

FINAL
Remarks prepared for
David R. Hinson
FAA Town Hall Meeting
February 6, 1996

Welcome to everyone here in the FAA Auditorium, and to everyone watching on the satellite hookup.

I'm really glad to have another opportunity to talk with you, even if nature delayed us a month.

You probably saw pictures of the blizzard here in downtown Washington on the news. If anything, getting around was worse than it looked.

But now, we're finally thawed out and ready for this Town Hall meeting.

If this is your first time participating in one of these meetings, here's how it works.

I'm going to make some brief opening remarks. Then we'll go into a question-and-answer session so we can hear from you.

Those here in the auditorium can just stand up and ask questions. If you're watching from the field, call the number that appears on your TV screen. Everyone will be able to hear all the questions.

Depending on the question, I may answer myself, or ask one of the people here on the stage to answer.

With me today are Linda Daschle, our Deputy Administrator; Monte Belger, Associate Administrator for Air Traffic Services; Ed Verburg, Associate Administrator for Administration; Carl Schellenberg, the head of our FAA reform task forces; and Ruth Leverenz, our Chief Financial Officer.

A lot has happened in the six months since we had our last Town Hall meeting. The FAA faces some real challenges this year — but we also have some unprecedented opportunities.

Unlike many other Departments and agencies, we have a budget for FY96. We got what we wanted in most areas. In others, we might have done a little better.

No one at the FAA was out of work for more than a day and a half during the partial government shutdowns, nor were we hit with short paychecks. Both Congress and the President realized how important it is that we be on duty for the American public 24 hours a day, 365 days a year.

The Clinton Administration has mandated that government should be leaner and more effective for the American people. It's one of their priorities, especially for Vice President Gore, who is leading the effort.

I'm proud to say that we've not only stepped up to that challenge, but that much of the federal government wishes it had accomplished what we have.

We've steadily downsized the FAA workforce over the last few years. We've done that through regular attrition combined with buyouts and early retirements.

As this chart shows (refer to “Staffing Reductions” chart), we’re way ahead of the Administration’s target. In fact, we’re one of the leaders in government. Many other agencies are still striving for the streamlining we’ve already achieved.

In a different area, our relations with the outside world are expanding and improving all the time, especially our partnerships with industry. I want to highlight a couple of efforts we have underway.

In December, Secretary Peña and I met with 300 aviation safety experts in New Orleans to evaluate the first year of our nationwide aviation safety partnership. On February 8, we're going to make public the Aviation Safety Plan that came out of that meeting.

Working together with our industry partners, we're making a safe system even safer. We all are really focused now on meeting the goals of "zero accidents" and "shared responsibility" that we adopted at our first Safety Summit in January 1995, and reaffirmed in December.

I also want to mention the CHALLENGE 2000 initiative that we've had going on since last July. You'll recall this a comprehensive review of our regulation and certification capabilities to determine how to improve them as America enters the 21st century.

In a few weeks, we'll receive recommendations from more than 100 high-level people in the aviation industry. They will help us take a hard look at every aspect of our regulation and certification work — not only what we do, but also how and why we do it.

This level of industry input is invaluable. It will let us be more responsive to changes in technology and business practices. It will help us determine what expertise we need to do our job. And overall, it will help us serve the aviation community more responsibly.

Understand — no criticism of what we're already doing is implied. I believe FAA employees are the best people in government or private industry. But to be responsible, I think we must operate under the assumption that it's always possible to do a better job.

In fact, the most exiting thing we're doing in the FAA today also has the same goal: doing our job more effectively.

In the FY96 Appropriations Bill, Congress has given us a extraordinary opportunity to change our procurement and personnel systems. In fact, we are the envy of every other agency in government.

I think we can take advantage of this opportunity to build a brighter future for everyone at the FAA, and ultimately, for the future of aviation in this country.

Let me just give you a little bit of background.

FAA people do the best job they can, but we're hampered by government red tape. Our procurement regulations alone make a paper trail 17 feet long. The federal personnel rules we work under date back more than a century.

Now, in the '96 appropriation, the FAA has received authority to overhaul our personnel and procurement systems and operate more like an efficient, cost-effective business.

We are basically free to start from scratch.
We can take the best and most innovative ideas
from both inside and outside government.

FAA employees are full partners in these
reforms. More than 150 FAA people are
working long hours and hard days on systems
that we plan to implement on April 1. We are
right on schedule, and we're going to meet this
deadline. I want to thank everyone for this
remarkable team effort.

I 'm not the only one who is watching your
efforts. FAA Reform is at the top of the Vice
President's agenda.

In a letter he sent me last November, he pledged that we have the full support of the Administration in designing and carrying out these reforms. The Vice President wants us to be bold. What we do here will serve as a model for what he wants the rest of government to accomplish.

I'm sure you all have questions. You want to know, "What do these changes mean for me?"

I can't give you a definitive answer yet. Our task forces on procurement, personnel and financing are still hammering out concepts.

In general, I think that pay and opportunities probably will be based more on performance and complexity than in the past.

Managers will likely have greater flexibility to reward outstanding employees, deal with poor performance and acknowledge different levels of difficulty in assignments. Of course, we will need to identify savings and efficiencies where we can at the same time.

Changes of this magnitude are not going to happen overnight. Some things we will do right away, but others will be phased in. This is a revolutionary opportunity, in the truest sense of the word. We will take whatever time we need to make sure we get it right.

We also will remain committed to diversity, affirmative action and equal employment opportunities, no matter what system we come with.

It is vital to the FAA's future that we have a diversity of people and new ideas, and we will continue to take advantage of all the talent and experience available to us.

So, we have a great deal of work ahead of us. But we also have a number of genuine accomplishments we can all take pride in.

Does that mean everything at the FAA is great? No. One glaring problem — financing — is still staring us in the face.

We have a chart (refer to "FAA Budget" chart) that shows what's happened to our annual budget over the last few years.

In FY96, we've taken our fourth consecutive budget cut. Since FY92, our budget is down \$670 million.

It's been a large cut to absorb -- but we've managed to deal with it so far without adversely affecting safety.

The situation may not get much better, as you can see in the next chart (refer to "Discretionary Spending" chart).

First, realize that our whole budget falls under the category of “discretionary spending.” Basically, that means the pot of money left after the government pays interest on the national debt and funds programs mandated by law.

Just look what’s happening with the percentage of federal spending considered “discretionary.”

Back in 1963, discretionary spending was more than two-thirds of the federal budget: 70 percent.

But over the years, the national debt has soared. Interest keeps accumulating to higher and higher levels. Medicare and Medicaid have become increasingly expensive. So, by 1995 the percentages had almost reversed. Almost two-thirds of the budget went for mandatory payments.

As you can see, we expect the discretionary slice of the pie to continue shrinking. Since this is the only place where Congress can look to cut federal spending, in a sense they have no choice but to cut the FAA's budget as part of the process.

Again, I know you're asking, "What does this mean to me?"

Just as in a private company, the amount of money we get affects the number of jobs we can have.

I wish I could guarantee that every FAA employee watching today will be doing the same job in the same place for the same amount of pay in the future. I can't.

We are exploring every avenue we have to minimize RIFs. There is a possibility that we might have additional buyouts as part of personnel reform, but again, I can't guarantee that.

Wherever RIFs become unavoidable, we will do whatever we can to minimize the impact on the people involved.

It's obvious that as long as we have to depend on an ever-smaller share of available federal spending, we won't have a real solution. -
The current method of funding the agency just doesn't provide the stable funding we need.

It's as if you're trying to run a household not knowing how much income you'll have from month-to-month. Meanwhile, your son needs braces ... your daughter wants to go to college ... and the car needs a brake job.

If you look back at the budget chart, you can see that under the Joint Budget Resolution Congress is considering, by 2002 our budget would be at least 14 percent less than 1995. Meanwhile, our responsibilities will increase as demand for aviation services increases.

There are several efforts to “reform” the FAA in Congress. This over chart (refer to “Reform Legislation” chart) shows the highlights of each.

I’ve already talked about the FY96 appropriation. It gives us the personnel and procurement reform we’ve asked for. But it does nothing to solve our long-term financing problems.

(Discuss highlights of Duncan-Lightfoot per chart)

(Discuss McCain bill highlights per chart)

If you look at the details, only the McCain bill adequately addresses all three of our reform needs: personnel, procurement and financing.

I don't know for sure how this is all going to turn out, or what the detailed impact will be on FAA employees. There are many variables, and the reform bills aren't likely to come up for a vote before this summer at the earliest.

I know that there is a person behind every job slot on our personnel charts. All of us have personal financial responsibilities. Many of us have families that depend on us.

I promise you that Linda Daschle and I, and all our senior managers here in Washington, will continue fighting to get the best possible solutions to the fiscal realities we face.

The FAA is going to change. Whatever changes are made will be phased in, I'm certain, but there's no doubt we're going to see the greatest transformation since we became part of DOT in 1967.

We as FAA people will have to change as well. We all will have to be more accountable for our actions. We all will have more responsibilities, even while available resources decrease.

Change is stressful. But as we evolve into tomorrow's FAA, there is one thing that must not change.

We remain committed to creating a safe, pleasant and positive working environment. An environment where we can focus on being productive rather than wasting energy dealing with abusive, hostile or demeaning situations.

I've said this many times, but I'll say it again because I feel so strongly about it. I enjoy working with you, the women and men who are the FAA, and you have my deepest respect.

Your commitment to aviation and safety makes our aviation system the safest and the most efficient in the world.

We here in Washington will do everything we can to give you what you need to continue that outstanding level of service.

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TALKING POINTS
AVIATION SAFETY PLAN NEWS CONFERENCE
FEBRUARY 8, 1996

- 1) Today, we're announcing our aviation safety plan for this year. It's a mix of some initiatives that came out of our first Safety Summit in January 1995 and our follow-up meeting in December.
- 2) In the past year, we have come a long way, both in terms of concrete results and in raising the profile of safety within the aviation community:
 - We set "Zero Accidents" as the only acceptable goal. All involved have embraced the concept, and we are working actively to get there.
 - Everyone involved accepts the principle of "shared responsibility." We can't just regulate our way to Zero Accidents, we have to cooperate to get there.

3) You are probably familiar with some of our major accomplishments.

- In December, we announced the final Commuter Rule, which establishes "one level of safety" for passengers on scheduled airlines. This is a logical outcome of the new Zero Accidents standard.
- Last April, we issued our Runway Incursion Action Plan, a major agency initiative to improve runway safety at the nation's more than 570 civilian airports
- CHALLENGE 2000. In a few weeks, we'll receive a report with recommendations from more than 100 high-level people in the aviation industry. They will help us take a hard look at every aspect of our regulation and certification work.

4) I also want to touch briefly on some other noteworthy things we've done that you may not be so familiar with:

- We started the Advanced Qualification Program (AQP) to improve crew training. Seven major carriers are participating, and seven regional carriers are developing their programs.
- A year ago, the airlines voluntarily agreed to establish internal safety programs and safety offices. We've gone from 46 airlines that had safety evaluation programs at that time to 95 today.
- On October 1, we established an FAA Aviation Weather Division. This will help us prevent accidents and reduce weather delays.

- 5) All these accomplishments really are team efforts. We have transformed our long tradition of government-industry-labor cooperation into an active safety partnership. This partnership is the essential component in achieving and maintaining Zero Accidents
- 6) This level of partnership is something special. I'm truly impressed with the extent to which industry and labor have seized this opportunity to establish a new safety paradigm. Everyone has made a professional and personal commitment.
- 7) We have established a sound foundation that makes our future success even more likely.

- 8) One of the most important things we did this year was to establish the Aviation Safety Community Data Sharing Group.
- Without the help of virtually the entire aviation community, this achievement would have been impossible.
- 9) The partnership behind the Group will powerfully support the implementation of Flight Operations Quality Assurance Programs (FOQA) that we will talk more about today.
- 10) There are still some issues that have to be addressed before FOQA is up and running. But I believe that FOQA ultimately can be a powerful tool to help us put together a comprehensive, real-time picture of normal flight operations.

11) Everything that we are doing in the safety Action Plan reflects the FAA's refocused approach to aviation safety. We are moving away from today's situation where our primary mode of intervention is regulation and surveillance.

- To reduce an already low accident rate, we need to turn to concepts of risk management and collaborative problem solving.

12) FAA and industry are working harder than ever to increase safety. But because the accident rate is already so low, there is less opportunity to achieve the big safety advances of the past.

- It takes extraordinary effort to move from 99.99 percent safe to 100 percent.

13) Today's plan is still an interim step. The plan will be reviewed at the end of 1996 and updated again in early 1997. We will keep pressing on until we reach Zero Accidents.

14) The American traveling public is the ultimate beneficiary of everything we do.

- We have already created the safest, most efficient airspace in the world. Now, we're taking that record to a new level, free of aviation accidents. They deserve nothing less.

Remarks Prepared for
David R. Hinson, Administrator
Federal Aviation Administration
R,D&E Advisory Committee Meeting
February 14, 1996

Good morning and thank you for being here. It seems we just had our last meeting -- it's hard to imagine that was two months ago.

Let me start today by saying one more time how much I appreciate you taking time out of your busy schedules to serve on this committee. Without your talent and insights this agency would not be where it is today.

Before we get down to the real "meat" of this meeting, I want to take a few minutes to update you on a few issues I raised in October -- particularly, the need for FAA reform.

Last time we met, I briefly mentioned the budgetary problems facing the FAA, as well as the acute need for personnel, procurement, and financing reform.

To meet the challenges of the next century -- increasing workloads and decreasing budgets -- we have to plan now.

Under current congressional projections, the FAA's budget in 2002 would be 14 percent less than it was in 1995.

Although our budget will decrease, our workload is projected to increase substantially.

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.

This raises some long-term challenges for the agency. If current inflation projections are accurate, the cost of current services will double over the next 20 years.

I want to emphasize that we have no dedicated revenues in the pipeline to cover the expected shortfall.

As I mentioned last time, we've already done a lot of hard work to streamline the FAA for greater efficiency, productivity and accountability.

Since 1993, we have reduced the FAA's annual budget by more than \$600 million and trimmed our work force by 5,000 employees.

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.

That's not enough. We need to do more, but to succeed we need the help of the President and Congress.

Last November, Congress passed and President Clinton signed into law an appropriations bill which took some important steps toward FAA reform.

The bill gave us much-needed personnel and procurement reforms that will help us reshape the way the FAA serves the aviation community.

This is an opportunity for constructive change, and we are working to take full advantage of it. By April, we'll know in detail how we plan to put these changes into practice.

Such changes will help, but they offer only a partial solution. The financing issue -- which is the most critical -- remains unresolved.

It is so divisive that a clear consensus within the industry itself has yet to emerge.

What is clear is that the financing mechanisms available to the FAA are institutional relics from earlier, simpler times.

Among the many proposals being considered are some which would allow the FAA to tap the capital markets.

Governor Gerald Baliles, who chaired the President's Airline Commission, had this in mind when he proposed the creation of an Air Traffic Control Authority within the FAA with the power to issue bonds to finance capital improvements.

It is also what the President had hoped for when he proposed the Air Traffic Services Corporation last Spring. That proposal, however, lacked strong congressional support and is no longer a viable option.

Among other proposals, the bipartisan bill introduced by Senators McCain, Ford, and Hollings comes closest to giving us the reforms we need.

That bill would provide the FAA with predictable revenue, which would automatically grow along with our increasing workload.

In addition to providing the FAA with the revenue stream it needs to function effectively, this proposal would, in time:

- Free us from an archaic, unpredictable budget process that has no real relationship to our mission; and
- Promote efficiency and accountability.

But the bottom line is that the industry would benefit.

We want a more secure funding base so that we can provide the first-class services needed to keep aviation growing.

Putting the FAA's budget on a fair-share basis will help ensure that budgetary politics do not strangle U.S. aviation's growth potential.

We believe that the McCain bill currently offers the best approach to long-term financing. There are other proposals, and there will still be debate on the best course of action.

I have no reservations about defending the FAA's need for secure funding. Without such reform, the FAA will not be able to meet the future demands of its users.

The final outcome of this debate, whatever legislative form it ultimately takes, should result in a true public-private partnership between the FAA and those who rely on the FAA's services.

Now before I give up this lectern, I have one other piece of business to take care of.

Unfortunately for us, this is the last meeting for John McLucas and John Olcott. Because of the rotation schedule established in 1992, their membership on the full committee is expiring.

Both men have provided years of invaluable service to the FAA. I really don't know what we're going to do without them. I do, however, wish them the best of luck in their future endeavors, and want to let them know that we always will consider them a part of the FAA family.

I also want to thank Jim Abrahamson for his work as Chairman of the R,D&E Committee. His leadership and vision have been instrumental in ensuring the success of this committee.

As you know, Jim recently resigned the chairmanship so he will have more time to focus on his career and on his new business. I am delighted, however, that Jim will remain a member of this committee.

Now, let's get to work.

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TALKING POINTS FOR FAA ADMINISTRATOR DAVID HINSON

Helicopter Association International HELI-EXPO '96

Rotorcraft Roundtable

Dallas, Texas

February 21, 1996

INTRODUCTION

This afternoon, I would like to discuss three areas of common interest.

First, I want to give you preview of our forecasts for the rotorcraft industry.

Second, I will address some certification and operations issues that are troubling HAI members.

Then, for my third and final point, I'd like to talk about the changes underway in the FAA, and what still needs to be done if we are to take full advantage of the opportunities ahead.

I'll cover the points in that order, then I'll answer your questions.

THE ROTORCRAFT FORECAST

- **Aviation is Benefiting from a Strong U.S. Economy.** 1995 was a great year for aviation ... one of the best we've seen in a long time. One of the key reasons for the upsurge is the turn-around in the economy. Under President Clinton's leadership, we've seen three years of solid economic growth. A record number of new small business have started up, nearly seven and a half million new jobs have been created, and unemployment has fallen to just over 5 percent.

The gross domestic product (GDP) grew by 3.8 percent in 1994 and by 3.7 percent in 1995. The deficit is about half what it was at the beginning of the President's term, and inflation has averaged just 2.7 percent ... the lowest it's been in 30 years.¹

Every segment of the aviation sector is benefiting from the fundamental soundness of the economy. The majors, as a group, recorded their strongest profits ever. Deliveries of general aviation aircraft in 1995 topped the 1,000 mark -- for the first time since 1990.

- **Helicopter Shipments.** Last year, the value of helicopter shipments increased nearly 23 percent -- from \$185 million in 1994 to \$227 million. The number of shipments went up from 308 to 314. That's far short of the 1,366 units shipped in 1980 - - but now, at least, we're moving in the right direction.

Helicopter shipments have, in fact, increased in each of the last 3 years -- a trend which the Aerospace Industries Association believes will continue this year as well. Shipments are forecast to total 365 units in 1996 -- up 16.2 percent -- mostly in the small two-seat piston category.

- **Fleet Usage.** Another key indicator of growth -- fleet usage -- is also up. In 1994, the latest year for which survey information is available, rotorcraft flew an estimated 2 million hours, up nearly 10 percent over the previous year.

Our latest forecasts indicate that usage within the total fleet will remain at or slightly above this level, and that among turbine powered rotorcraft, usage will increase an additional 10 percent over the next dozen years.²

Overall, these forecasts point to a stable rotorcraft sector, giving us good reasons for cautious optimism.

- **Safety: Our number one priority.** In aviation, the one essential precondition for industry vitality is a strong safety record. Last year, the helicopter community had one of its safest years ever. Total accidents declined from 207 in 1994 to 162 in 1995. The number of fatal accidents went down as well, from 58 to 26.

- **Special FAR-71, Hawaii Air Tour Operators.** Part of this improvement can be attributed to the aggressive safety programs that HAI offers its members. Part is the result of the new special training and experience requirements that went into effect last year for Robinson R-22 and R-44 pilots. And part is due to the special operational safety rule (SFAR-71) which established minimum altitudes for Hawaiian air tour operators.

I know there are strong feelings about SFAR-71. It was issued as a "final rule, with comment" following seven accidents with four fatalities in the first nine months of 1994, and 24 fatalities between 1991 and 1994. We are in the process now of analyzing the comments we received from the National Transportation Safety Board and others. I don't know how much longer it will take or what changes we will make. But we will consider your comments as we proceed to issue a final rule.

RESPONDING TO HAI'S CONCERNS

Now I'd like to move on to my second topic. HAI members have identified a number of actions they would like the FAA take to reduce cost, cut down on regulations and red tape, and improve operations. I'd like to respond, quickly, to nine of these concerns.

The first four are about certification. I'll summarize the basic issue, then respond.

1. The FAA should allow approval of self-contained Designated Engineering Organizations. Other countries allow qualified organizations to repair or perform alterations with little oversight from the airworthiness authorities. These Designated Engineering Organizations are clearly an advantage that operators in other countries enjoy since the approved organizations can set their own schedules.

FAA Response: We have asked ARAC to look into the possibility of a rule change which would allow approval of a Designated Engineering Organization. Recommendations are expected mid-1996.

2. Differences between the FAR/JAR 36 and ICAO Annex 16 noise certification standards make the cost of noise tests too high. This lack of compatibility plus rigid precision standards result in noise tests costing between \$300 and \$600 thousand dollars.

FAA Response: The FAA is participating in an international group working to harmonize these rules. The group is striving for a common standard to allow for a single test to meet all requirements. This should reduce some of the cost associated with the additional testing required to meet both standards. We will continue to support this harmonization effort. *(I am considering initiating a formal study to evaluate possible relaxation of the precision demanded by the FAR 36, Appendix H noise standard.)*

3. The 0.1dB threshold which establishes the "acoustical change" criteria of FAR 36 and FAR 21.93 is too low. The addition of external equipment (such as spotlights, hoists, wire strike kits, spray equipment, and floats) often requires costly flight or noise tests.

FAA Response: A proposal to increase the threshold to 0.3dB has been accepted. The FAA is in the process of establishing this new level as policy. A proposed amendment to FAR 21.93 for changes in helicopter type design for the attachment or removal of external equipment has been through public comment and is in the signature cycle for final rule making. The amendment will provide relief to the entire helicopter industry and individual operators. We will get this out as quickly as we can.

4. The regulatory process takes too long. Once the ARAC makes a recommendation there is an inordinate amount of delay in the FAA.

FAA Response: In July I asked a blue ribbon task force to conduct a comprehensive review of the FAA's regulation and certification capabilities and suggests ways to fine-tune the process. I expect to receive their report very soon.

Your fifth concern was also about delay.

5. Aircraft registration takes too long. It used to take about a day to reserve an aircraft registration number and three weeks or less to get one assigned. Now these requests take anywhere from two weeks to two months.

FAA RESPONSE: In the past year, the workload in the aircraft registration branch went up almost 60 percent. Last year, we processed close to 37,000 applications, compared to 23,000 the year before. In November, we hired two new employees for this branch. As soon as they are fully trained and up to speed, I believe you will see a difference.

The next comment concerns harmonization activities between the FAA and the JAA.

6. The FAA needs to make JAA harmonization and validation a continuing priority. Over the past 10 years, the rotorcraft industry has had great success in harmonizing rotorcraft certification rules and advisory material. (The FAR and JAR 27/29 are almost identical.) This success is attributed to the active involvement of the industry and the FAA in ARAC, HASG, and harmonization working groups. Extensive participation has required a sizeable investment but is beginning to pay big dividends.

FAA Response: We couldn't agree more. This is a prime example of government-industry cooperation and it merits our continued support with resources and priority in the rule making program.

This next issue is on HAI's list of its top concerns.

7. Surplus military helicopters are being dumped into the private sector, with no regard for the disruption of market forces, or the possible diminution of aviation safety. The military will be releasing surplus military helicopters into the civilian market in the next several years. FAR 21.27 allows some of those helicopters to obtain a standard type certificate if the craft complied with the certification rules in effect at the time the aircraft entered military service. Thus, an old "war bird" aircraft from 1964 could be eligible for flown for hire without having to be upgraded to meet current safety standards.

FAA Response: The FAA is aware of both the safety and the competitive business issues at stake. The agency published a notice proposing to withdraw 21.27, and more than 500 comments were received in opposition. We still have this under review, but a rule change is being considered that would upgrade the safety standards applicable for standard certification of a surplus military aircraft.

These last two recommendations dealt with operations issues.

8. Certain Part 91 operators need relief from FAR 91/135

IFR weather requirements: The FAA's lower VFR minimums and alternate airport requirements for IFR flights encourage emergency medical service helicopter pilots to conduct missions VFR which they would rather complete IFR. The NTSB recommended that the FAA review FAR 135.223, IFR:

Alternate Airport Requirements, to determine the feasibility of allowing the helicopter pilot, without designating an alternate airport, to file IFR with a lower destination weather forecast than is currently specified.

FAA Response: The FAA previously granted a partial exemption to the air ambulance industry to allow operators to depart IFR from airports or heliports where a weather report is not available. HAI has petitioned us to allow certain Part 91 operators to use the reduced IFR alternate weather minimums granted to Part 135 certificate holders.

We hope to have an answer for you soon.

9. We would like to make more use of GPS to support a low-altitude route structure and IFR approach procedures. At the 1993 ELVIRA workshop, one of the top ten issues identified by the industry was the development of a specific IFR rotorcraft route structure. While trying to fly IFR, helicopters are forced to fly in the higher fixed wing environment where they are susceptible to icing and their comparative slower airspeeds causes air traffic conflicts.

The industry is also calling for the development of IFR procedures to allow IFR helicopter operations from heliports, hospitals, and unimproved site landing zones. Among the ELVIRA workshop's top ten requests was a recommendation for a system of approach categories to support rotorcraft instrument approaches at speeds of 40 to 70 knots.

FAA Response: GPS technology is allowing us to expand helicopter IFR operations (for example, along much of the East Coast) and to develop IFR approaches. The FAA is supporting the development of both.

- **ERLANGER MEDICAL CENTER.** About 18 months ago, the FAA certified the first GPS non-precision approach procedure for a heliport at the Erlanger Medical Center in Chattanooga. Severe trauma patients, who once had to be brought by ambulance, can now be transferred directly to the hospital's rooftop helipad, even in poor weather conditions.

Life Force, the emergency medical services provider, estimates that the GPS approach helped save 34 people who might not have survived otherwise. Other GPS helicopter approaches are being readied at the University of Wisconsin Hospital and the Mayo Clinic.

This was a joint project, co-funded by industry and government. Helicopters and crew from several companies were involved, working side-by-side with us, to complete the testing.

- **Atlanta Short-Haul Program.** The Atlanta short-hall program is another cooperative venture between the FAA and HAI which has important implications for the future.

Our project engineers are working with helicopter pilots in the North Georgia region to develop ... in time for the 1996 Olympics ... a system of helistops and low-altitude routes that will use GPS equipment and advanced communications. These developments may lead to a viable helicopter transportation system in Georgia that will serve as a model for future commercial helicopter activities elsewhere.

- **The Expanding Role of Helicopters.** Helicopters are sometimes described as the workhorses of the aviation industry, providing this nation with some of its most valued services. No other form of air transportation is more woven into the fabric of American life. We take them for granted. And we assumed that -- when the time came -- we would have the infrastructure in place to handle the expanding role of helicopters in our society.

In today's world, that assumption is no longer justified.

- **System Capacity.** Lack of adequate infrastructure is more than an HAI problem. It is an industry-wide problem. Where we cannot build new airports, we must find ways to expand and better utilize those which already exist.

The FAA is pursuing this in a number of ways.

We award about \$1.5 billion each year to improve the Nation's airports.

We're working with some 30 local communities, to help them take advantage of the military airfields being closed by the Department of Defense.

And we are rebuilding the air traffic control system around a new core of advanced technologies such as the global positioning system and data link.

THE NEED FOR FAA REFORM

Our concern is that, the FAA, as it is presently structured, will not be able to keep pace with a rapidly growing aviation sector and rapidly changing technology.

Which brings me to my third and concluding point: the need for FAA reform.

- **The Government's Contribution is Declining.** Historically, much of the expansion of capacity has been publically funded. We now face the almost certain prospect that public funding will fall short of what we need. The result could significantly constrain future growth in all sectors of aviation.

No one who has looked seriously at our situation believes that the way we finance aviation infrastructure is adequate. It does not work well now, and it is going to become even more of a handicap in the years immediately ahead.

The President faced the difficulty and initiated a broad examination of our options -- culminating with the proposed legislation for reforming the FAA.

- **Personnel and Procurement Reform.** Congress has also taken up the issue, and last year acted to give the FAA greater flexibility in personnel and procurement policies. This is an opportunity for constructive change, and we working with the industry to take full advantage of it. But this is only a partial solution. The financing issue -- which is the most critical -- remains thus far unresolved. A clear consensus within the aviation community has yet to emerge.

- **The FAA Needs a Better Way to Finance Long-Term Capital Investments.** What is clear is that the structure of the FAA, and its financing mechanisms, are inadequate to the task of raising capital for long-term projects ... especially in a time when the Federal budget is under severe pressure. We must create a mechanism that will encourage the inflow of private capital to supplement the dwindling resources of government.

- **The McCain/Ford/Hollings Bill.** Several proposals are being considered. The Clinton Administration has endorsed the bipartisan reform bill introduced by Senators McCain, Ford, and Hollings, and Representative Bob Clement. This bill, I believe, comes closest to giving us the reform we need. But the debate continues.

- **Conclusion.** As an important part of the aviation industry, you have a vital stake in the outcome. It is in your interest to help forge a consensus that will benefit the industry as a whole. Deputy Administrator Linda Daschle and I share with the rotorcraft industry a confident expectation that the helicopter will greatly expand its range of essential applications in the years ahead. The FAA will continue to support you in your efforts to develop new services and create new products. To give you that support, we must find a new way to finance growth and expansion.

- Thank you. I will be happy to answer your questions.