

**STATEMENT OF  
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**HEARING BEFORE THE COMMITTEE ON APPROPRIATIONS, SUBCOMMITTEE  
ON TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED  
AGENCIES: THE FISCAL YEAR 2016 BUDGET REQUEST FOR THE FEDERAL  
AVIATION ADMINISTRATION**

**MARCH 17, 2015**

Good morning, Chairman Diaz-Balart, Ranking Member Price, and Members of the Subcommittee. Thank you for the opportunity to discuss the Administration's Fiscal Year (FY) 2016 budget request for the Federal Aviation Administration (FAA).

The Federal Aviation Administration (FAA) operates the safest and most efficient aerospace system in the world. We have proudly delivered on this promise since 1958, providing the world's leading aviation system and setting an unparalleled standard for safety and efficiency that is emulated globally. Today, the breadth of FAA's mission and capabilities is dedicated to achieving the next level of safety, efficiency, environmental responsibility and global leadership.

Aviation was born in America. It has thrived in this country since Wilbur and Orville took their first flight over 100 years ago. The United States continues to lead the world in aviation technology. Our manufacturers produce innovative aircraft and avionics that help maintain our nation's positive balance of trade. The overall health of the U.S economy is highly dependent on the aviation industry. Civil aviation contributes roughly \$1.5 trillion annually to the national economy and constitutes 5.4 percent of the gross domestic product. Aviation also generates more than 11.8 million jobs, with annual earnings of \$459 billion.

America's leadership in aviation is now being challenged on a global level by the growth of foreign competitors and the shifting dynamics of supply chains. The FAA must prioritize its resources to leverage new technology and to respond nimbly to evolving challenges. To maintain our global leadership and to continue to reap the economic benefits of this industry, we ask Congress to provide FAA with the tools necessary to meet the pressing demands of the future. To that end, the Administration has developed a set of core reauthorization principles that we

believe will create a framework to improve safety, make the national airspace system more efficient, and improve service for air travelers and other stakeholders.

First, we must maintain our excellent safety record and foster risk-based safety approaches to aviation oversight. We must use data and analysis to focus our precious resources on the areas of highest risk in our aviation system, while accelerating risk-based certification mechanisms.

We must continue to modernize our air traffic control system. To this end, we ask that you provide stable funding for core operations and NextGen investments, while supporting efficient recapitalization of our aging facilities. Our ongoing collaboration with industry is absolutely essential. We need to deliver benefits, and industry needs to equip to use these improvements.

We need to secure appropriate funding for our nation's airports, while restructuring the Airport Improvement Program to better respond to the needs of smaller airports. Funding levels must also support our safe and efficient integration of new users into our airspace system, such as unmanned aircraft systems and commercial space transportation.

The FAA must foster a culture of innovation and efficiency. We must support long-term workforce planning and implement policies that will foster a strong, skilled, and accountable workforce that is trained to implement NextGen. We need to collaborate with industry on all NextGen projects, as we work together to define and achieve measurable user benefits. We must also foster healthy competition for new entrants, and ensure that the flying public benefits from a strong consumer protection regime.

The FAA also needs to realign today's airspace system with current demands. We ask that you provide the FAA with stable funding and support our ability to plan and implement long-term projects. We need the flexibility to make investment choices that further the health of our airspace system so everyone can benefit.

And finally, we need to maintain our position of aviation leadership on the world stage. We must increase our collaboration with industry and with our international partners. The FAA needs to remain at the table to shape and harmonize international aviation standards that promote seamless travel around the world.

As an agency, the FAA has a tremendous opportunity to make a difference for stakeholders while addressing the challenges presented by a changing industry. Our vision is to transform the aviation system to reflect the highest standards of safety and efficiency and be a model for the world. The FAA will bring about this transformation through our four strategic priorities: 1) Make aviation safer and smarter. 2) Deliver benefits through technology and infrastructure. 3) Enhance global leadership. 4) Empower and innovate with FAA's people.

The FAA's total FY 2016 budget request of \$15.83 billion will support our ongoing mission and a continued, but measured, transition to the future. This budget request supports today's infrastructure while deploying key NextGen benefits to our stakeholders and upholding our critical safety programs. This allows the FAA to safely integrate new entrants such as unmanned aircraft systems and increasing numbers of commercial space launches into the National Airspace System (NAS). The proposal will increase capital investments while decreasing FAA's overall budget by reshaping the airport financing system. This transformation focuses federal grant dollars on airports that need it most, while providing for increased investment in airport infrastructure.

In keeping with the core principles that will guide us into the future, the FY 2016 budget requests additional budget flexibility. While FAA has long benefited from the ability to seek Congressional approval to reprogram limited amounts within budget accounts, there has traditionally been no flexibility at the account level. In fact, when the FY 2013 sequestration forced FAA to implement employee furloughs that resulted in air traffic delays, Congress needed to enact special legislation granting the budget flexibility required to minimize the disruption to the airspace system. This new authority requested in the budget will allow the FAA to request to transfer up to 10 percent between appropriations, provided that no account is increased by more than 10 percent. Such a transfer would be subject to approval by both Congressional Committees on Appropriations.

In times of constrained budgets, we need to prioritize our responsibilities to focus our resources on ensuring the safety and efficiency of the existing aviation system. We must deliver new technology and capabilities, and respond nimbly to evolving challenges such as new external

cyber security threats. We cannot risk being left behind as the aerospace industry becomes more complex, diverse, and globalized.

## **Operations**

The FY 2016 request of \$9.92 billion for Operations represents a 2 percent increase above the FY 2015 enacted level. The requested funding includes \$129.4 million for pay increases consistent with government-wide inflationary factors, an additional compensable day, agency contribution increases into the Federal Employees Retirement System (FERS), and non-pay inflationary costs. The budget also requests \$45.5 million of program adjustments to cover operating costs of new air traffic control equipment, enhance occupational safety, implement security recommendations for critical operational facilities, and fund 233 new positions (119 FTE) in the safety and security program areas.

Included in the program adjustments is \$11.7 million for the Air Traffic Organization (ATO) to fund support costs for Terminal sites transitioning from Common Automated Radar Terminal System (CARTS) to Terminal Automation Modernization and Replacement (TAMR), provide maintenance and operations for all 221 weather camera sites and its services in Alaska, and expand the Technical Operations Safety Action Program.

For the Aviation Safety Office (AVS), increases of \$21.3 million and 168 new positions (85 FTE) are requested to hire additional aviation safety inspectors, engineers, and other support positions that will help the FAA address increased demand for FAA certification of aircraft, operators and airmen, as well as the integration of unmanned aircraft into our nation's airspace. The budget includes an additional \$1.3 million and 25 positions (13 FTE) in Commercial Space Transportation (AST) to accommodate the anticipated increase in commercial space launches. And for the Office of Security and Hazardous Materials Safety (ASH), which is being separated in the budget as a Line of Business, \$11.3 million in program increases and 40 new positions (21 FTE) are requested to implement facility and personnel security recommendations for critical operational facilities, install and manage an Agency-wide Emergency Notification System (ENS), and establish a capability to protect FAA from malicious insider activity, foreign intelligence and cyber-espionage attacks.

We are actively addressing GAO's cybersecurity recommendations and have already remediated a number of technical findings. The FAA's Cybersecurity Steering Committee is providing oversight to ensure we utilize a risk-based approach in addressing these recommendations. The FAA is also working proactively with our government partners (including Department of Homeland Security, National Security Agency, and U.S. Army Cyber Command) to identify other needed enhancements to the cybersecurity posture of the airspace system.

### **Facilities and Equipment (F&E)**

Our FY 2016 Budget request of \$2.85 billion for Facilities & Equipment restores the program to a healthier, more balanced level after the major sequester reductions in FY 2013 that were then continued in FY 2014 and FY 2015. The funding appropriated to F&E over the past few years has forced FAA to choose between deferring maintenance of current infrastructure and keeping NextGen progress on track. The \$255 million (nearly 10 percent) increase provides funding for the near-term priorities that we identified by working cooperatively with the NextGen Advisory Committee, FAA IT infrastructure supporting NextGen, maintenance of the existing infrastructure, as well as forward movement on Unmanned Aircraft Systems (UAS) and commercial space transportation.

Approximately \$2.0 billion of this request keeps the current airspace infrastructure maintained and operational. Notably, this request provides \$464 million, a 23 percent increase over FY 2015 enacted levels, for facility-related maintenance. After years of underinvestment in sustainment, this increase puts us on a path to recovery. However, real progress on the backlog will require sustained support over several years, complemented by divestiture and decommissioning of infrastructure where feasible.

This year's F&E request is also a reminder of the dynamic nature of aviation. The integration of both UAS and commercial space into the NAS are represented in the F&E budget request for the first time. The FAA feels strongly that additional budgetary resources are required to address emerging and expanding responsibilities in these areas. These resources will be used to develop updates to the air traffic control automation platforms to support their integration.

## **Research, Engineering and Development (RE&D)**

The FY 2016 Research, Engineering & Development budget request of \$166 million is a \$9.3 million (6 percent) increase over the FY 2015 enacted level. This allows us to boost funding for Continuous Low Energy, Emission and Noise (CLEEN) by \$2.5 million, alternative jet fuel research by \$1.5 million, and provide \$3.0 million for necessary commercial space transportation research. Our RE&D request continues to support the safe integration of UAS technologies into the NAS, by providing \$9.6 million to conduct research. The program is focused on sense and avoid and command and control requirements that will support the safe integration of UAS within the aviation regulatory framework.

## **Airport Improvement Program**

Airports remain a critical part of the aviation system infrastructure. The FAA's FY 2016 request provides the funding needed to ensure safety, capacity, and efficiency at our nation's airports through a combination of grant funding and revenue generated through Passenger Facility Charges (PFCs). Our \$2.9 billion request for Grants-in-Aid for Airports is \$450 million (13.4 percent) below FY 2015. This level of funding will support our continued focus on safety-related development projects, including runway safety area improvements, runway incursion reduction, aviation safety management, and improving infrastructure conditions.

The FY 2016 budget request proposes to eliminate passenger and cargo entitlement funding for large hub airports. It allows all commercial service airports to increase revenue through an increased PFC that provides them greater flexibility to generate their own revenue. The reduction in AIP funding for larger airports is premised on an increase to PFCs of \$4.50 to \$8.00 per enplanement, providing these airports greater flexibility to generate their own revenue.

The FAA's request also includes \$31 million for Airport Technology Research, an increase of \$1.25 million from the FY 2015 enacted level. The additional funding will continue to support enhanced safety and pavement research efforts as well as increased studies for noise abatement and environment impacts. The budget continues to provide \$15 million for Airport Cooperative Research.

## **NextGen**

The FY 2016 budget request reflects FAA's ongoing commitment to the implementation and deployment of innovative NextGen solutions. The application of these critical twenty-first century technologies represents a pivotal shift that is already transforming aviation. We believe that NextGen will maximize efficiencies to meet future demands. The FAA is proud of the progress we have already made towards implementing NextGen. We are working in cooperation with industry toward a shared vision, leveraging powerful technologies and setting new standards for the future of global aviation. Modernizing our national air transportation system remains a priority to ensure we operate the most efficient and effective system in the world.

We continue to work collaboratively with industry stakeholders through the NextGen Advisory Committee (NAC), reducing the risks to implementation and assuring we can deliver benefits. We are focusing on getting the technology, procedures, and standards completed, particularly as we have deployed the foundational NextGen technology. We worked intensively with the NAC over the past year to prioritize the operational benefits of NextGen. The FY 2016 budget reflects our common vision by focusing funding on the four key priorities that will achieve the maximum benefits in the shortest amount of time: surface operations, multiple runway operations, performance based navigation, and DataComm. Industry and FAA came together to choose these four NextGen priorities, and we will deliver on them.

The FY 2016 budget includes a total of \$956 million for NextGen, of which \$845 million is in the Facilities and Equipment account, \$61 million is in the Research, Engineering and Development account, and \$51 million is in Operations. This investment portfolio reflects an increase of \$99 million. Of this \$99 million increase, approximately one-third represents true programmatic enhancements while about two-thirds is due to the reclassification of existing work that is now being included in the NextGen funding profile. We believe incorporating these additional programs – such as UAS research and integration, and performance based navigation activities – creates a more accurate portrayal of the agency's overall NextGen efforts.

The FY 2016 budget continues our commitment to deploying performance-based navigation capabilities. These more efficient NextGen routes have allowed us to deliver real fuel-saving

benefits to users. We are expediting the integration of these NextGen navigational procedures in airspace around our nation's busiest metropolitan areas under our Metroplex program. We now have more satellite-based procedures in our skies than radar-based procedures. We have created new NextGen routes in cities across America that are saving millions of dollars in fuel burn, shortening flight paths, and decreasing carbon emissions. This results in more predictable airline schedules and fewer delays for travelers.

We have completed the radio network for Automatic Dependent Surveillance -Broadcast, and now have ADS-B coverage everywhere there was radar coverage. This greatly improves the precision tracking of aircraft and gives us near real time aircraft location. The FY 2016 budget requests \$185 million to continue the integration of ADS-B applications, expand services in the Gulf of Mexico and Colorado, and maintain ongoing system costs. This technology is the foundation of our transition to satellite enabled, GPS-based surveillance. The ADS-B system will reduce delays and enhance safety while promoting highly accurate and comprehensive surveillance information across the country.

We are also completing the ERAM computer system we will use to track planes using ADS-B. By the end of this month, we expect that all 20 en route facilities will be fully operational. This represents one of the largest automation changeovers in the history of FAA. It results in a more powerful air traffic system that can handle the challenges of the coming decades. We're also upgrading and standardizing the automation systems at more than 150 terminal facilities throughout the country.

The delivery of benefits relies upon equipage with ADS-B by industry and the general aviation community. We are working closely with the airline industry and the general aviation community to help them meet their equipage requirement by the January 2020 deadline.

Another NextGen priority is Data Comm. The 2016 budget significantly increases our commitment to advancing Data Comm by requesting \$235 million, a 64 percent increase over 2015. This program uses datalink to safely send digital messages between controllers and pilots, reducing the need for routine voice communications, which can result in transmission errors. Approximately one-third of the funding will be used to complete the departure clearance services

in the terminal domain, while two-thirds of the funding will advance en route Data Comm capabilities through upgrades to the ERAM system. Programs like Data Comm build on foundational improvements already achieved and will produce additional benefits for the aviation system.

As we move forward with NextGen, our goal is to make aviation smarter and safer. We will continue to work closely with industry to implement new technologies and procedures that are sustainable. And we want to work with other countries to establish uniform standards around the globe. NextGen technologies offer our nation a worthy opportunity for investment in safety and innovation. NextGen technologies ensure aviation's continued viability, and will produce economic benefits for decades – far beyond their cost. Our nation and airline industry are already yielding measurable financial returns that will bolster America's continued economic stability and growth.

## **Conclusion**

Aviation enables the economic benefits of tourism, shipping and travel for business or pleasure. The FAA's FY 2016 budget request will enable us to continue to protect and expand this vital economic engine, while moving forward with our transformation and fulfilling our mission of providing the safest and most efficient aerospace system in the world.

In this age of global competition, America has a clear opportunity to invest now in our future as we prepare our world class aviation system to meet increasing demands. Aviation as a growth industry is worthy of that investment, representing a cornerstone of our country's economy and accounts for more than 5 percent of our nation's gross domestic product. The FAA continues to deliver on the promise of tomorrow, and we are grateful that Congress continues to recognize our ongoing mission of safety and modernization as a national priority.

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