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OFFICE OF THE ADMINISTRATOR

May 3, 1994

Dear Fellow FAAers,

Today Vice President Al Gore, DOT Secretary Federico Peña, and I publicly unveiled the Administration's proposal for the U.S. Air Traffic Services Corporation. This signals the beginning of a new era -- one characterized by increased efficiency, flexibility in managing our resources, and freedom from cumbersome regulations that have long restricted our ability to keep pace with advances in technology.

This Air Traffic Services Corporation (ATS Corp.) will be responsible for controlling air traffic, maintaining the equipment of the National Airspace System, modernizing ATC facilities and equipment, conducting research into future ATC systems, and supporting national security activities.

The ATS Corp. will provide you with a better way of accomplishing what you have done so well for so long. You deserve the best equipment, facilities, and tools that we can provide for you to continue to do your job. But the reality is -- without greater flexibility to manage more efficiently, we risk losing the gains we have fought so hard to achieve. We can't go backward, and standing still is not an option. The ATS Corp. is a great stride forward for all of us, one we're now poised to make.

As a wholly owned U.S. government corporation, the not-for-profit ATS Corp. will be housed within the Department of Transportation and exist as an organization separate from the FAA. The ATS Corp. will be headed by a chief executive officer in accordance with policy guidance established by an 11-member board of directors who represent users of the nation's airspace, employee unions, the business community, and the general public. The secretaries of transportation and defense also will sit on the board. The FAA Administrator will have the power to intervene to resolve safety-related problems.

The FAA will retain its historical mission of assuring aviation safety and security through its existing regulatory functions, and will maintain safety oversight of the ATS Corp. The National Transportation Safety Board will continue its traditional role in air safety. And as presently exists, the FAA will continue its programs related to the promotion of airport development and safety.

We've often said we need to operate our business like a business. The ATS Corp. will do just that. With its ability to borrow funds, the ATS Corp.'s management will have incentives to use the best available practices in managing its financial and human resources. The ATC system will be freed from burdensome procurement requirements as investors and users determine which projects will be developed before funds are raised and investments made.

Based on a recent analysis, we believe the ATS Corp. will be financially

viable and will not require appropriated funds. Initially, funding will come from the 10 percent ticket tax that passengers now pay. These fees are more than sufficient to fund the ATS Corp. long term, although the corporation will be free to set its own fee schedule after the first year.

Let me emphasize that we are totally committed to the ATS Corp., but the transition won't happen overnight. The proposal faces healthy debate in Congress, in the press, and among the scores of aviation special interest groups.

We believe, however, that we can respond to questions and concerns and through the process, convince these groups that the ATS Corp. is the best way to ensure a strong future for the Nation's airspace and its air traffic control system.

The first of several Congressional hearings is scheduled in the Senate on May 12. Congress must approve the proposal and enact legislation before the ATS Corp. will become a reality. Once the ATS Corp.'s enabling legislation is enacted, the President will appoint an interim CEO within 30 days. Within one year, following enactment and subject to certification by the FAA Administrator, the ATS Corp. will commence activities.

As we join together to determine our future, we will keep you advised of developments. Today in your workplace, you will be provided with as much information as we have available to us. Remember, this proposal is just a starting point. Much is yet to be decided, and undoubtedly there will be changes and refinements during the process. However, we are determined to provide you with continued updates. We invite you to join us for a Town Hall meeting to be broadcast by satellite to your workplace from the Headquarters auditorium on Monday, May 9, at 1:15 p.m. (EDT). Like at the previous meeting, an audio hook up will be available for those without access to the video broadcast.

I look forward to talking with you then.

Sincerely,

David Hinson

PREPARED REMARKS FOR
FAA ADMINISTRATOR
DAVID R. HINSON
ROLLOUT OF ATC CORPORATIZATION PROPOSAL
WASHINGTON NATIONAL AIRPORT
MAY 3, 1994

Mr. Vice President, Secretary Peña.

This is a red-letter day in the history of U.S. air traffic control and I am pleased to be part of it.

I want to commend the Vice President and his National Performance Review team for making the ATC corporatization proposal a centerpiece of their effort to make government work better at less cost.

Thanks also to Governor Baliles and the members of the national airline commission who recognized that a federal corporation to operate the air traffic control is a key factor in revitalizing the aviation industry in this country.

Finally, I want to commend the leadership of Secretary Peña and the hard work of the interagency committee which prepared this report. They did an excellent job.

I would like to take a few moments at the outset to discuss the safety implications of the proposal.

It is universally recognized around the world that the FAA operates the safest air traffic control system in the world.

However, the safety of today's system is maintained at great cost in terms of efficiency. Its biggest drawback is its inability to respond to changing customer needs.

We can no longer afford to operate in this fashion, faced as we are with the heavy demands of a rapidly changing global aviation industry.

Safety of the system, of course, is paramount. As FAA Administrator, this is my overriding concern and responsibility. And it is primarily from this perspective that I have evaluated this proposal.

It is my judgment that with its ability to bring new technologies on line quicker and deploy its personnel more effectively, the corporation will be in a better position to enhance efficiency and safety.

FAA will retain a core safety regulatory responsibility, built upon the highly successful model that FAA currently uses to regulate airlines, aircraft manufacturers, and other aviation enterprises.

Just as the FAA revokes certificates and takes civil action against individuals or corporations that fail to comply with its regulations, so too will it not hesitate to take action against the U.S. Air Traffic Services Corporation if it fails to pass muster.

So, there need be no concern about the safety fallout of this proposal. The FAA will continue to maintain the same high level of vigilance that has helped to make the current U.S. air traffic control system the safest in the world.

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DRAFT REMARKS FOR MONTE BELGER
EXECUTIVE FOR SYSTEM OPERATIONS
ASIAN PACIFIC AMERICAN HERITAGE AWARENESS MONTH
FAA HEADQUARTERS
MAY 3, 1994

- It's a pleasure to participate in today's opening ceremony of FAA's celebration of Asian/Pacific American Heritage Month. The Administrator and Deputy Administrator both had commitments they couldn't get out of, so I am happy to pinch-hit for them.

- It's good to see so many FAA employees here for this kickoff. I hope you continue to participate in activities throughout the month.

- The last several years have shown the importance of diversity in the work place, all across the country. We have found that a good tool for promoting a greater appreciation for diversity is learning more about the heritage of all ethnic groups.

- And the Asian/Pacific community is a critical component of the tapestry we call America. When it comes to diversity the Asian/Pacific community has written the book. Within the Asian/Pacific community there are at least 25 different nationalities. Their origins can be traced to the Far East, Southeast Asia, the Indian subcontinent, and the Pacific Islands - this includes China, India, Japan, Korea, Viet Nam, the Philippines, Hawaii, and Samoa.

- There is a strong shift toward activities in the Pacific Rim. Manufacturers of commercial aircraft anticipate a tremendous growth in the Asian Pacific market over the next 20 years.

- Our own forecasts show that international enplanements will increase an average of 6.5 percent over the next twelve years. Most of the growth stems from markets in Latin America and the Pacific Rim.

- By the year 2050, Asia will account for 35 percent of the world's population.

- Here at FAA, there are 1,280 Asian/Pacific Americans. They make up 2.4 percent of the FAA work force. We're a little below the national average; the Asian/Pacific American representation for the U. S. civilian labor force is 2.8 percent.

- While we are moving in the right direction, the majority of Asian/Pacific Americans in the FAA are males, and we need to increase the number of Asian/Pacific females in the FAA. Unfortunately, due to the strict hiring freeze we can not increase the absolute number right now, but can make more opportunities in management and supervisory positions available.

- As a result of the buyout, the agency will need to backfill some mission-critical positions.

- Despite downsizing and reengineering, there has never been a more opportune time for women and minorities in this agency.

- Management in the most senior levels in the agency and Department are committed to make a "diversity statement" by the selections that will be made this year.

- The Asian/Pacific American community will open a Cultural Diversity Library in the Office of Civil Rights - the first of its kind in FAA history - on May 11. Selections for the library were donated by special emphasis groups in the agency.

- Again, I would like to commend the group for continuing to educate us year after year about their rich heritage as well as contributions Asian/Pacific Americans make to the FAA and to the world.

Thank you.

REMARKS PREPARED FOR DELIVERY BY
FAA ADMINISTRATOR DAVID R. HINSON
AIAA "GLOBAL AIR & SPACE '94
BUSINESS FORUM AND EXHIBITION
WASHINGTON, D.C.
MAY 4, 1994

Life After Restructuring: The Current Industry Outlook
"A New Vision for Global Air Transportation"

Thank you, Brian (Rowe).

It's a great honor to appear on a program with such distinguished panelists as we have today. I doubt if there are any other three men anywhere who, collectively, have a greater understanding of both the problems and the potential of our industry.

The Journal of Commerce recently ran an article about the parking lot for surplus planes out in Arizona. For many people, the picture of all those jets lined up out there in the desert has become a symbol of the plight of commercial aviation over the past few years.

It portrays an industry that has been waiting ... waiting for an upswing in the economy ... waiting for customers to return ... waiting for the promised payoff of exciting new technology.

It's a poignant picture, but it doesn't tell the whole story. Because most of us were not prepared just to wait. And we didn't. We made a lot of hard decisions and took courageous risks. But results were often disappointingly slow to come.

Now there are signs that the worst is over. The recessions which have distressed so many of the world's economies are beginning to recede.

Here in the United States, President Clinton's budgets have made the first serious attack on the deficit in nearly a generation...and his health reform initiative attempts to bring order and fairness to a system where uncontrolled costs are a danger to our fiscal health.

We're at last getting our spending priorities straight. Our economy is growing. And the airlines are beginning to post their first profits in more than two years.

Some of those parked planes are leaving the desert and going back into the air, where they belong. We are nearing the end of a long, dry spell. Things are beginning to stir and there are signs of renewed activity. Our industry is moving again.

Now it's important to keep the momentum going. And it's this that I'd like to talk about this morning. I'll report what the Clinton Administration and those of us at the FAA are doing to prepare for a period of continued, sustained growth for American aviation. I'll be talking about one initiative, in particular ...one with far-reaching consequences for all of us in the industry.

This initiative is the Administration's proposal to establish a Federal corporation to take over the air traffic control function. We have been promising to give you more details, and I plan to do that today.

I'm sure you all know that the corporation was one of the key recommendations put forward by the National Airline Commission which was chaired by Governor Baliles. It is a testimony to his leadership that the idea has come so far in so short a time.

The work of the Commission highlighted the interplay of forces which are reshaping our industry today. In preparing our proposal, we have been especially aware of four of these forces.

Common to all four is the need to reduce costs and improve efficiency -- without in any way compromising aviation safety.

The first force is globalization.

Everywhere in the world, aviation increasingly must conform to a single set of international standards and procedures -- for reasons of safety first and foremost...but for economic reasons, as well.

In air traffic control and maintenance, harmonization of procedures makes it easier to achieve uniformly high levels of air safety wherever planes are flying, regardless of national boundaries.

The harmonization of aircraft standards will relieve manufacturers of the need to meet multiple certification requirements that add a lot to cost but little to safety.

Even for small business jets, the cost of one additional type certification can easily exceed one million dollars. This is a needless expense which depresses demand by increasing prices.

Taking the long view, harmonization will be a big step toward an integrated global economy -- because it creates an expanded worldwide market for aircraft in which no nation or company holds an unfair advantage.

The second force I would like to mention is technological innovation.

Air traffic control technology today is being transformed by the historic convergence of developments in three separate fields: satellites, computers and digital communications.

Any one, by itself, would be a major advance. Combined, the benefits increase exponentially. This new era of ATC technology offers the prospect for an integrated global system...a seamless system.

By the year 2005, the FAA will invest $32 billion dollars in a capital investment plan to upgrade and improve the entire air traffic control system...an investment which has already paid for itself by reducing the heavy costs to industry of flight delays caused by congestion and break-downs in our aging equipment.

We've now completed more than 85 percent of the original modernization program the FAA began in 1982. Last year alone, 600 new hardware and software systems were installed, and we expect to do that well or even better this year.

This steady progress has, unfortunately, been overshadowed by the FAA's past and persistent problems with the Advanced Automation System...which date back to more than a decade. This is not a program which we can simply dismiss as too big...too complex...or too hard to manage. Its role in future modernization is too critical for that. But missed deadlines and cost over-runs will not be allowed to continue. That is totally unacceptable.

I have already made several changes intended to rectify the problems, and I'm prepared to proceed with further action if we don't soon see persuasive signs of a turnaround. I will demand that whatever steps we decide to take, the users of the system and the American public gets value for their money.

But as important as this system is to us -- and it is very important -- now, more than ever before, a fully modern air traffic control system depends on fully modern airports. The payoff of our promising new technology will remain largely unrealized if our airports are inadequate and outdated.

This is the reason we will be investing an additional one and a half to two billion dollars each year in airport infrastructure -- to build new runways, taxiways and aprons. And to help combat the problems of aviation noise and pollution.

The Third Force is the Demand for More Cost-Conscious, Accountable Government.

Everywhere there is pressure on government to do more with less...to become as pared down and efficient...and as responsive to the public...as our best companies in the private sector.

Under the leadership of Vice President Gore, the National Performance Review has mandated truly significant staff savings. Like other agencies of the Federal government, the FAA is expected to reduce the size of its workforce by 12 percent over the next five years or so.

We are protecting our 30 thousand front-line safety personnel from these cutbacks, which means we will be increasing the overall reductions on the remaining work force to over 20 percent. During the two months that we offered buy-outs, we lost about 25 hundred employees, many of them middle and top-level managers.

With these cutbacks, we have been compelled to re-examine our priorities and refocus our effort to find more effective and efficient ways to deliver the essential services for which we are responsible.

Our re-examination of priorities has been a deliberative process ... involving a series of on-going discussions with our industry partners and other members of the aviation community conducted over a year-long period.

The results are found in the FAA's new strategic plan which we released just last week. It represents a consensus about what our agenda for action should be in the coming years.

And it's the first time the FAA has ever tried to see itself from the standpoint of those who...day after day... use and depend on our services.

The fourth and final force is the changing economics of the industry.

We are now seeing signs that the prolonged downward slide of the industry is bottoming out. But it is obvious that the past financial losses were not solely the result of a downturn in the economic cycle.

This time, as we recover...none of us will be going back to business as usual. For there have been major structural changes in our industry.

The proliferation of small, no frill airlines, for example, has introduced a profitable alternative to the hub-and-spoke route structure and more sharply differentiated short-haul from long-haul carriers.

The success of the new carriers has been forcing the major airlines to drastically reduce operating costs. And these counter-measures have prompted the trend toward employee equity stakes...even outright ownership.

There have been many such repercussions -- and we are feeling them still. Our industry is continuing to adjust to past misfortune. But however uncertain the present may be, we do know this -- the long-term prospects point up.

Right now, we're in a lull...a short time-out...after the very rapid growth in aviation which we've seen the last twenty years. Our FAA forecasts -- which have an impressive record for accuracy -- predict that, in the United States, air travel will rise from 500 million to 800 million passengers between now the year 2005.

That's a healthy 60 percent. But it seems almost sluggish compared to Asia and Latin America.

Over the next decade, air travel in Latin America and the Caribbean will grow at the rate of 7.9 percent annually -- about four points higher than domestic enplanements. Air travel in the Asia-Pacific region is forecasted to grow anywhere from 6 to 8 percent.

So -- from a global perspective -- aviation is still a growth industry. We will not reach the mature stage, worldwide, until about the year 2010 -- according to one forecaster.

With the sustained increases abroad and an upturn here at home and in Europe -- it will be once again difficult to meet the demand...either for new aircraft or for essential aviation services.

The current market outlook for the next 15 years projects total sales of over 12 thousand commercial passenger jets.

The magnitude of this demand is easier to grasp if you know that those sales will more than equal the total number of civil transport planes which are in service today -- about 11 thousand seven hundred. And it nearly equals the total number of all commercial passenger jets delivered in the past 40 years.

With so many more planes in the air, it will be a challenge to provide the level of air traffic control services which is available today. The airspace will be more and more congested and our airports will run out of gates and runways.

Yet -- perhaps because we have been so preoccupied with all the problems which confront us today -- there has been little sustained effort to prepare for the time when rapid growth resumes.

Our air traffic management system and airport infrastructure -- even with all the planned improvements -- will have to struggle to accommodate this expansion. We could be overwhelmed by it.

As it was pointed out in the report by the National Airline Commission -- aviation is the single big business where minute-by-minute operating efficiency is capped by the daily operating efficiency of the federal government.

Air carriers, on their own, can do little to pack more planes into an airspace which is already densely crowded...or to reduce costly delays...or choose more fuel-efficient routes. In the end, the industry's room to maneuver is walled in by the barriers of bureaucratic inertia.

There is urgent need to act...to take steps now which will enable us to meet the future needs of the industry.

The Clinton Administration has given careful attention to all the possible options, and proposals for action have come from three different sources --

-- the President's own Aviation Initiative,

-- the report of the Airline Commission,

-- and the guidelines set forth by Vice President Gore's National Performance Review.

Among the many recommendations offered, three stand out because they occur in all three documents...representing a consensus of expert opinion on what most urgently needs to be done.

These recommendations call for the speedy implementation of GPS, the easing of the regulatory burden on the industry, and the establishment of a separate corporate entity which would take over responsibility for running the air traffic control system.

I am pleased to say that we've made important progress in achieving each of these goals.

Over the past few months, we have certified the first GPS receivers, and allowed airline and general aviation pilots to navigate by satellite.

The FAA has moved swiftly to clear the way for large scale use of the GPS. Not only will GPS provide a more accurate and reliable navigation system, it will means millions of dollars in savings as flights are able to follow more direct routing with less separation. I am proud to say that the FAA and the United States are leading the way internationally in the application of this new technology.

We have also made a good start toward the simplification and elimination of unnecessary regulations.

Everyone agrees that we need to make government regulation more rational...to get better information about the real costs which are actually involved...and to do a better job in explaining the reasons which underlie our rule-making decisions.

In January, I invited industry groups to help us identify the top three regulations they felt we needed to revise or eliminate. We received a total of 167 comments and will make our final determination by the end of September.

Now let me address our third and most important goal.

Yesterday, Vice President Gore, Secretary Peña, and I introduced a detailed proposal for the establishment of a federal air traffic control services corporation -- a new form of specially chartered organization inside the federal government but outside the federal system of procurement and personnel regulation.

Here are some of the key provisions of that proposal:

o This will be a non-profit corporation, wholly-owned by the federal government and located within the Department of Transportation.

o The U.S. Air Traffic Services Corporation -- that's what we are calling it, at least for now -- will have responsibiity for air traffic control, system maintenance, modernization of ATC facilities and equipment, and the conduct of research into future systems. It will have delegated authority to develop airspace regulations.

o The corporation will be governed by a board of directors which is responsive to the needs and interests of all users of the nation's airspace...civilian and military, commercial and general aviation.

Just as President Clinton has sought to have an administration which "looks like America," the corporate board will "look like American aviation" ... in all its impressive variety and vitality. It will not be under the thumb of just one narrow segment of the industry.

o The President will appoint an interim CEO within thirty days after signing the enabling legislation. We expect the corporation will begin full operations after a one-year transition period.

o There will be no fees levied against general aviation. The ticket tax they presently pay will go straight into airport development.

o The ATS Corporation will be entirely self-supporting and derive its income solely from fees levied on commercial aviation...fees set to reflect the actual costs of the air traffic control services which the Corporation provides.

Fee structures will be developed in consultation with those who use the system and will be subject to disapproval by the Secretary of Transportation.

These fees will replace an equivalent amount of existing indirect aviation taxes so that there will be no net increase in the total financial burden to commercial users.

In fact, our financial projections anticipate that the overall cost to commercial users actually will be reduced by more than four billion dollars over the ten year period from 1996 and 2005.

o The Corporation will have borrowing authority which will enable it to fund its capital improvement program using funds raised in the private markets.

o The Corporation will be subject to the strict regulatory authority of the FAA...regularly monitoring its performance with the same rigorous scrutiny with which the Agency now enforces compliance by airlines and aircraft manufacturers.

o The FAA will retain many of its long-standing responsibilities for assuring aviation safety and security. The Agency will still set and enforce standards of airworthiness ...still certify and inspect...still oversee aviation security programs.

It's role in international agreements will remain unchanged, as will its relationship to DOT and the Congress. As it is today, the FAA will be a part of the federal establishment, subject to all the existing federal regulations and policies.

If we had the freedom to design an air traffic corporation from scratch, I believe this proposal comes very close our concept of the ideal organization.

The corporation will be free of entanglements in the federal budget process.

It will be free to make timely acquisitions of new technology.

And it will have a free hand to make intelligent use of its human resources.

But it will never be free to compromise on safety or economize on compliance.

It will be obligated to serve the public's vital interest in a safe, well-managed national air space. But it will be done more efficiently and with greater economy.

What the corporation provides is an historic opportunity to show what we can do to make government work better and cost less.

I believe that the Administration's legislative proposal will represent another advance -- another step forward in our nation's ongoing commitment to the future of air travel and to the highest attainable standards of aviation safety.

For the corporate organization we hope to create will blend dedication to public service with entrepreneurial energy and the disciplined rationality of American business.

Thank you very much.

OPENING REMARKS FOR ADMINISTRATOR
SATELLITE BROADCAST "TOWN HALL" MEETING
MAY 9, 1994
FAA AUDITORIUM

Hello, I am David Hinson. Welcome to this satellite broadcast "town hall" meeting. We have a full auditorium here at FAA headquarters and an FAA audience watching by satellite along the 34-station network. In addition, we are providing an audio hookup to hundreds of other FAA facilities throughout the country.

With me here on the stage is Deputy Administrator Linda Daschle; Executive Director for System Operations, Monte Belger; Dale McDaniel, Deputy Assistant Administrator for Policy and International Affairs; Brad Mims, Assistant Administrator for Government & Industry Affairs; and Ken Lauterstein, a key member of the FAA team working on the ATC corporatization study.

In just a moment, we will open this up to take your questions. But, before we do, let's set the stage by running some clips showing TV news coverage of last week's announcement.

[CLIPS TO RUN 4 MINUTES AND 35 SECONDS.]

By now, you have had a chance to sift through a lot of information--the material we have provided you as well as the news accounts. No doubt you have questions and concerns. That's why we are here. We'll try to answer them as best we can.

To start things off, let me give you a quick, thumb-nail sketch of the proposal's main provisions:

- The new government corporation would be called the U.S. Air Traffic Services Corporation.

- It would be responsible for operating, maintaining and modernizing the air traffic control system.

- Approximately 38,000 FAA employees directly involved in or supporting air traffic would be transferred to the wholly-owned government corporation. They would remain U.S. government employees.

- The corporation would operate as a business with an 11-member board of directors headed by an chief executive officer chosen by the board.

- The board would be made up of representatives of the various segments of the aviation industry, labor and the general public. In addition, the Secretaries of Transportation and Defense would serve on the board.

- The not-for-profit corporation would fund the ATC system entirely through user fees. It also would be able to borrow funds on the open market to finance long-term improvements to the system

- A core FAA would retain its safety regulatory and surveillance functions. It would have safety oversight responsibility for the corporation just as it does now for the airlines, aircraft manufacturers and other segments of the industry.

- The FAA Administrator would have the authority to intervene to resolve safety issues between the FAA and the corporation.

The proposal has a long way to go before the corporation is ready to open its doors for business. In the next week or so, a legislative proposal will be submitted to the Congress and hearings will be scheduled. In fact, there is already a hearing scheduled later this week in the Senate.

I don't underestimate the opposition to this proposal in some quarters, including on Capitol Hill, as you saw in the news clips. But, I honestly believe that the better people understand this proposal, the more they will like it. And I am hopeful we will get legislation passed later this year.

In all the discussion leading up to the announcement of this proposal and the discussion that will take place this

spring and summer, I want all employees to understand one thing very clearly. The impetus to provide a government corporation for air traffic control is not an indictment of the job that controllers and others have been doing. We are dealing with a systemic problem here that has nothing to do with the individual or collective performance of the work force.

You have been doing an absolutely outstanding job--and the safety record shows that. We just want to make sure we have a system in place that allows you to continue doing that outstanding job through the rest of this decade and into the next century.

So, with that, let me open this up for questions. I'll start with the audience while we are lining up the calls from the regions and facilities.

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TALKING POINTS
FAA ADMINISTRATOR
DAVID R. HINSON
NPR CELEBRATION
DOT HEADQUARTERS
MAY 9, 1994

- I am pleased to be part of this ceremony this morning.

- The initiatives I want to discuss briefly are very much in line with the NPR mandate to "make government work better at less cost." They are also about satisfying the needs of our customers--airlines, business aircraft and private pilots--and reducing their operational costs. In other words, putting our customers first.

- For years, we have forced users of the system to conform to the system. Now, we are making every effort to make the system work better for them.

- The National Route Program is my first example. It has to do with the FAA helping aircraft operators--the airlines, business flyers and private pilots--fly the most efficient routes, not using the routes we pre-select for them. It's helping get to their destinations faster and at great savings in fuel costs.

- Working with users, we have established to date 76 city-pairs where operators can fly more efficiently for long distances between certain city-pairs. More than 500 flights per day are now eligible for these city-pair operations.

- Next month, we plan to expand the program even further and in the not too distance future we will extend the program to North Atlantic route operations where the potential for fuel savings and other efficiencies are enormous.

- Limited airborne holding is a traffic management technique that shows a lot of promise for reducing airline departure delays--which costs the airlines money and annoys their customers.

- Essentially, what it involves is dropping some of the ground hold and enroute restrictions we currently impose on the airlines. It is designed to get them in the air faster and to their destinations quicker. It's responding to the desires of operators who would rather hold for short periods in the air, if necessary, rather than automatically take a ground hold at their departure airport. In other words, increased efficiency for the operators with no negative impact on safety.

- It's a good example of what can be done when you listen to your customers and try to meet their needs. This program is still in a test phase--at Memphis--but we think it's got great potential for wide application to airline operations at several airports throughout the country.

- Finally, the national aviation database. What this is all about is working closer with the airlines, providing them better data, and allowing them greater latitude in managing and responding to delays, re-routing of aircraft, and the like.

- The Air Traffic Control System Command Center, which oversees all these programs, is being re-located to a new, updated facility at Herndon, Va. It will give the FAA better tools to serve our customers.

- Finally, the ATC corporatization proposal. This is the crown jewel of the National Performance Review. It's the move that will allow the FAA to make the greatest, long-term contribution to meeting the needs of our customers. By freeing the U.S. Air Traffic Services Corp. from the restrictions of government procurement, budget and personnel restrictions, it will increase efficiency and safety.

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REMARKS PREPARED FOR
DAVID R. HINSON
ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION
66TH ANNUAL AAAE CONFERENCE AND EXPOSITION
SEATTLE, WASHINGTON
MAY 16, 1994

Thank you Jerry (FitzGerald) for that cordial introduction.

It's a privilege to participate in this conference and a delight be back in Seattle. I was a student here at the University of Washington, and I spent much of my professional life in this area. So I want to thank Chip Barclay for providing me this opportunity to speak with you here in my home town.

I would also like to welcome our colleagues from Eastern and Central Europe, and to thank Triple A-E for co-sponsoring this special seminar here at your annual conference.

The FAA has had a long and productive relationship with the American Association of Airport Executives (AAAE). We've come to depend on your help and we value your advice. We've worked closely together to produce the very best airport safety training programs. Your enthusiastic support for our Disadvantaged Business Enterprise program has enabled us to exceed our goals every year. And that's an achievement we can all be proud of.

This organization was one of the first to encourage the FAA's efforts to contract out Level I VFR control towers. Today, this successful program includes 32 contract operated towers. Before the year is out, we intend to convert 25 more, and to keep up this pace until all the qualifying Level I towers have been turned over for contract operation.

We've combined our efforts to combat the problems of noise and pollution -- without disrupting or diminishing the capacity of the airport. And there is good news to report. In spite of their recent financial difficulties, most operators appear fully committed to converting their fleets to Stage 3, on schedule. The figures we've received from the airlines show that, during 1993, the number of quieter aircraft serving U.S. airports increased from 59.5 percent of the fleet to 62.5 percent. Protecting the environment is a responsibility we all share. We intend to be more out front in helping you find solutions we can all live with.

We're listening to you more -- and that's something we've been told we didn't do enough of in the past. I can say from personal experience that your video network has been helpful to the FAA as we make a real effort to hear what the aviation community has to say -- not only about the quality of our service -- but about the economic condition of our industry and our nation.

We are now seeing signs that the prolonged downward slide of the industry is bottoming out. The recessions which have distressed so many of the world's economies are beginning to recede.

Here in the United States, President Clinton's budgets have made the first serious attack on the deficit in nearly a generation -- and his health reform initiative attempts to bring order and fairness to a system where uncontrolled costs are a danger to our fiscal health.

We are, at last, getting our spending priorities straight. Our economy is growing. And the airlines are beginning to post their first profits in more than two years. We are on the threshold of a period of sustained -- and substantial -- worldwide aviation growth.

This afternoon I would like to talk with you about our plans to create a new, business-like corporation -- a U.S. Air Traffic Services Corporation more suited to meet the future demands of our industry. Now that the proposal has been released, I can provide many of the details that we have been promising.

The corporation is high on everybody's list of priorities. But I know it is by no means the only issue which concerns you. There are several airport matters I'd like to talk about first. Then I'll come back to the corporation.

I know that all of you want to know when we are going to start processing grants again. The answer is -- just as soon as the Hill irons out its differences and passes the 60-day bill. I'm confident that the President will sign the bill as soon as it is sent down from Congress. We will begin immediately to release the money so you can get in as much work as possible before the construction season ends. We are also hopeful that the differences which have delayed its passage will be shortly resolved. I am going to defer most of the details of the bill to our new Airport Program Office Director, Cynthia Rich. She will be speaking with you later this afternoon.

The FAA, like all federal agencies, must begin to cope with contracting budgets and competing priorities. For the first time that anyone can remember, we actually have fewer real dollars to spend than we did the year before. There will be hard choices to make. And they must be made in the context of our nation's overall transportation objectives.

Airport spending decisions will be among the hard ones we have to make. And to adjust to the new budget realities, we are planning some significant changes in the evaluation of AIP grant proposals, in the issuance of Letters of Intent ... and in our approval of Passenger Facility Charge applications.

Across the board, we have to place a much stronger emphasis on economically based criteria.

This year, we are starting to screen every application more closely.

We are requiring that any capacity enhancement proposal exceeding 10 million dollars in discretionary funds will have to demonstrate merit on a strict cost-benefit basis.

We are strengthening the review process to make sure priority goes to safety and security projects.

We intend to announce, very soon, a new policy on LOIs.

We will propose that LOIs will be available only for "airside" development programs. The project must show evidence of strong financial commitment on the part of the sponsor...and must score high in cost - benefit analysis...in comparison with other competing projects.

I know these new procedures won't please everybody -- but we simply must use our scarce funds where they will do the most good. And we must take up the slack by we must looking for new, more creative ways to meet the funding needs of our airports.

The FAA has been working with the Triple A-E to find a way to allow sales of rated bonds backed solely by the PFC revenue stream. We're willing to consider proposals to make an investment grade rating feasible. The sticking point, of course, is that the FAA is required by law to cancel the PFC authority for any airport which violates the Noise and Capacity Act. It's a complicating factor which we'll have to try to work around.

There will be a meeting on May 26th with the Deputy Secretary of Transportation, Triple A-E representatives, and the credit rating agencies to discuss the Triple A-E proposal to make the PFC revenue stream credit-worthy. If this succeeds, we'll have created an important new way to leverage PFC revenues and generate needed capital.

We need innovative thinking about how to finance airport development, because the need for continuous investment is not going to diminish. If we fail to invest now to meet the expected growth in aviation, the cost of catching up later will be enormous. It may even be unsupportable.

This is one reason why it disturbs so many of us when we see airport revenues being siphoned off for other than aviation purposes.

A recent audit of 22 airports by the Department of Transportation's Inspector General found that 15 airports improperly used 75 million dollars in revenue for other than aviation purposes.

I am hopeful that with the stronger auditing guidelines we are putting in place -- and with greater understanding and your cooperation -- this practice will stop. I don't want to belabor the point, but I will say this. Both Secretary Peña and I are prepared to use any means available to us to protect aviation revenues from misuse.

Unless we continue to develop our existing airports, we will not have the capacity we need to meet the growing demand for air services. There is no getting around that.

Since the introduction of the jet plane in the mid-fifties, air travel has virtually doubled every decade. From 37 million in 1955 to almost 500 million today.

Right now we're in a lull -- a short time out -- after the very rapid growth in aviation which we've seen over the last four decades.

But our FAA forecasts predict that, in the United States, air travel will rise from 500 million to 800 million passengers between now and the year 2005. That's a healthy 60 percent. We expect it could increase by as much as 80 percent in Asia and Latin America. So aviation is still a growth industry, especially from a global perspective.

That's good news. But, frankly, I worry about this. I worry that we will not be ready to handle this growth when it occurs.

Twenty-three of our larger airports already experience costly delays due to congestion -- and we are fast running out of gates and runways at many others.

The Port of Seattle estimates that since 1970, demand at Sea-Tac International has risen from just under 5 million to nearly 19 million passengers. And with this growth has come delay -- nearly 80,000 hours a year -- an average delay of 10 minutes or more per operation.

Nationwide, delays cost the airlines over 2 billion a year in added operating costs. Passengers directly incur some one billion dollars in lost wages.

Our air traffic management system and airport infrastructure -- even with improvements we have planned -- will have to struggle to accommodate more passengers and more planes. This new demand could overwhelm us.

As it was pointed out in the report by the National Airline Commission -- aviation is the single big business where minute-by-minute operating efficiency is capped by the daily operating efficiency of the federal government.

The U.S. ATC system is the safest in the world. Yet there is widespread recognition it has failed to keep up with the industry it serves.

The Clinton Administration has given careful attention to all the possible options, and proposals for action have come from three different sources --

-- the President's own Aviation Initiative,

-- the report of the Airline Commission,

-- and the guidelines set forth by Vice President Gore's National Performance Review.

Among the many recommendations offered, three stand out because they occur in all three documents...representing a consensus of expert opinion on what most urgently needs to be done. These recommendations call for the speedy implementation of GPS, the easing of the regulatory burden on the industry, and the establishment of federal corporation to take over responsibility for running the air traffic control system.

We've made important progress in achieving each of these goals.

Over the past few months, we have certified the first GPS receivers, and allowed airline and general aviation pilots to navigate by satellite. The FAA has moved swiftly to clear the way for large scale use of the GPS. Not only will GPS provide a more accurate and reliable navigation system, it will means millions of dollars in savings as flights are able to follow more direct routing with less separation.

I am proud to say that the FAA and the United States are leading the way internationally in the application of this new technology.

We have also made a good start toward the simplification and elimination of unnecessary regulations. Everyone agrees that we need to make government regulation more rational...to get better information about the real costs which are actually involved...and to do a better job in explaining the reasons which underlie our rule-making decisions.

In January, I invited industry groups to help us identify the top three regulations they felt we needed revise or eliminate. We received a total of 167 comments and will make our final determination by the end of September.

In another announcement published April 1, we asked for your comments on the effectiveness and viability of the high density rule and to help us identify alternatives. If you want to comment, you can still do so. The announcement closes May 27. I'm sure it will stir up a lively debate.

But what's generating the most interest right now is the proposal Vice President Gore, Secretary Peña, and I introduced on May 3. This is the proposal to establish a federal air traffic control services corporation -- a new form of specially chartered organization inside the federal government but outside the federal system of procurement and personnel regulation.

I would like to discuss a few key provisions of the proposal. Keep in mind that we still have much to decide -- that many changes and refinements will undoubtedly be made during the process.

Here is what has been recommended to the Secretary.

o This will be a non-profit corporation, wholly-owned by the federal government and located within the Department of Transportation.

o The U.S. Air Traffic Services Corporation will have responsibility for air traffic control, system maintenance, modernization of ATC facilities and equipment, and the conduct of research into future systems. It will have delegated authority to develop airspace regulations.

o The corporation will be governed by an eleven member board of directors which represents the needs and interests of all users of the nation's airspace...civilian and military, commercial and general aviation, consumers and airport managers, and labor.

o The President will appoint an interim CEO within thirty days after signing the enabling legislation. We expect the corporation will begin full operations after a one-year transition period.

o There will be no user fees levied against general aviation. The av-gas tax private pilots and plane owners presently pay will go straight into airport development.

o The ATS Corporation will be entirely self-supporting and derive its income solely from fees levied on commercial aviation...fees set to reflect the actual costs of the air traffic control services which the Corporation provides.

Fee structures will be developed in consultation with those who use the system and will be subject to disapproval by the Secretary of Transportation.

These fees will replace an equivalent amount of existing indirect aviation taxes so that there will be no net increase in the total financial burden to commercial users.

o The Corporation will have borrowing authority which will enable it to fund its capital improvement program using funds raised in the private markets.

o The Corporation will be subject to the strict regulatory authority of the FAA...regularly monitoring its performance with the same rigorous scrutiny with which the Agency now enforces compliance by airlines and aircraft manufacturers.

o The FAA will retain many of its long-standing responsibilities for assuring aviation safety and security. The Agency will still set and enforce standards of airworthiness ...still certify and inspect...still oversee aviation security programs. It's role in international agreements will remain unchanged, as will its relationship to DOT and the Congress. As it is today, the FAA will be a part of the federal establishment, subject to all the existing federal regulations and policies.

o And, finally -- of particular importance to members of the Triple A-E -- the FAA will continue to work with our nation's airports ... issuing LOIs, awarding AIP grants and approving PFCs.

But as fruitful as this relationship has been over the years, airports will also soon discover the very real advantages of dealing with the new corporation. For its ability to make long-term investment plans and its authority to borrow money to finance those plans will greatly reduce the time it takes to install new ATC equipment at local airports.

Decisions about upgrading and modernization will be based on sound business judgment...not the political pull and bureaucratic influence which now can sometimes unfairly influence what happens.

If our nation's airports are to be ready to handle the growth in aviation which we expect in the coming decades, it is essential that airport management be able to count on new technology which will expand capacity and maintain safety.

Now more than ever before, a fully modern air traffic control system depends on fully modern airports. The payoff of our promising new technology will remain largely unrealized if our airports are inadequate and outdated.

The corporation is about more than orbiting satellites and fiber optics and interconnecting computer systems. It's about making sure that every American airport...even the little airstrip beside the county highway...is plugged into the global navigation and communication system which is emerging.

The corporation...and the corporation alone...will have the resources to make that happen. I hope that you will give this proposal your full support.

Thank you very much.

Remarks Prepared For David R. Hinson
Administrator, Federal Aviation Administration
Central and Eastern Europe
Airport and Air Traffic Control Seminar
Seattle, Washington
May 16, 1994

(In Conjunction with AAAE Annual Conference)

Good Afternoon. It's a pleasure to have you all as our guests.

When President Clinton met with the Visegrad heads of state last January in Prague, he was emphatic in stating that the economic development of Central and Eastern Europe was a matter of the utmost importance...to the United States and to the rest of the world.

Your visit has been organized as one way we can begin to fulfill the President's commitment.

The seminar is the first that we at the FAA have ever devoted exclusively to this region of Europe.

And over the next four days we will focus on the many issues involved in promoting economic growth through the development of modern airports and air traffic control systems.

Our emphasis will be a regional one...because aviation can no longer be approached from the narrow perspective of a single nation's requirements.

The creation of a modern airspace management system must involve intensive regional cooperation and coordination.

This is true even for countries with the geographic expanse of the United States and Canada. It is inescapable for small countries which adjoin other small countries.

The trend in modern air traffic control technology is toward the evolution of an integrated, seamless system on a truly global scale.

Nothing defines this trend more clearly than the development of satellite technology.

Here is a fascinating example of how an idea originally intended strictly for military purposes has quickly found a very significant application in civil aviation.

The great advantage of GPS is the enormous savings which are possible over the long-run. GPS eliminates the need for all the extensive ground facilities which are expensive to buy and costly to maintain.

Countries, such as your own, which are modernizing and expanding their ATC systems would no longer need to invest in primary radar, VORs and Category One ILSs. As we shift from a ground-based to a space-based system, all this technology may become unneccessary...even obsolete.

And satellite navigation will also mean huge savings for air carriers as flights are able to follow more direct routings with less separation.

Because of its great potential, the FAA has moved swiftly to clear the way for large scale introduction of GPS.

We have certified the first two GPS signal receivers and have allowed airline and general aviation pilots to navigate by GPS.

We have set firm deadlines for ourselves to approve differential GPS for Category One approaches and to determine its feasibility for Category Two and Three operations.

From a technical standpoint, I believe that GPS will be the only system we will need to safely and efficiently manage the airspace. From the standpoint of cost, I believe that it is the only system that makes sense.

The FAA has offered to provide technical training and support to those countries interested in using GPS as a civil navigation system. I renew that offer to the thirteen countries represented at this seminar.

I hope that the next few days here in Seattle are informative and beneficial for us all.

We plan to share with you what we have learned about converting military airfields to commercial use. We have 540 airports in this country which were once military bases. One of the best known is Orlando -- the airport in Florida which serves the millions of tourists who visit Disney World each year.

We want to show you the progress we've made in modernizing our own air traffic control system.

We're pleased that you are the first group of international visitors to be able to observe our new voice switching and control system for air traffic controllers and en route aircraft.

This seminar will also give us an opportunity to tell you about our experience in establishing a seamless border between U.S. and Canadian airspace. We will demonstrate how Canadian and U.S. controllers routinely handle flights in the airspace of either country.

And you will see that -- in terms of air traffic control -- we have just about erased the boundary between the two nations.

With the phasing out of ground-based systems and a growing reliance on GPS...all borders may become increasingly blurred.

But such a high level of integration is only possible with civil control of aviation...and a regional perspective in the management of the airspace.

This is the central theme of our seminar...and a major goal of our continuing cooperation.

I am looking forward to meeting each of you. I wish you a productive conferencce and an enjoyable stay in our country.

Thank you.

Remarks Prepared For
FAA Administrator David Hinson
ATCSCC Dedication
Herndon, VA - May 19, 1994

Introduction:

Thank you.... (Appropriate acknowledgments to other program participants; names to be provided later.)

I'm very happy to be here today. It's always a pleasure to unveil a new plant or a new product or a new service. Especially one that is as nice looking as this.

We wouldn't be here today if it weren't for the efforts of George Newstrom and his EDS team. Working closely with our own FAA people, they managed to bring this facility on line in near record time.

We leased this space last June, began the move here in December and went fully operational last month.

So EDS can congratulate itself on a job well done. And FAA can congratulate itself for being smart enough to pick EDS in the first place.

Before going any further, I think it might be helpful to the non-aviation people in the audience to explain just what the Air Traffic Control Systems Command Center actually does.

Officially, the Systems Command Center (quote) is responsible for real-time command, control, and oversight of air traffic activity in the National Airspace System (end of quote). What this means, quite simply stated, is that this is the nerve center of the U.S. air traffic control system.

The System Command Center's best known function is to regulate the flow of aircraft moving between airports. This is to make demand and capacity come out more or less even, so airplanes aren't forced into holding patterns that waste fuel and fray tempers.

Let's say Chicago O'Hare is hit by a severe storm that reduces its capability to handle arriving aircraft. The traffic managers here in the Central Flow Control work with their counterparts in Chicago to determine the airport's new acceptance rate. They then meter Chicago-bound traffic into the system at a rate that would preclude or minimize the need for airborne holding.

It's a complex process, and you'll get a more detailed explanation during the facility tours that will follow this ceremony.

You'll also have an opportunity to view the Aircraft Situation Displays. This equipment provides a near real-time picture of all traffic in the system -- up to 4,000 aircraft. If you have a friend or relative flying this morning, you can check his or her current position during the tour.

Since the ASD became operational in January 1987, it has become an invaluable traffic management tool. We now have ASDs in 41 enroute and terminal facilities, as well as two in Canadian facilities.

The Central Flow Control Facility was the FAA's best secret until the the 1981 controllers strike when it achieved overnight notoriety. It was Flow Control that kept the system operating at a remarkably high level of efficiency. The control personnel there at the time used a variety of traffic management techniques to compensate for the big drop off in staffing.

The history of Flow Control actually goes back to 1970, when it was established to deal with the twin problems of airport congestion and delays.
In 1973, Flow Control took another giant step with the first OPEC embargo, when fuel prices went through the roof, and so did the costs associated with airborne holding. That led to the development of programs for holding aircraft on the ground at departure airports rather than in the air at the destination airports. By 1979, this concept was in use system-wide.

But, again, it was the performance of the System Command Center during the 1981strike that solidified its place in the system. It not only helped to determine the outcome of the strike, but also greatly changed the way FAA handled air traffic in the United States.

Since that time, managing traffic flows to maximize system efficiency has become a principle FAA strategy for meeting the projected growth in demand for air traffic control services.

We've been frustrated somewhat in achieving full implementation of this strategy by the physical limitations and inadequacies of the old System Command Center... but now that's a part of the facility's history, too.

This new building also allows us to consolidate under the same roof five additional activities that compliment the Central Flow Control function.

They are the Central Flow Control Weather Service Unit, the Central Altitude Reservation function, the Airport Reservation Office, the National Maintenance Coordination Center and the Airway Facilities Sector Office. All plays a vital role in the safe and efficient operation of the air traffic management system.

The biggest advantage of this new facility is the most obvious one: more space. In fact, you probably had to visit the System Command Center's old quarters in downtown Washington to really appreciate it's new home. We have almost three times as much floor space here in Herndon and an option to increase that again by half.

More space permits us to put more people to work solving airspace problems. They're able to sharpen their focus on specific problem areas, anticipate developing delay situations and react more quickly to prevent traffic back ups.

In addition to more space this new building also gives us greatly enhanced communications capability. And, of course, this is an operation that depends on fast, reliable communications to fulfill its mission.

No less important is the requirement for back-up power to keep our equipment running safely during commercial power outages and fluctuations. That's no longer a problem in this facility and it's one more reason why we're glad to be here.

An important function of this facility -- one that is just now getting off the ground -- will be Global Traffic Management. With the continued rapid growth of international air travel, we urgently need to improve coordination between the major aviation nations.

The United States and Canada already share a common traffic management data base. We anticipate in the near future to establish similar ties with air traffic flow management facilities in the United Kingdom. The next step -- in line with the objectives of the NAFTA agreement -- is to bring Mexico into the partnership. Discussions already are underway.

Ultimately, we envision a world-wide link up of all air traffic flow management systems.

The move to this location is a significant step forward in our continuing effort to build a more efficient National Airspace System. It's not a job FAA is doing alone. We've engaged the airlines and general aviation community in a partnership effort to pursue broad system goals that will increase capacity and reduce delays.

One example of our joint success is the National Route Program which permits operators to plan and fly more fuel-efficient routes for certain long-distance, high altitude flights. This program began on a limited basis in 1990, and has grown so that now over 200 scheduled airline flights a day are eligible without special FAA authorization. The result has been significant savings for air carriers and some general aviation operators.

Initiatives such as this show our determination to introduce a new flexibility into our approach to particular airspace problems. The Clinton Administration is applying this same spirit of innovation to the overall management of air traffic control.

As you are all aware, the Administration proposes to place air traffic control under a government corporation.

Freed from restrictive personnel rules and procurement regulations, this new U.S. Air Traffic Services Corporation will be able to respond to the changing needs of a rapidly changing global aviation environment. This is simply not possible the way the FAA is currently structured.

In closing, I might just note that the theme of today's ceremony is "Tie America Together." It's a job the people of the Air Traffic Control System Command Center has been doing with great success for almost a quarter of a century. I salute them for their achievements, and I know with this new facility they will be even more effective in the years ahead.

Thank you.

Remarks Prepared For
FAA Administrator David R. Hinson
Dedication of
Air Traffic Control System Command Center
Herndon, Virginia
May 19, 1994

Introduction:

I'm happy to be here today. It's always a pleasure to unveil a new plant or a new product. Especially one that is as nice looking as this and one that we were able to bring on line in near record time. We leased this space last June, began the move here in December and went fully operational last month.

For that, I want to commend our own FAA people and the EDS team. They did a great job.

Before going any further, it might be helpful for the non-aviation folks in the audience to hear a little bit about what the Air Traffic Control Systems Command Center actually does.

Its best known function is to regulate the flow of aircraft moving between airports. This is to make demand and capacity come out more or less even, so airplanes aren't forced into holding patterns that waste fuel and fray tempers.

It's a complex process, and you'll get a more detailed explanation during the facility tours that will follow this ceremony.

You'll also have an opportunity to view the Aircraft Situation Display. This equipment provides a near real-time picture of all traffic in the system -- up to 4,000 aircraft at one time.

Since the ASD became operational in January 1987, it has become an invaluable traffic management tool. We now have ASDs in 41 enroute and terminal facilities, as well as two in Canadian facilities.

The Central Flow Control Facility was the FAA's best secret until the the 1981 controllers strike when it achieved notoriety overnight. It greatly changed the way FAA handled air traffic in the United States.

Since that time, managing traffic flows to maximize system efficiency has become a core FAA strategy and we are able to do it a whole lot more efficiently in this new facility.

This new building also allows us to consolidate under the same roof five additional activities that complement the Central Flow Control function. All play a vital role in the safe and efficient operation of the air traffic management system.

The biggest advantage of this new facility is the most obvious one--more space. We have almost three times as much floor space here in Herndon and an option to increase that again by half.

What this does is permit us to put more people to work solving airspace problems. They're able to sharpen their focus on specific problem areas, anticipate developing delay situations and react more quickly to prevent traffic back ups.

This new building also gives us greatly enhanced communications capability. And, of course, that is critical for an operation that depends on fast, reliable communications to fulfill its mission.

And, with this facility we now have all the back-up power we need to keep our equipment running safely during commercial power outages and fluctuations. That's no longer a problem, as it once was, and it's one more reason why we're glad to be here.

Finally, let me mention another increasingly important function of this facility -- Global Traffic Management. This is a function that is just now getting off the ground. It will become a great help in coordinating activities between major aviation nations as international air travel continues to grow.

The United States and Canada already share a common traffic management data base. We anticipate in the near future to establish similar ties with air traffic flow management facilities in the United Kingdom. The next step-- in line with the objectives of the NAFTA agreement -- is to bring Mexico into the partnership. Discussions already are underway to accomplish that.

Ultimately, we envision a link up of all air traffic flow management systems around the globe.

So, the move to this location is a significant step forward in our continuing effort to build a more efficient National Airspace System that serves the world aviation community. It's not a job we are doing alone. The airlines and general aviation community are very much involved with us in this effort to increase system capacity and reduce delays.

We are trying hard with steps like this to meet the needs of our customers. But, frankly, as the FAA is currently structured, that is becoming more and more difficult. That is why we are proposing a government corporation for air traffic control.

Freed from restrictive personnel rules and procurement regulations, this new U.S. Air Traffic Services Corporation will be able to respond to the changing needs of a rapidly changing global aviation environment.

In closing, I might just note that the theme of today's ceremony is "Tie America Together." It's a job the people of the Air Traffic Control System Command Center has been doing with great success for almost a quarter of a century. I salute them for their achievements, and I know with this new facility and under a U.S. Air Traffic Services Corporation they will be even more effective in the years ahead.

Thank you.

PREPARED REMARKS FOR
FAA ADMINISTRATOR
DAVID R. HINSON
COMMENCEMENT ADDRESS
COLLEGE OF AERONAUTICS
LAGUARDIA AIRPORT, FLUSHING, N.Y.
MAY 21, 1994

I know this is an exceptional day for all of you. I want you to also understand how special it is for me. This is the first commencement address I have given since President Clinton selected me to be head of the Federal Aviation Administration last year.

Dr. Goetze, thank you for inviting me. With that generous introduction, I am reminded of the happy person who was welcomed with overwhelming, indeed somewhat exaggerated, words on an occasion like this. With tears of appreciation in his eyes, he said, "I wish my parents had been here. My father would have applauded those words loudly ... and my mother would have believed them."

All I can say is that my first commencement speech could not take place in more appropriate surroundings and before a more appropriate audience.

By the time that I began flying in the early '50s, this College had already been producing people trained to fill crucial positions in aeronautics for 20 years. The College of Aeronautics has filled an important niche in this country's success in aerospace and its graduates will be equally important tomorrow.

That is no small accomplishment and too little recognized by many people and institutions that should know better. The College of Aeronautics was a pioneer and retains that pioneer spirit even today. Your presence is proof.
(These paragraphs should be delivered as offhand, ad lib opening and should not, in fact, be included on any written text handed out.)

Dr. Goetze, Chairman of the Board John Messerschmitt, other members of the board, faculty, members of the graduating class, students of the College of Aeronautics, other guests, I am delighted to be here for several reasons.

The prime reason is a simple one -- we share a common interest. For over 40 years, aviation has been a passion of mine, the central part of my professional life, the source of joy and excitement and challenge virtually every day as I have grown from a young aviator to a Federal executive.

In those forty years, I have logged over 8,000 flight hours in more than 70 different types of aircraft. I have traveled from naval aviator to engineering pilot to aerospace executive. I have founded an airline and I have worked where aircraft were designed and manufactured.

I have flown solo, but I have never been alone in the cockpit. Every flight is a cooperative effort made possible by the work of many people ranging from those who work design to manufacture to maintenance. Every successful landing is the product of careful guidance and advice from dozens of people.

Now, for the first time, I am part of the government, overseeing the rules and regulations that govern the airline industry and the force of men and women who provide air traffic control. I also am involved in designing the aviation system of the future. It is an exciting opportunity for me to serve aviation, to pay back for the thrills and satisfactions I have been given.

Aviation has been a wonderful personal trip for me, but it has also been a wonderful excursion for our country. From Kitty Hawk to La Guardia is not a long distance in miles, but it measures a constantly changing, ever improving national fascination with flight -- from those moments when a simple plane stayed aloft on an isolated beach to today's world when jet travel is commonplace, supersonic flight routine, even space exploration frequent. We have turned the stuff of science fiction and comic books just a few decades ago into the everyday reality of your world and mine.

This has been a glorious journey in American history and world history. The story of flight is the story of our century, the story of American heroes from the Wright brothers, to Charles Lindbergh and Amelia Earhart to Neil Armstrong, to the lost heroes of Challenger -- brave, courageous men and women, visionaries of aviation and aeronautics to whom America and the world are indebted.

For most of those years, this college has been training people who have contributed to the excellence of American air travel, power, and prestige. I know you have studied many things, but I am impressed with the concern for the safety of aircraft which most of you will demonstrate in your careers. For some professions and trades, maintenance and safety and careful design are too often almost after thoughts.

For many people, tomorrow may be late, but it is good enough. For aviation, that has never been the case. Today, this hour, this minute is the time that safety must begin. For some professions, tolerance for close is the norm, acceptance of approximate is okay. You and I work in a more demanding field where there is no place for the casual, indifferent, and sloppy. You have chosen to be here where the job is demanding, the pressure is great, where your efforts are as vital, as basic, as important as the ability to pilot. You are the unseen copilot on any flight where you have touched the plane.

Traditionally, a commencement speaker is supposed to bring you a few words of inspiration and a vision of the future. I am only going to do half that. I think, looking out over this graduating class, knowing from Dr. Goetze a little about you, that the inspiration flows in the opposite direction. I come here to share a vision of the future, perhaps, but it is I who will go away inspired.

For most of you, I suspect all of you, the degree you receive today did not come easily, the gift of an indulgent family or a generous society, even if you had both. You are here because you worked to be here. You are here because you knew the future was what you made of it. If you did nothing, there wasn't much there. But if you did what you have done, there was hope for a better tomorrow.

That, in its own way, is as gutsy a journey as Lindbergh's. Not quite as dangerous, not quite as lonely perhaps, but an extraordinary effort of commitment and determination. Like Lindbergh, you knew your hoped for destination. Getting there, once again like Lindbergh, was not without obstacles, not always easy. You have done it.

It is a great personal accomplishment, but there is more to your success than that. You are part of the essential strength of the United States in a very special way. In this century of American preeminence, our greatest strength was not our military power -- although we have been and continue to be the strongest nation on earth. We have battled for freedom and democracy in distant places. We have been the ready guardians of life whenever we could, the protectors of democracy whenever we have been called on for that role. And that has been important.

It is not our industrial capacity that makes us distinctively strong, although we have been for most of this century the most productive nation in history. From pumps that gave people water, and engines that powered cars, and plows, and planes and computers, we have established the label, "Made in America" as a proud and meaningful one.

It is not our agriculture that is our greatest strength, although we have produced food not only for our own population, but for the world. We have fed the hungry in places none of us may ever visit and in places we cannot pronounce. We have done it in commercial ways and we have done it in generous and humanitarian ways, and we have done it as no other nation in human history.

All of that has brought us honor, given us dominance, but something else has given us heart and spirit that makes America the beautiful experiment in democracy and economic growth that it is, and you are a vital, irreplaceable part of it.

Our great strength is succeeding generations of young Americans -- some born here, some who have come here -- who lift our country even as they lift their own vision and hope for a better life. The main power of America is people powered by education, people who learn a skill, polish a talent, see a tomorrow that is better, more fulfilling than yesterday ... or even today.

Advanced education often takes place, we are told, in Ivory Towers, little spots of precious isolation. That is wonderful and I salute the importance of thought and contemplation. But there are other forms of advanced education and they are equally, maybe more than, crucial to the success of this nation. This is a college where the sounds of life and work are not distant, but immediate, where they not only bring wisdom, but involve you directly in the continuing economic life of the United States.

This economy, if you will excuse the pun, cannot get off the ground without a healthy aerospace industry. It cannot sustain its successful flight. It cannot reach its manifest destination. Your graduation is a sign that you intellectually and instinctively know that your hands, your eyes, and your imagination and creativity can play an important part in our continuing national journey.

Let's talk briefly about aviation and aeronautics in the United States because that is where the graduates of this college have gone.

Your predecessors -- students with certificates in the workings of airframe and powerplant, in aeronautical design, in avionics and airway electronic systems have gone to work for aerospace manufacturers, have worked for a dozen airlines, including the one I founded and ran, for other parts of the industry, and for the Federal Aviation Administration itself.

Today, in the FAA, graduates of the College of Aeronautics are among our 53,000 employees, and although we are not hiring just now, I dare say that some of you will ultimately serve in the FAA longer than I. If we were hiring, I 'd take you all with me.

It is interesting to note that 35 years ago when the FAA issued its first forecasts of the anticipated growth of air travel and commerce, those projections were calculated by hand and charted on graph paper. That was not at the turn of the century, but in 1959. It is true that a lot of you were not yet born, but let me assure you that 1959 is not ancient history.

Commercial jet travel was one years old, 51 million passengers enplaned that year on domestic flights. That year, American-built planes accounted for 73 percent of the international market in commercial aircraft. For all of that, the times were relatively simple, the numbers of airports and passengers and passenger miles large, but not unwieldly. Today there is a quite different dimension to air travel here in the United States, a quite different story.

Last year, there were about 423 million domestic passenger enplanements on U.S. carriers alone, a 48 percent growth in a decade. We think the next 12 years, years when you will establish yourselves as part of this industry, will grow slowly, an average of 3.5 percent a year. But even that "slow" growth means that there will be 646 million annual enplanements in the year 2005.

If that were the end of the story, it would be an exciting one. But it is not. International enplanements which now total 45 million will increase at 6.5 percent a year, and regional and commuter airlines will increase the number of passengers they carry at an even larger rate -- 6.9 percent a year.

There is another way to measure the vibrancy and growth of the airline industry. In 1993, there were 18 new carriers and there are 20 applications pending right now. New airlines, as well as expanded ones, are the inevitable companions of your future.

Certainly we have had some years of slow growth in the airline industry, but our slow years are boom periods compared to many other industries. Simply, you and I can look forward to more people flying to more cities on more airlines than ever before. Just a few weeks ago, for example, we sent a proposal to Congress that would allow us to fund seven billion dollars in airport grants over the next four years.

We expect to spend 5 billion dollars in fiscal years 1996 and 1997 for capital improvement programs, including the acceleration of the introduction of new technologies such as advanced automation, digital telecommunications, and satellite navigation (and I'll have something to say about that in a minute).

The world you enter today is not simply one of numbers, however, but of changing ways of doing business. We know that as any industry matures, it moves toward standardization. It is inevitable that in the coming years, world aviation will follow a path of increasing uniformity.

Long term efficiency simply doesn't allow too many different makes of aircraft, too much variation in airport design, or too many competing versions of air traffic control technologies. World aviation is going to converge on a single set of standards. And whoever can influence the setting of those standards has a distinct competitive advantage.

That is the role I see for ourselves in the next few years: to promote the economic vitality of American aviation by promoting harmonization of standards and by encouraging world-wide compatibility, for example, in air traffic control systems. It is exciting, I think, that in high tech electronics, especially in the converging worlds of computing and telecommunications, "the United States, during the past three years, has reasserted its dominance in these areas," according to the Financial Times. We are on a roll.

And that roll will carry us to new horizons of technological possibilities. I want to conclude today by telling you a little about the future of our industry.

Not two months ago, we marked what may someday be remembered as the real start of a new era in air travel and navigation. The FAA, for the first time, allowed airline and private pilots to navigate solely by satellite. Our Global Positioning System (GPS) will become a fully-integrated part of our National Airspace System in the not too distant future.

GPS will allow small planes to land under conditions of low visibility at more than one thousand small airports in this country -- those which today lack expensive ground-based navigation facilities. Eventually navigation satellites and cockpit receivers will very likely replace the vast and costly array of radio and radar which we now rely on, although they will remain a part of our air system for some time.

From a technical standpoint, I believe that GPS will be the only system we'll need to safely and efficiently manage our airspace. Indeed, in terms of economic and public policy, I believe that it is the only system that makes sense.

It will be far less costly to operate and maintain than the present ground-based network of air traffic control facilities. And it will mean significant savings for our airlines and cargo carriers, as flight times are shortened and delays reduced.

Environmental questions often surround us, sometimes haunt us, and I think GPS will alleviate some questions since shorter flight times will translate into less fuel consumption and less aircraft emissions at high altitudes. Beyond all that, when you add GPS to other advanced technologies, we are prepared to overcome any obstacles we face in vastly improving the air traffic control system.

I come from the private sector -- from private enterprise -- and certainly in a few years I intend to return to it, but my work at the FAA has brought me renewed understanding that the government -- so casually maligned so often these days -- not only can, but must play a constructive and productive role in creating opportunities for aviation growth.

Aviation is enjoying an unprecedented support from the Clinton Administration with the initiatives stemming from the national airline commission and the National Performance Review. We have set out to revitalize domestic aviation, to promote international trade and competitiveness, to build up our airports, to enhance safety, and to integrate aviation into a National Transportation System.

And, earlier this month, we unveiled a bold proposal to establish a government corporation for air traffic control. The current system is safe but safety of today's system is maintained at great cost in terms of efficiency.

Its biggest drawback is its inability to respond to changing customer needs. We can no longer afford to operate in this fashion, faced as we are with the heavy demands of a rapidly changing global aviation industry.

We have set an ambitious agenda, but we are going to reach for those goals and I welcome this class of 1994 of the College of Aeronautics to join with us in this grand adventure.

You have this day reached a milepost on a distant journey. May that journey be a fulfilling one. May it bring pride of accomplishment to yourselves and to your families. May you look back on this graduation day as the first day of an exciting career as part of the American embrace of aviation that began on that beach at Kitty Hawk.

Congratulations and God speed.

REMARKS PREPARED FOR
DAVID R. HINSON
ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION
FAA/AF SIGNING CEREMONY
MAY 25, 1994

Thank you Secretary Widnall for that warm introduction.

It's a pleasure to be here with you today. FAA and the Air Force have a long history. The two have worked closely since FAA was established in 1958. It's rewarding to see that we can continue to form new alliances -- all in the best interest of aviation. This MOU will allow military mechanics to capitalize on their training and experience as they enter the civilian sector after leaving or retiring from military service.

As Secretary Widnall and I sign this Memorandum of Understanding, it will be very significant to us -- significant for several reasons. With a stroke of the pen, we are taking a step to ensure that there will always be a qualified pool of aviation mechanics to serve the aviation industry.

And we're going to need all the help we can get. According to FAA's latest annual forecast, labor needs will increase 18.5 percent over the next decade due to an increase in aircraft activity.

Some 50,000 qualified Air Force personnel can be put to work in jobs they are performing or have performed in the past. Having this pool of mechanics available, with the basic skills already in place, means a savings in training and starting costs in the civilian sector.

Now that I've mentioned the benefits of the MOU, let me acknowledge another organization that helped FAA and the Air Force make this ceremony possible.

The Aviation Technician Education Council (ATEC), is an alphabet group, which represents approximately 80 percent of the AMTS. ATEC worked with FAA to decide which military aviation training courses were equivalent to FAA courses taught at AMTS.

(Acknowledge Charles White, President of ATEC, if present)

We at the FAA are proud to have played a role from the very beginning in this partnership. We are certain that the actions we take now will make a real difference to the future of aviation.

Thank you.

REMARKS PREPARED FOR
FAA ADMINISTRATOR DAVID R. HINSON
MEMBERS AND BOARD OF GOVERNORS MEETING
AEROSPACE INDUSTRIES ASSOCIATION
WILLIAMSBURG, VA
MAY 26, 1994

Thank you, Don (Fuqua).

It's a great pleasure to be here and to join AIA in celebrating its 75th anniversary.

This is an organization which was founded on faith. Because at the time AIA was started, the railroad was king. Everyone naturally assumed that this was the ultimate form of transportation. In fact, 75 years ago, rail transport was widely accepted as a young industry with a promising future. Any advances in transportation which anyone could imagine back then were advances in railroad technology.

But a rival form of transportation was already beginning to claim attention. And just five years after the founding of AIA, it was in its ascendancy. The age of railroad dominance was brought to an end by a little touring car called the Model-T. Everybody wanted one. And at 290 dollars, most people could afford it. The Model-T revolutionized American transportation and American industry.

Overshadowed in this massive struggle between these giant rivals was aviation -- the still visionary enterprise which AIA was created to promote. In 1919, aviation was still in its pioneering stage. At the end of the First World War, the government had dumped thousands of surplus aircraft on the market at bargain prices. An aspiring aviator could snap up a Jenny or a De Haviland for about what it cost to buy a Model-T -- for as little as 300 dollars -- and that included the engine.

This was the year of the barn-stormer and the wing-walker. A few fledgling companies were even trying their hands at providing passenger service -- but not having much luck at it. I'm sure that seventy-five years ago, no one -- not even the founding members of this organization -- would have predicted that, within a few decades, a million-plus people a day would pay to fly on an airplane from one U.S. city to the next. Or that giant jets carrying 400 passengers would be flying every day across the Atlantic. And no one could have anticipated the invention of the computer or foreseen its vital importance to aviation. It was simply inconceivable -- one lifetime ago -- that computers would someday be small enough to fit into a cockpit and communicate with orbiting satellites.

Not one of your charter members -- not even the most daringly speculative -- would have been brash enough to predict that this industry was destined to emerge as one of the most prized and productive of all our nation's industries.

So it's not being very reckless to predict that by the time AIA celebrates its centenary -- in 2019 -- you will have an even more astonishing history to look back upon. For given the accelerating rate at which our knowledge is growing, no one should be surprised if the technological advances during the next quarter century equal -- maybe even surpass -- all the progress we've seen over the past three quarters.

I thought of this when Don suggested that I speak to you about my vision of the future. Because it's very hard to keep your vision sharply in focus when nothing in the field stands still...when nothing remains constant. That's the situation we're in right now. For several years, civil aviation has been shaken by a series of events which has restructured our industry. It's been a world-wide upheaval and has thrown us all off balance.

The Federal Aviation Administration has not been cushioned from the impact of these events. The agency has been struggling to steady itself against the cumulative force of changing economic conditions in the industry, rapid technological innovation, and the growing demands for more efficient government.

The fate of our industry and that of the FAA is inter-dependent. One cannot thrive unless the other succeeds. And neither can afford to falter. The Clinton Administration, from its very first days in office, recognized that urgent action is necessary and quickly sought solutions from several sources -- including the National Airline Commission, Vice President Gore's National Performance Review, and the President's own Aviation Initiative. There were many recommendations -- 160 or more in total. And we're working on all of them. But three were mentioned by everyone as key priorities. I'd like to talk a little about each of these three.

The first recommendation calls for easing the regulatory burden on the industry. The second urges the speedy integration of new technology into the air traffic control system. And the third is the proposal to form a corporation to manage air traffic control services.

Everyone agrees that we need to make government regulations more rational -- to get better information about the real costs which are actually involved -- and to do a better job in explaining the reasons which underlie our rule-making decisions. In January, I invited industry groups to help us identify the top three regulations they felt we needed to revise or eliminate. We received a total of 167 comments and will make our determination by the end of September.

But not all our rules carry a cost. Some actually are intended to save you money. After an intense two and a half year effort, we are preparing to issue harmonized rules for small airplanes certified in the United States and Europe. This is the first rulemaking package on harmonization to come out of the Aviation Rulemaking Advisory Committee process. Slow progress -- but welcome progress nonetheless.

I don't need to tell any of you how much the lack of harmonized rules costs the industry. I believe you have placed the estimate at close to $700 million a year -- and Tony Broderick thinks it could be even higher. We need to get rid of multiple and redundant certification rules that provide no apparent safety benefits. We will build on the work we have already begun -- to promote the economic vitality of American aviation by promoting harmonization of standards and by encouraging world-wide compatibility.

We can also help by keeping up the pace of our modernization programs and by designing our own systems with an eye on the global market place.

The necessity for continuous upgrading of our technology is the second recommendation to emerge from the many studies. Everyone agrees that this is vital. They also agree that the U.S. air traffic control system is, by virtually any measure, the safest and most efficient in the world. And it sets the performance standards against which all competing hardware and software systems are judged. This achievement assumes even greater significance when you consider that much of the technology in today's system dates from the World War Two era.

Between 1982 and the year 2005, the FAA will invest some $32 billion dollars in a capital investment plan -- to replace aging equipment -- to upgrade and improve the entire air traffic control system -- and to squeeze out as much capacity as we can from our existing airports. We will invest an additional one and a half to two billion dollars each year in airport grants:

-- to build new runways, taxiways, and aprons,
-- for better security systems to thwart terrorist and others who would seek to endanger passenger safety,
-- and to combat the problems of aviation noise and pollution around our airports.

The Dallas-Fort Worth Metroplex Plan is an example of our modernization program at its best. We are investing about 166 million dollars in equipment and construction to greatly expand the capacity of DFW Airport. We're building two new towers, expanding the terminal approach control facility, and installing additional navigational aids and radar. And construction is underway on two new runways -- where we will be able to execute triple and quadruple simultaneous approaches. Everything should come together in about two years time. And when it does, we expect nearly a ten to one return on our investment in the form of reduced operating costs to the users and to us.

Much of the FAA's capital investment program focuses on three new technologies: satellite navigation, higher levels of automation, and digital data link communications.

These three new technologies are changing the way we traditionally think of air traffic management -- shifting us away from the purely ground-based perspective that we've had for the past 60 years -- to one which places increased emphasis and reliance on airborne participation and decision making. In the system of the future, air traffic control will move from active to passive. Flight information will be exchanged by means of digital transmissions, rather than voice communication. And most functions will be automated, leaving pilots and controllers free to concentrate on matters which call for human judgment.

In the coming years, automation and digital data link communications will be as important to aviation as radar was forty years ago. But perhaps no technology in this and the coming century offers more promise for civil aviation than satellite navigation.

We are moving swiftly to clear the way for large scale use of GPS. Over the past few months, we have certified the first GPS receivers and allowed airline and general aviation pilots to navigate by satellite. Not only will GPS provide a more accurate and reliable navigation system, it will mean millions of dollars in fuel savings as flights are able to follow more direct routes with less separation. We can expect savings of 300 thousand dollars per aircraft per year -- an annual savings of 120 million dollars for an air carrier with a fleet of 400 planes.

We must continue to invest in modernizing ATC because the steady stream of innovative technology is always creating new opportunities for enhanced safety and greater capacity. If we fail to invest now to meet the expected growth in aviation, the cost of catching up later will be enormous. It may even be unsupportable.

Since the introduction of the jet plane in the mid-fifties, air travel has doubled -- re-doubled -- and then more than re-doubled again -- rising from 37 million passengers in 1955 to almost 500 million last year. Shortly after the turn of the century, that number will climb to 800 million. We're forecasting a greater than 60 percent increase in air travel over the next decade or so.

Right now we're in a lull -- a brief time out -- after the very rapid growth in aviation which we've seen over the last four decades. But within our lifetimes, we are certain to see a spectacular increase in air travel. We know this just on the basis of some straight-forward demographics. The United Nations reports that by the year 2050 -- the world's population will number eleven and a half billion. About twice what it is today. Worldwide, we are adding a billion people a decade -- or the equivalent of one New York City every month. Even if a tiny fraction of these people ever buy an airline ticket, we have a vastly expanded global market.

This is good news, of course. But there's a worrisome side to this forecast. We all have to worry that we will not be ready to handle the growth when it occurs.

Our air traffic control system -- even with all the planned improvements -- will have to struggle to accommodate this growth. This new demand could overwhelm us. There is an urgent need to act now -- while the U.S. air traffic control system is still the best in the world -- to act now while there is sufficient time to prevent a costly rupture in this vital public service.

President Clinton addressed this very real danger during his very first days in office and has moved quickly and decisively to find a solution. Just as his administration's budgets have made the first serious attack on the deficit in nearly a generation,

-- and the Clinton health reform initiative attempts to bring order and fairness to a system where uncontrolled costs are a danger to our fiscal health,

-- in aviation, too, the President and Vice President have not dodged the tough issues which have been so long neglected.

This month, the Vice President...Secretary Peña...and I released a report which recommends the formation of government-owned corporation which would take over the responsibility for managing our air traffic control system. In making this proposal, the Clinton Administration is acting to adopt an idea which has been discussed for the last ten years.

Throughout the aviation industry, there has been long-standing criticism of the FAA's capacity to keep up with its rapidly changing needs in an increasingly competitive business environment. In recent years, no less than two dozen separate studies have looked at the FAA. We always get excellent marks for safety. But consistently we are criticized for the way we manage. The diagnoses rendered by these studies are always very similar:

We lack control over our own finances and autonomy in making decisions;

We are bound by inflexible procurement and personnel procedures;

We are thwarted by too frequent turnover at the top, disrupting continuity of leadership;

We suffer from bureaucratic inertia and from an organizational culture which is difficult to change.

Time and again, these studies have reached the same conclusions...and repeatedly they have made the same recommendation. All have urged the formation of a corporate structure to run the air traffic control system.

Last year, both the President's National Airline Commission and the Vice President's National Performance Review gave their backing to the idea.

On the face of it, this is the kind of proposal which quickly stalls in Washington. It's too ambitious and disrupts too many comfortable arrangements.

But Secretary Peña moved quickly to convene a high-level planning group with representatives from 13 federal agencies and government corporations. The group talked with those who use the system, day in and day out.

And it had the enthusiastic cooperation of all of us at the FAA. We worked closely with the group because we know better than anyone what it takes to make the system work. And why it is that the system is so hard to manage.

So this is an idea whose time has finally come -- a new form of specially chartered organization inside the federal government but outside the federal system of procurement and personnel regulation -- an organization which would have both the flexibility and the financial resources to build and manage the air traffic control system of the next century...with maximum safety and efficiency.

Here are the key elements of the proposal. Keep in mind that the specifications are tentative. We're still working on draft legislation and there are certain to be differences between the two.

o This will be a non-profit corporation, wholly-owned by the federal government and located within the Department of Transportation.

o The U.S. Air Traffic Services Corporation will have responsibility for air traffic control, system maintenance, modernization of ATC facilities and equipment, and the conduct of research into future systems.

o But while the new corporation will have responsibility for operating air traffic using best business practices -- it will never be free to compromise on safety or economize on compliance.

It will be subject to the strict regulatory authority of the FAA -- which will regularly monitor its performance with the same rigorous scrutiny with which the Agency now enforced compliance by airlines and aircraft manufacturers.

o The corporation will be governed by an eleven member board of directors -- appointed by the President and confirmed by the Senate -- and chosen to represent a cross-section of system users: civilian and military, commercial and general aviation, consumers and airports. It will not be dominated by the airlines or any other special interest.

o The board will select a CEO who will have the day-to-day responsibility of running the corporation. Job tenure in this top post will not depend on the four-year cycle in presidential elections. As long as the board is satisfied, the CEO keeps the job.

o The corporation will be entirely self-supporting, paying its own way with fees levied on commercial aviation. The costs of services would be borne directly by the commercial users of the system -- not by the taxpayers, who this year are providing a subsidy of more than two billion dollars.

The users will have a say in deciding what services are provided -- and at what cost -- subject to disapproval by the Secretary of Transportation.

The steady, predictable flow of users' fees will permit a corresponding reduction in current indirect aviation taxes, so that there will be no net increase in the total financial burden to commercial users.

o The corporation will have borrowing authority which will enable it to finance its capital improvement program using funds raised in the private markets.

This provision is critical if we are to avoid technological obsolescence in our air traffic control system. For the FAA's current method of funding its modernization program and acquiring new technology is a serious impediment.

Dealing with the federal procurement can be a bewildering and exasperating experience. Whenever the subject comes up, someone is sure to mention the 11 foot stack of rules which govern our acquisition process.

That legendary stack is 11 feet of good intentions, built inch by inch over the years. No doubt every one of those rules started out with the aim of correcting some real past abuse. Their origins, I'm told, can be traced to the U.S. Cavalry's bad deal with dishonest horse traders.

But over time, in our zeal to guard against malfeasance and political favoritism, we've layered one regulation on top of another. Now, we are suffocating under a thick blanket of protection.

I'm not sure how effective all these safeguards are in preventing fraud and abuse. I am sure that they are stifling innovation and severely limiting our flexibility.

When the FAA invites bids from suppliers, we are required to exhaustively specify each and every detail. It can cost a contractor two to three million dollars just to respond to one of our bids. And some of the proposals we receive are so bulky that they have to be delivered by forklift.

It can take two to five years -- sometimes even longer -- to award a contract for a new piece of equipment. By the time we take delivery and get it installed, the technology may be obsolete.

The procedure might still work if we were buying horses for the cavalry. Horses, after all, took hundreds of centuries to evolve. But technology in our field is progressing at a faster and faster pace. A generation lasts only a matter of months. And the FAA -- as it exists today -- is finding it more and more difficult to exploit new technology and expand its capacity to serve the growing needs of our industry. And not just of the air carriers. But the growing needs of general aviation, as well.

I know there is skepticism about the federal government's resolve to protect and promote the interests of general aviation. But it should be transparently clear that one of the first to benefit from expanded airport and airspace capacity is the general aviation segment of the industry. If capacity grows in phase with expanding need, we can avoid what otherwise must become inevitable: the rationing of access -- especially at those places which are already heavily congested. In the brutal competition of scarce space, an airplane carrying a hundred passengers will clearly have an advantage over one which carries only one or two.

Under these circumstances, general aviation stands to be a clear loser. But we will all lose in the end. For with the continued attrition of general aviation, we lose a vital economic resource.

We lose a reliable source of trained and experienced pilots.

We lose a testing laboratory for exciting new ideas in technology.

We lose a valuable part of our heritage.

For the extinction of general aviation would mark the loss of the founding spirit of American aviation ... the loss of that vision and enthusiasm which inspired those who first began AIA back in the era of the barnstormers and the wing-walkers.

This, to me, is the great intangible benefit of the idea for the ATC corporation. By freeing air traffic technology from the repressive grip of bureaucratic control, we will go a long way in preserving the creative, entrepreneurial edge which has made this industry so dynamic and open to change.

It is in the vital interests of our entire industry to commit itself to the support of this proposal.

Thank you very much.