is FAA's understanding that airlines are working on an alternate way to get affected passengers to their final destinations.
- The FAA informed the Venezuelan government in August 1995 that its civil aviation authority does not comply with International Civil Aviation Organization (ICAO) standards for air safety oversight. As a result of this finding, in November 1995, Venezuela was placed in Category 2 of the FAA's international aviation safety assessment program. This is a temporary "conditional" category designed to allow Venezuelan carriers to continue operations to the United States under heightened surveillance while the Venezuelan government corrects deficiencies in its safety oversight system.
- The Secretary of Transportation and the Minister of Transport for Venezuela were previously scheduled to meet today, August 8, to discuss the aviation relationship.

VENEZUELA TALKING POINTS

- The FAA informed the Venezuelan government in August 1995 that the civil aviation authority does not comply with International Civil Aviation Organization (ICAO) standards for air safety oversight.
- As a result of this finding, the FAA placed Venezuela in Category 2 of its international aviation safety assessment (IASA) program, a temporary "conditional" category designed to allow Venezuelan carriers operations to the United States to continue under heightened surveillance while the Venezuelan MTC worked to correct the deficiencies in its safety oversight system.
- The FAA has expressed concern over the lack of Venezuelan progress, in meeting ICAO safety standards, since the May 1995, assessment.
- These concerns were discussed through formal consultations in August 1995, and a series of meetings and correspondence in February and March of this year. In April, the US and Venezuela reached an agreement on an action plan with items to be accomplished by June 1, 1996.
- In addition, the FAA undertook special inspections on Venezuelan carriers flying to the United States. The FAA has reported a very high level of unsatisfactory findings that include such items as fuel, oil, and hydraulic leaks, missing skin/hardware; cracks and corrosion on the fuselage and wings; and problems in maintenance reporting, deferral, and correction systems. Inspections over the past week have continued to report unsatisfactory findings that render aircraft unsafe for flight.
- We deeply regret that Venezuela has not been able to correct those problems, or to complete the 51 item action plan it undertook to implement by June 1, 1996. While we appreciate the difficulty and enormity of the task, Venezuela's inability to make significant, sustained progress toward meeting ICAO minimum standards in this area leaves the United States with no choice but to place Venezuela in Category 3.
- This determination requires the United States government to suspend operating authority for Venezuelan air carriers to fly to and from the United States.
- In order to permit an orderly suspension of services and help the Government of Venezuela manage this problem, DOT is, however, willing to defer issuance of a formal order until the close of business on Monday, August 12 provided that the

Venezuelan government voluntarily withdraws its carriers authority to operate to the United States by that date.

- In the event that the Venezuelan government does not voluntarily withdraw its carriers' operating authority , DOT will be obliged to initiate a formal public proceeding on August 13, with a very short (5-7) day turnaround.
- We want to stress the US government's willingness to work with the Venezuelan government to correct the deficiencies, meet international air safety oversight standards, and return to Category 1 status as quickly as possible.
- We are also very encouraged by the appointment of the new Minister, Orozco, and his clear determination to address these problems, and that we hope you and we will be able to make much greater progress to resolve these important aviation safety issues.

Talking Points
Linda Hall Daschle
University Aviation Association
Aviation Policy Seminar
(CANCELLED — NOT GIVEN)
January 8, 1996

INTRODUCTION

- 1) Welcome to Washington! It's a real pleasure for me to meet the people who are going to be the movers and shakers of American aviation policy in the next century.
 - It's also a distinct pleasure to meet the dedicated educators who are preparing them for that critical role.
- 2) I know the UAA brings students and faculty here to Washington every January, but this January is like no other for the FAA and American aviation.
 - We are on the verge of changes that will radically reshape the way FAA serves the aviation community.

- There have been no wholesale changes at the FAA since agency became part of DOT in 1967. We have an unprecedented opportunity to change that.
- In the process, the FAA will create a model for better, leaner government that more effectively serves the American people.

Why FAA Reform?

- 3) For years, the FAA has done the best job it can. But we're hampered from doing even better by governmental red tape:
 - Procurement regulations make a paper trail 17 feet long
 - Personnel rules date back more than a century

- Financing system doesn't provide the stable funding we need to make sound strategic plans and carry them out.

4) Effects of the current system:

- It's difficult to take timely advantage of new technology; takes too long to get new equipment into the field;
- It's difficult to recruit the best and the brightest people and put them where we need them.
- It's difficult, in the current budget climate, to provide the same high level of safety and efficiency while being given fewer and fewer resources

5) Under David Hinson's dynamic leadership, we've worked hard to revamp the FAA. Today's FAA is more efficient with greater productivity and accountability.

- Since 1993, the FAA's annual budget is down by more than \$600 million and we have 5,000 fewer employees.
- We've gotten our major programs back on schedule and costs under control . We eliminated projects that weren't going to work or that had outlived their usefulness.
- We eliminated unnecessary bureaucracy. For example, when David came here in 1993, 50 people reported directly to the Administrator. Today, that number is just 15.

- The FAA is one of the leading government agencies in achieving the goals set forth by the Clinton Administration and the National Performance Review to make government work better and cost less.
- 6) All these changes signify progress. At the FAA, we have demonstrated our ability and our willingness to do more with less. The question is *how much more*, with *how much less*?

7) If aviation were a static industry, we might be able to get by doing business as usual. But as aviation students and teachers, you know the industry is dynamic and growing almost exponentially.

- By 2002, the number of passengers traveling on U.S. airlines is expected to increase 35 percent — from approximately 500 million to more than 800 million annually — with an 18 percent increase in commercial operations.
- Airlines lost \$10 billion 1990-92; this year, airline industry expects \$2 billion profit.
- Economic growth during Clinton Administration is producing many new orders for aircraft and new aviation technology.

- Airports have built 115 new runways over the last three years, and we opened the first all-new airport in a generation at Denver.
- 8) But even as the demand for aviation services continues to grow rapidly, the FAA faces a drastic budget shortfall. Under the Congressional Budget Resolution, the FAA's budget in 2002 would be *14 percent less* than it was in 1995.
- It's like telling a family that its income is going to decline steadily over the next seven years just as they're getting the news that their youngest child needs braces...their oldest has been accepted to Daniel Webster...and they need a new engine for the family car. The numbers just don't add up.

A “Half-full” Glass of Reform

- 9) Amid recent budget battles and government shutdowns, the Administration and Congress agreed on one thing: It was time to give the FAA the tools it needs to manage the dynamic growth of the U.S. aviation industry while ensuring the safety and efficiency of air travel.

10) We have said for years that the FAA needs fundamental change in three critical areas: financing, personnel and procurement. The 1996 Transportation Appropriations Bill, recently signed by President Clinton, answers part of that need.

- The FAA will have authority to overhaul its personnel and procurement systems, and the flexibility to operate more like an efficient, cost-effective business.
- This is an incredible opportunity. We are basically being allowed to start from scratch. We are making it a point to seek advice from outside experts.

- We also are ensuring that FAA employees are full partners in this reform effort. More than 100 of our best people are developing personnel and procurement systems that we will implement on April 1.
- The FAA has become the envy of the rest of the government. Other departments and agencies have told us they would love to have the same opportunity to create fundamental change.
- Vice President Gore has told us he expects that FAA reform efforts will be the Administration's template for reinventing the rest of government.

11) As welcome as they are, the freedoms granted by FY96 Appropriations legislation still amount to a “half-full” glass of reform.

- These reforms are critical, but the bill doesn’t resolve the imbalance between the FAA’s long-term financing needs and the constraints imposed by the Joint Budget Resolution, Congress’ plan to balance the budget by 2002.
- We still face at least a 14 percent shortfall.

McCain-Ford-Hollings

- 12) The Air Traffic Management System Performance Improvement Act of 1995 (S.1239) — a bipartisan bill introduced by Senators McCain, Ford and Hollings and supported by the Clinton Administration — is the only proposal now before Congress that adequately addresses all three essential reforms.
- 13) The McCain/Ford/Hollings Bill would provide the financial resources necessary for the FAA to manage the growth of aviation by asking more users to pay a fair share for services they receive. Examples: air traffic control, training, licensing, regulatory proceedings, and certification.

14) Financing the FAA primarily through user fees is a better way of doing business:

- The FAA would be freed from an archaic budget process, that leaves us unable to plan effectively or to meet new demands in a timely manner;
- User fees would promote efficiency and accountability by tying user needs to agency decisions about when, where and how to spend money;
- Finally, user fees would provide the FAA with a predictable source of revenue that would grow along with its increasing workload.

15) The McCain/Ford/Hollings Bill would allow the FAA to recapture more costs from those who benefit directly from FAA services, relieving taxpayers of an unfair burden. Examples of cost recovery permitted under S. 1239:

- Corporate jets fly business executives all over the country. Yet the corporations that own the aircraft pay only 11 percent of the costs they impose on the air traffic system.
- The FAA currently does airspace studies at no charge for real estate developers who want to erect high-rise buildings near airports.
- FAA employees spent more than 100,000 hours certifying the Boeing 777 at no charge to the manufacturer; the new state-of-the-art aircraft will bring Boeing billions of dollars in sales.
- International air carriers flying over the United States use our air traffic services free of charge, even though the same courtesy is not extended by all nations to U.S. carriers.

16) The Clinton Administration and the FAA wholeheartedly support the reforms that the McCain-Ford-Hollings Bill would provide. The aviation community and our colleagues throughout government are watching to see what the FAA will do with this opportunity.

- Can we accomplish a revolution in the way we do business? Can we design systems that increase efficiency and productivity while reducing costs?
- Can we make the FAA a model federal agency, delivering the highest possible performance at the lowest possible cost?

17) FAA employees provide services that ensure the safety, security and efficiency of U.S. aviation. Those services are *essential, not optional*.

- They will be even more essential as thousands of new planes and hundreds of millions of new passengers seek to fly.

18) If the FAA is asked to manage the kind of cuts Congress is proposing, the American people will pay a high price in air transportation that is *less efficient* and *more expensive*. We think that is unacceptable.

- 19) It's also unacceptable to have a situation where you, as students, have fewer career opportunities.
- 20) Your dedication, your commitment, your fresh ideas are the lifeblood of aviation success. We must have an environment where you can grow and prosper to the fullest.