

STATEMENT OF DAVID GRIZZLE, CHIEF OPERATING OFFICER, AIR TRAFFIC ORGANIZATION AND JULIE OETTINGER, ASSISTANT ADMINISTRATOR FOR POLICY, INTERNATIONAL AFFAIRS AND ENVIRONMENT BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON AVIATION, ON THE INSPECTOR GENERAL'S REPORT ON THE SAFETY AND COST OF THE FAA'S CONTRACT TOWER PROGRAM, JULY 18, 2012.

Chairman Petri, Congressman Costello, Members of the Subcommittee:

Thank you for the opportunity to speak with you today about the status of the Federal Aviation Administration's (FAA) contract tower program. Since its inception in 1982, this program has been part of how FAA delivers safe and cost-effective air traffic control management to the users of the national airspace system (NAS). There is a general consensus that the program has been successful and it has created measurable efficiencies in the system for both commercial and general aviation operators, while delivering safety benefits to the traveling public. The FAA, the users of the system and the IG are confident that the contract controllers are competent and maintain the highest degree of safety.

The program has grown significantly over the years. It began as a pilot program to contract for air traffic control services for five Level I, lower activity towers that were closed as a result of the Professional Air Traffic Controllers Organization strike in 1981. The program grew to 27 towers by 1993. In 1994, Congress provided funding for a multi-year program to convert additional FAA-operated Level I towers to contract operations. The Program was further expanded by including towers at airports that never had an FAA-operated tower. Today there are 250 contract towers in the program across 49 states and territories.

As this program has developed over the years, it has been the subject of great interest and, at times, controversy. There were fears that this was the first step toward privatization of air traffic control. There were fears that contact towers would not provide the same level of safety as those staffed by federal government employees. There were fears that cost savings would overrule safety in the execution of this program. I think the good news is this program has evolved in way to be a valuable component of how the FAA manages the NAS.

As you consider this program today, let me note a number of factors that are shaping the program.

First, the NAS is going through some significant changes. The economic downturn that hit the U.S. in 2008 had a profound impact on the general aviation system, and the airport operations where many contract towers are located. There has been a decline in commercial operations at contract towers by 13%, and an overall decrease in operations at those towers by 23%. Critically, looking forward, our forecasts do not see operational levels returning to those seen prior to the economic downturn anytime soon. So we need to make sure we are managing a program that delivers the safety and efficiency benefits to deal with this changing pattern of aviation activity.

Second, Congress has spoken in consistent support of this program, including how to find creative public-private partnerships to foster this program. In 2000, Vision-100

authorized a cost share program so some communities that had an airport that did not meet the required cost-benefit ratio to qualify as a contract tower could instead qualify for a contract tower where the costs are shared between the FAA and the community based on the cost-benefit ratio. Last year, the consolidated appropriations measure for Fiscal Year 2012 (PL 112-55) included a provision that capped the amount any community could be required to pay toward the operating costs of a contract tower in the cost share program at 20% of the total cost of the tower's operation. We agree with the Congress about the importance of the cost share program and are committed to working in an effective fashion with stakeholders to optimize how this program can contribute to our optimal management of the NAS.

Third, as the latest IG update on the status of this important program demonstrates, towers operated by individuals who do not work directly for the federal government generally function safely and cost-effectively. The program creates measurable efficiencies in the system for both commercial and general aviation operators while ensuring a high-level of safety in the NAS.

Fourth, in light of the economic realities, the FAA's ability to maximize its resources to benefit the overall needs of the NAS is extremely important. That is why we proposed in our FY 2013 budget request to recover up to 50%, rather than the 20% currently imposed, of costs for towers that are not fully cost-beneficial. The FAA is always investigating ways to operate more cost-effectively by reviewing and adjusting, as necessary, staffing levels, operating hours, and deployment of system enhancements. We welcome

opportunities to safely incorporate best practices from the contract tower program into FAA tower operations.

Fifth, we are updating the cost-benefit analysis for this important public-private partnership. We last did an update of the cost-benefit analysis in 2008. We delayed a new update for a couple of years given our uncertainties about the direction of activity levels and pending legislation that might change the program. We are now moving forward, as existing operational trends appear to represent the new normal and Reauthorization has been enacted. We continue to use the same basic model for our current cost-benefit work while updating inputs including traffic changes, revision to the Department of Transportation's valuation for avoiding fatalities and injuries, and data from the FAA's maturing cost accounting system. We are discussing our approach to incorporating this new information with the U.S. Contract Tower Association to ensure that FAA is considering all pertinent factors in its calculations of individual towers. FAA is determined not to make any final decisions until we have had a full and informed discussion with interested parties.

Finally, we are undertaking a number of efforts to ensure a well-grounded longer term approach. The FAA's Aviation Safety organization is currently conducting a study to compare safety data between airports with manned control towers (federal or contract) and airports that are unmanned. This information will provide the FAA with important information about the future investment in air traffic control facilities and risk management.

We also need to make sure the contract tower program is well integrated into our NextGen endeavors. How we manage air traffic, how we use technologies, and how we organize our facilities and infrastructure will all change over time as we bring NextGen technologies into the system.

In closing, I think we all recognize we live in challenging times and are dealing with a dynamic aviation system. Taking a static view of equipment and services that are in a given place at a given time will not deliver the system the traveling public requires. As new technologies emerge and are integrated into the system, the needs of the NAS, including those of contract towers, may change in order to take the best advantage of safety and efficiency opportunities.

“One size fits all” never has, and never will, be an effective way to make safety and efficiency decisions that affect the NAS and the travelling public. FAA is the guardian of a system that has achieved a safety level that is envied around the world. We remain committed to the contract tower program as an important component of how we deliver safety and efficiency in the NAS. While fiscal realities must play a role in aviation investments, the FAA will not tolerate any degradation in safety, and we recognize that Congress and the traveling public share that view.

Thank you for this opportunity to speak before you. I am happy to answer any questions you might have at this time.