

AIR TRAFFIC REFORM (ATC) SOLUTIONS
STATEMENT OF DOUGLAS PARKER
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON AVIATION
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Good morning. I am Doug Parker, Chairman and CEO of American Airlines. I am also Vice Chairman of Airlines for America (A4A)¹ and I am here today in that capacity. Airlines for America appreciates the opportunity to participate in this important hearing.

We are both challenged and inspired, Mr. Chairman, by your call for transformational changes in the structure and funding of the air traffic control (ATC) system. There has never been a better time to consider such changes. Through the strong leadership of this Committee on both sides of the aisle, we now have a combination of intent and political will to transform the U.S. air traffic control (ATC) system.

At the outset, let me make it clear that supporting your call for transformational change does not mean that A4A is advocating transforming the current leadership of the Federal Aviation Administration. We believe that Administrator Huerta, Deputy Administrator Whitaker, Assistant Administrator Bolton, and the teams they lead are working as hard and effectively as possible within the current budget and organizational constraints to provide the safest air traffic system in the world and help move toward next generation air traffic control. The obstacles in moving

¹ A4A does not represent Delta Air Lines in this testimony.

more quickly and effectively to NextGen air traffic control are not ones of talent or leadership or desire. The obstacles are structural and financial. In an era of budget constraints and funding challenges these obstacles will only become more challenging. And given how important efficient air travel is to the United States economy and its citizens, we should not allow that to happen.

The airline industry believes that fundamental reform presents significant opportunities for improving our system. Like many of you, however, we also recognize the risks associated with major reform. Indeed there are many skeptics who argue that because of these risks there is insufficient political will both in Congress and in the industry to tackle as big an idea as that being posed today. For all the reasons that have been articulated so well by Chairman Shuster, we disagree with the skeptics. While there are indeed risks in making major changes, there are larger risks in doing nothing and, in any case, we believe the risks can be adequately mitigated.

Therefore, as the Committee tackles many of the unanswered policy questions in this debate, the airline industry is ready and eager to play a pivotal role in those discussions. And we are committed to a fact-based search for solutions that will work to improve our ATC system for all the stakeholders involved.

To that end, A4A has undertaken considerable research on various models of air traffic organizations around the world. In particular, we have done a thorough analysis to benchmark and assess the governance, financial and operational performance of the U.S., Canadian and European ATC models in order to make an informed comparison between our current system and those systems engaging in best practices outside the United States. Our evaluation reviewed the safety, predictability, efficiency, cost/productivity, customer service and NextGen implementation performance of each of the organizations.

That research leads us to the conclusion that to bring our ATC system to where it should be today and must be for the future, transformation, not renovation, is required.

We are fortunate to have the safest ATC system in the world. We should also be striving to be the most efficient. General agreement has existed for years that we cannot continue to run the ATC system the same way as it has been since the 1950s and expect different results. A string of reports from presidentially appointed aviation commissions, the Department of Transportation Inspector General, the Government Accountability Office, and independent private sector experts indicate that the FAA's ATC modernization efforts have been plagued by significant cost overruns and delays and call into question the ability of any organization, no matter how well managed, to deliver the results the people of the United States deserve under the existing funding and governance structure.

The fundamental questions that should be contemplated are (1) does the U.S. have the best possible governance and funding structures in place to deliver the most efficient, modern ATC system? (2) Have the ATC models used by other countries enhanced safety and efficiency? And (3) if the answer to that question is yes, can the best attributes of these models effectively be adopted to create an air traffic entity that works for the complex U.S. system?

Our benchmarking and fact-based assessment of the governance, financial and operational performance of the U.S., Canadian and European ATC models suggests some basic principles for success in any ATC organization. There must be:

(1) independent, multi-stakeholder board governance;

(2) effective management teams incentivized to pursue efficiencies without the constraints imposed on government agencies that hamper their ability to manage more nimbly and effectively;

(3) a fair self-funding model based on the cost of ATC services and free from budget constraints and short-term, declining appropriations, and

(4) the ability to manage assets and capital in a way that allows far greater speed to market of technological modernization.

These success factors lead to an effective operation because an independent ATC entity can then operate with long-term funding and governance certainty, subject of course to strong safety regulation and oversight by the FAA which could then solely focus on the those functions rather than having their current status of being both operator and regulator. Such an organization is accountable to stakeholders and users of the system driving effective decision making and efficient operations in order to capture the full benefits of the ATC system.

Our work to date leads us to believe that a commercialized, non-profit type governance structure would deliver the greatest benefits for a reformed ATC entity because such a structure would continue to put safety first, while driving value for all stakeholders. Let us be clear that under any and all scenarios, first and foremost, the FAA must retain the role as a safety regulator. Indeed, while we believe the FAA is already doing a commendable job in this capacity, a structure that allows them to focus solely on regulation and oversight has the potential to make the agency even more effective and efficient. And, any potential U.S.

organizational and funding structure must acknowledge our system's complexity and operating environment.

We should be focused on holistic changes in structure, governance, funding and accountability that will facilitate the development of a world class ATC organization. We should do it by using the best technology and best practices to deliver the safest and most efficient air traffic infrastructure in the world.

In conclusion, to those who will suggest change such as this is too hard and carries too much risk, we would simply reply that we are a country of great resources and courage. Many other countries have taken it on, and we have the benefit of learning from their combined experience. It would be a shame not to move forward just because the effort is challenging. The immeasurable cost of doing nothing is not an attractive alternative. We have the technology and the opportunity. Now we need to muster the will to attain an ATC system our passengers, economy and businesses across America, expect and deserve.

We look forward to returning to the Committee to further outline our broad and compelling vision after working collaboratively with the other stakeholders. Thank you for the opportunity to be here today.