

**Statement by
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**Before the House Transportation and Infrastructure Committee,
Subcommittee on Aviation**

**On
“Options for FAA Air Traffic Control Reform”**

March 24, 2015

Chairman LoBiondo, Ranking Member Larsen and Members of the Subcommittee, thank you for inviting me to speak today about “Options for FAA Air Traffic Control Reform.”

I come before you today having served for the past fifteen months on the Federal Aviation Administration’s Management Advisory Council (MAC). As you know, the Congress created this entity in 1996 for the purpose of providing the FAA Administrator with a wide range of advice and counsel from experienced stakeholders in the aviation community.

A list of the current MAC members is attached to this testimony. All of us who serve respect the intent of Congress in creating this structure and we appreciate the seriousness with which Administrator Huerta hears our views and engages in discussions of ideas around a wide range of topics, including the one we are here to discuss today.

As vice chairman of the MAC, I would like to share the following with you:

1. A brief review of the work we have engaged in during the past 15 months as background for our discussion;
2. An outline of the challenges we identified as a result of our outreach efforts;
3. Reflections on the governance reform question;
4. A governance reform concept developed for discussion in further outreach to the aviation community.

BACKGROUND

The current MAC members were appointed and we began working in January 2014. We immediately recognized that four official meetings a year would not provide a sufficient level of engagement to make a meaningful contribution to issues facing the FAA.

It was determined that a Working Group would be formed and that the initial task of the MAC Working Group would be to engage in outreach designed to better understand the issues members of the aviation community presented as challenges for moving our aviation system forward.

We are very much focused on what is needed to advance the world's most complex and diverse air transportation system in ways that insure the safe and efficient operation of the system. Additionally, we share the Committee's often stated desire to insure that we remain the leading air transportation system in the world.

Since it was formed, I have chaired the MAC's Working Group. All of the insights gained through the Working Group have been shared with the members of the MAC and leadership of the FAA. And, throughout our deliberations, we have sought to insure the full participation of MAC members.

Ultimately, our advice and counsel are shared with the Administrator.

At this point, I want to be clear that the following discussion about our findings from initial outreach efforts and the thinking of the working group around reform concepts have been shared with all MAC members and senior FAA officials. However, the MAC members have not formally endorsed any specific reform proposal. At this stage we are engaging in further outreach to refine the concepts that have been developed.

THE CHALLENGES

As an active pilot I can assure you that much has changed and changed for the better in our air transportation system. However, the modernization of air traffic control, avionics, aircraft and other critical elements of the air transportation system is and will remain an ongoing process.

The initial efforts by the MAC focused on better understanding impediments that would impact future success at the FAA in achieving its mission.

There were three clear categories where the MAC has focused as a result of the initial outreach efforts:

1. There is a need for continuity of funding given the work and nature of investments made by the FAA. Interruptions in the funding stream create delay and disruption. There is also a need to fund capital projects necessary to modernize facilities that current budget structures make challenging.
2. While the certification and regulatory functions conducted by the FAA have contributed enormously to safe and efficient operations, the structures and processes for decision making and resolution of issues are serving neither the FAA nor the aviation community in a satisfactory manner. There is

agreement about this and a significant effort within the FAA to change the culture and alter approaches; however, this area of concern was expressed across almost all aviation groups and must remain a high priority.

3. Finally, we heard a desire from some to explore different scenarios related to the structure and governance options available for the FAA as part of the Reauthorization process in the belief that an alternative governance structure might better address the issues facing the FAA.

REFLECTIONS ON REFORM

As previously indicated, while I will outline a concept for reform it is not something my colleagues on the MAC have formally approved; although, they have all had the opportunity to assist in the development of the concept.

That said, the invitation to participate in today's hearing affords us a unique opportunity to share with the Subcommittee a concept designed to address many of the issues facing the FAA into the future.

Personally, I applaud this Subcommittee and the leaders of the full Committee who have repeatedly called upon the aviation community to think boldly, develop transformational ideas and build a consensus around a path forward.

I believe the MAC has seriously considered and searched for what is transformational and doable.

First, we believe that the passage of FAA Reauthorization legislation this year is very important.

We also believe that there are a number of elements that can address important issues such as multiyear budget approvals and more real flexibility around the management of the FAA. These and other essential considerations are contained within the FAA Principals for Reauthorization recently shared with the Subcommittee by FAA Administrator Huerta.

We believe that measures can be developed around these principles that will achieve consensus and can be passed in 2015 and the larger reform discussion should not sidetrack progress on Reauthorization elements that need to be addressed this year.

When it comes to reform and changing the governance and structure of the FAA, we start with a notion that we have reached a moment in time where this discussion must take place.

It must take place because while much has been accomplished regarding the modernization of our air traffic control system, much remains to be done to achieve the benefits sought by all who operate within the system.

It must take place because innovation at every level – air traffic, aircraft, avionics, airport management and flight operations – moves with greater and greater speed. Efficiency gains and safety improvements require faster decision making and swifter execution at all levels to achieve specific objectives.

Finally, now is the right time to look at how the aviation community has successfully come together with the FAA to establish clear priorities. The NextGen Advisory Committee (NAC) presents one model for achieving consensus on complex issues and policies affecting the entire air transportation system. The level of serious engagement by the aviation community and FAA representatives shows us a path forward that can deliver a full across the agency focus on clear objectives with metrics and measures of performance.

A CONCEPT EMERGED

We carefully considered issues discussed with us during our outreach sessions with nearly 30 different organizations. We met with some organizations that have developed their own specific governance options and paid special attention to approaches that would remove the Air Traffic Organization from within the FAA.

While we found agreement that creating a stand alone Air Traffic Organization could provide greater accountability and a more business like approach to modernization, we would suggest that advantages identified for the ATO need to be applied across the full range of FAA responsibilities. We also believe that today more than ever there are synergies among the FAA's functional groups that facilitate the implementation of modernization priorities. Separating key functions now that direction has been clearly established and progress is being made could prove disruptive. Even those that rightfully admire the success of separating the air traffic function in some countries report that the transition takes several years to accomplish.

The concept we have developed seeks to address the issues as we see them and at the same time serves as a bold initiative that could be accomplished with the least amount of operational disruption at this critical time.

The concept is the creation of a Federal Corporation that would incorporate the full set of functions contained within today's FAA.

As a Federal Corporation, this new FAA would operate with it's own governing board. The Board would operate like a private sector Board and would not be advisory. It would retain and oversee the work of a CEO/Administrator who would report to the Board. Decisions in the future about sources of revenue would be

determined by the Board. Detailed operational metrics along with the annual budget would be approved by the Board. This would include a capital spending program for facility modernization.

An approach that changes the governance structure allows for the executive leadership to manage the entire agency with clearer objectives and standards set by a fully engaged Board with aviation experience that would do as the NAC has done, provide consensus on priorities matched with clear metrics around performance.

This would be bold and it would be transformational. The Board would not be precluded from making future choices related to spinning off elements of the enterprise. In the near term, given all of the progress being made today, a disruptive transition that could take years would be avoided. And, existing funding mechanisms would support the new entity initially through a transition period with the Board having the time and authority to develop a consensus around possible new funding approaches in the future.

We recognize that the concept of moving the FAA into a Federal Corporation with its own governing board is a bold idea. It requires refinement through discussion with stakeholders and further discussion with the Members of this Subcommittee. We look forward to continuing this process in the weeks ahead.

CONCLUSION

I very much appreciate this Subcommittee's long history of engagement and leadership in the modernization of our nation's air transportation system. The discussions today and others you will hold are going to set a course for decades to come, a course that will insure that the most complex and diverse air transportation system in the world remains the safest and most efficient in the world.

I look forward to our discussion.

Thank you.

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Federal Aviation Administration
**Press Release – Secretary Foxx
Announces 10 New Members
to FAA Management Advisory Council
For Immediate Release**

January 13, 2014

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WASHINGTON – U.S. Secretary of Transportation Anthony Foxx today appointed 10 new members to the Federal Aviation Administration (FAA) Management Advisory Council (MAC). The council advises the FAA on management, policy, spending and regulatory matters.

The 10 new members are:

Steve Alterman, president, Cargo Airline Association;
Bill Ayer, former chairman, Alaska Air Group;
Montie Brewer, former president and CEO, Air Canada;
Ray Conner, vice chairman, The Boeing Co., and
president and CEO, Boeing Commercial Airplanes;
Craig Fuller, president, the Fuller Co. and former president, Aircraft
Owners and Pilots Association (AOPA);
Jane Garvey, Meridiam Infrastructure/MITRE board member and former FAA
administrator;
Mayor Michael Hancock, City of Denver, Colo.;
Lee Moak, president, Air Line Pilots Association (ALPA);
John “Jack” Potter, president and CEO, Metropolitan Washington Airports
Authority (MWAA); and,
Gwynne Shotwell, president and COO, Space X.

“These established aviation leaders will help guide the FAA in its many critical air-transportation policy decisions, supporting our commitment to a first class aviation system,” said Secretary Foxx. “These proven aviation experts will be lending their knowledge to help advance the nation’s air travel system as the safest and most efficient in the world.”

Created by the Federal Aviation Reauthorization Act of 1996, the MAC meets quarterly to assess and advise the FAA on carrying out its aviation safety and air travel efficiency mission. The panel members serve three-year terms in a volunteer

capacity and retain their private sector positions.

“We are at a pivotal time in both the FAA and the aviation industry. These new MAC members will provide essential guidance and input as the FAA moves forward with NextGen and makes critical decisions about the future,” said FAA Administrator Michael Huerta.

By law the MAC has 13 members. The new appointments join the three incumbent council members: Department of Transportation Acting Deputy Secretary Victor Mendez; Department of Defense Brig. Gen. Steven M Shepro; and Paul Rinaldi, president, National Air Traffic Controllers Association (NATCA).

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