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Description of document: Federal Aviation Administration (FAA) documents related to the impact of Federal budget sequestration on FAA operations and functions, 2013

Requested date: 30-April-2013

Released date: 30-May-2017

Posted date: 09-October-2017

Source of document: FOIA Request
Federal Aviation Administration
National Freedom of Information Act Office, AFN-140
Federal Aviation Administration
800 Independence Avenue, SW
Washington, DC 20591
Fax: (202) 267-6514
Online FOIA Request form: [Washington, DC FOIA](#)

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U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Financial Services

800 Independence Ave., S.W.
Washington, DC 20591

MAY 30 2017

Thank you for your letter dated April 30, 2013 to the Federal Aviation Administration (FAA) Freedom of Information Office (FOIA), requesting documents related to the impact of Federal budget sequestration on Federal Aviation Administration operations and functions from February 1, 2013.

Please find enclosed copies that the FAA provided to members of Congress that explain the impact of the budget sequestration for the time period you specified.

There are no fees associated with this FOIA request. Based on the Department of Transportation regulations, your request is under the "All Other" fee category, which is not charged for the first two hours of search.

You have the right to seek dispute resolution services from the FAA FOIA Public Liaison via phone (202-267-7799) or email (7-AWA-ARC-FOIA@faa.gov) noting FOIA Public Liaison in the Subject or the Office of Government Information Services (<https://ogis.archives.gov>) via phone (202-741-5770 / toll-free--1-877-684-6448; fax--202-741-5769); or email (ogis@nara.gov).

Sincerely,

Allison Ritman
Acting Deputy Assistant Administrator for Financial Services

Enclosure



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

April 15, 2013

The Honorable Bill Shuster
Chairman
Committee on Transportation
and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am writing in response to your letter dated March 22, 2013, and cosigned by Senator Thune, challenging the decision of the U.S. Department of Transportation (DOT) and the Federal Aviation Administration (FAA) to cease Federal funding for contract air traffic control services at 149 towers in order to meet the across-the-board spending cuts required under sequestration and calling into question the Department's commitment to safety in making this difficult budgetary decision.

Let me state clearly that my first priority as Secretary of Transportation has been to ensure the safety of the traveling public. For more than 4 years, my principle concern has been to ensure that our roadways, our railways, our waterways, and indeed our aviation system, are the safest in the world. Congress is requiring us to make difficult budget decisions and none of our choices are good or fair. However, I can assure you that safety is not up for negotiation and will not be sacrificed.

As you are aware, the difficult decisions we now face are the result of a law passed by Congress—a law which imposes arbitrary and unnecessary cuts to Government services. Unfortunately, the sequestration law does not grant the flexibility that you suggest. Under sequestration, DOT is required to cut nearly \$1 billion. The majority of that money—\$637 million—must come from FAA's budget in the next 6 months, and a majority of those funds—approximately \$375 million—must come from operations within the Agency's Air Traffic Organization (ATO). The law specifically isolates three-fourths of the Department's budget from sequestration and does not give DOT any flexibility to mitigate the impact on FAA or ATO.

To implement these drastic reductions, FAA is cutting costs by furloughing employees, instituting a hiring freeze, slashing travel, and significantly cutting contracts. As part of that effort, FAA will cease funding contract air traffic control services at 149 air traffic control towers around the country starting June 15. All the towers slated for closure control traffic at airports with lower activity levels. Together, they handle less than 3 percent of commercial

operations nationally, and less than 1 percent of air passengers. Defunding the towers helps minimize the impact of sequestration on the overall traveling public. We know these towers are important to the communities they serve, and it was a difficult decision to stop funding them with Federal dollars.

As I've said, in implementing sequestration we will not deviate from our safety mission. Safety was the driving principle in our decision to meet our obligations under sequestration by ceasing Federal funding for contract towers at these low-volume airports. The vast majority of airports across the country do not have air traffic control towers, yet aircraft safely take off and land at these airports every day, using specific procedures that are familiar to pilots. According to the FAA's September 2012 National Plan of Integrated Airport Systems, there are 19,786 landing areas in the United States. Of these 19,786, only 540 have a control tower. And of these 540 control towers, 289 are staffed by FAA employees, and 251 are contract towers.

The contract towers for which funding is being terminated provide services at smaller airports where the majority of the traffic is single- or twin-engine general aviation aircraft, helicopters, and corporate jet aircraft. All of them had fewer than 150,000 aircraft operations and 10,000 commercial operations in 2012. At the other end of the scale, the control tower at Chicago O'Hare airport handled 875,000 operations during the same period. Moreover, of the 149 tower contracts being terminated, all but one currently operate part-time—that is, they are not open 24 hours a day. When the towers are not in operation, the airports already operate as thousands of others do each day—safely, as non-towered airports.

The towers in the FAA Contract Tower Program are generally those that provide runway separation and sequencing using visual flight rules (VFR). They do not provide approach and departure control, as the aircraft operate off the runway using basic VFR traffic patterns. When FAA control services are no longer available, the airport reverts to non-towered procedures—meaning that separation responsibility to and from the runway changes from the tower to the pilot.

Additionally, many of the services that a tower controller provides can be obtained through alternate sources when the tower is not in operation. For example, at towered airports, controllers provide current weather information and update an hourly broadcast of weather items of interest to a pilot; when the tower is not in operation, pilots obtain weather through automated weather stations, and many of the airports have equipment that broadcasts this information continuously. As another example, at towered airports, controllers issue the pilot instrument flight rules (IFR) flight-plan routing information and obtain and coordinate release and cancellation times with the IFR controlling facility. In contrast, when the tower is not in operation, pilots obtain the flight plan and release via an Automated Flight Service Station or direct communication (phone or radio link) with the IFR controlling facility. In this situation, aircraft would continue to receive air traffic control services and IFR separation until the cancellation was received by the IFR controlling facility. As a further example, at towered airports, controllers issue clearances and instructions for aircraft and vehicles to operate on designated movement areas and issue clearances for aircraft to land and takeoff on active runway surface according to prescribed minima. When the tower is not in operation, aircraft and

The Honorable Bill Shuster

vehicles utilize a published Common Traffic Advisory Frequency and procedures to announce their position and intentions, and to increase shared situational awareness.

Prior to making our decision to defund the 149 towers, FAA reviewed the safety implications of the proposed service termination, taking into account that operations at airports that do not have a control tower are conducted safely every day because aircraft operation is based upon an established system of rules and guidance that pilots are expected to know and to follow. Additionally, in implementing its decision to defund these towers, FAA is conducting a separate safety review and monitoring process for each tower to ensure that safety does not degrade as the affected airport transitions from a controlled to an uncontrolled tower and that appropriate mitigation measures are in place.

The cuts required by sequestration are painful, and I urge Congress to replace them in a balanced way. But, I want to be clear that while this Department implements the cuts required by Congress, safety is not negotiable. The FAA's decision to curtail Federal funding for lower-volume towers enables us to meet our obligations under sequestration in a manner that preserves our commitment to maintaining this Nation's extremely safe aviation system.

A similar letter has been sent to Senator Thune. If I can provide further information or assistance, please feel free to call me.

Sincerely yours,

Ray LaHood

A large, stylized handwritten signature in black ink, likely belonging to Ray LaHood, is written over the typed name. The signature is fluid and cursive, with a prominent initial 'R' and a long, sweeping horizontal stroke at the end.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

February 11, 2013

The Honorable Barbara Mikulski
Chairwoman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairwoman Mikulski:

This letter responds to your letter of January 18 requesting information on the impact that across-the-board spending cuts would have on the U.S. Department of Transportation's discretionary programs in the event of sequestration. Thank you for giving me the opportunity to share my views.

Sequestration will require indiscriminate spending reductions to be taken equally among the affected accounts, programs, projects, and activities within each account, severely restricting our ability to manage such large funding reductions. This will have serious impacts on transportation services that are critical to the traveling public. I am very concerned about this possibility and agree with you that the American people should be fully informed of the consequences that will occur unless sequestration is averted.

If a sequestration order is issued on March 1, 2013, the Department of Transportation will be cut by nearly a billion dollars, affecting dozens of our programs. Some of our Operating Administrations will need to restrict staffing and prioritize safety activities, which means delivery of our many grant programs may face unneeded delays. The Federal Transit Administration, the Pipelines and Hazardous Materials Administration, and the Maritime Administration are among those that will be affected.

But perhaps the most serious result of this action would be the immediate impacts on the Federal Aviation Administration (FAA). Sequestration would require the FAA to undergo a funding cut of more than \$600 million. This action would force the FAA to undergo an immediate retrenchment of core functions by reducing operating costs, and eliminating or reducing services to various segments of the flying community.

Given the magnitude of this reduction, it will be impossible to avoid significant employee furloughs and reductions in contracted services. On average, this means a vast majority of the FAA's nearly 47,000 employees will be furloughed for approximately one day per pay period until the end of the fiscal year in September, with a maximum of two days per pay period. This number could be lower for any individual employee depending on specific staffing needs, operational requirements, and negotiated collective bargaining agreements. Any furloughs would only occur after appropriate employee notification and in accordance with applicable

The Honorable Barbara Mikulski

collective bargaining agreements. The furlough of a large number of air traffic controllers and technicians will require a reduction in air traffic to a level that can be safely managed by the remaining staff. The result will be felt across the country, as the volume of travel must be decreased. Sequestration could slow air traffic levels in major cities, which will result in delays and disruptions across the country during the critical summer travel season.

Aviation safety employees also would experience significant furloughs that will affect airlines, aviation manufacturers, and individual pilots, all of which need FAA safety approvals and certifications. While the Agency will continue to address identified safety risks, a slowed certification and approval process due to furloughs could negatively affect all segments of the aviation industry including those who travel by air.

NextGen investments may be completed, but investments in advanced technologies and new tools will need to be postponed indefinitely. As a result, the delivery of some critical NextGen systems could be delayed for years to come.

All of this means a less efficient and less convenient air travel service for the American travelling public, as well as impacts to our economy. Civil aviation contributes 10 million jobs and \$1.3 trillion annually to the U.S. economy and sequestration places this contribution in jeopardy.

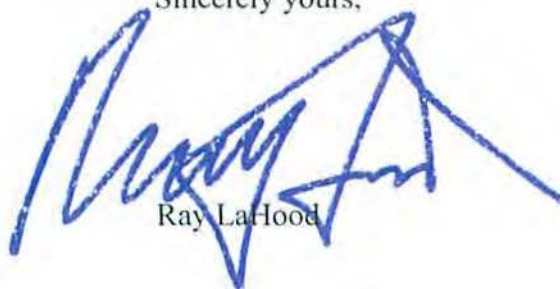
I want to assure you, however, that our highest priority is to keep the aviation system safe even if it means disruptions and delays in service.

It is also important to note that some of our transportation programs will not be impacted. Under the Budget Control Act of 2011, our Trust-funded highway programs, motor carrier safety programs, vehicle safety programs, transit formula and bus grants, and airport grants programs are exempt from sequestration. These transportation programs would continue to operate at current funding levels.

We also need to consider the longer term consequences of sequestration on the delivery of Federal programs into FY 2014 and beyond. Should sequestration occur, we will need to make difficult choices about which services to continue, which services to drastically reduce, and which services to completely eliminate over the coming years. Our programs cannot be sustained indefinitely by one-time fixes and furloughs. Our choices should ensure these programs are positioned to continue in the future and provide the American people with services they can rely on, by passing balanced deficit reduction and avoiding sequestration.

Thank you again for the opportunity to share my views on this important matter.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Ray LaHood', with a stylized flourish extending from the end.

Ray LaHood



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

April 24, 2013

The Honorable Jay D. Rockefeller IV
Chairman, Committee on Commerce,
Science, and Transportation
United Science Senate
Washington, DC 20510

Dear Mr. Chairman:

We are writing in response to your letter dated April 22, 2013, and cosigned by Senator John Thune, regarding the U.S. Department of Transportation (DOT) and the Federal Aviation Administration's (FAA) implementation of sequester reductions and the effects of those reductions on the National Airspace System (NAS).

As you are aware, the difficult decisions we now face are a result of a law passed by Congress—a law that imposes arbitrary, across-the-board and unnecessary cuts to critical Federal services. Within the FAA, we are required to cut \$637 million by the end of this fiscal year. Unfortunately, the law does not grant FAA the flexibility in administering these cuts that some have suggested.

Section 256(k)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, requires that the cuts be applied equally at the program, project, and activity (PPA) level. This means that we must administer uniform cuts to each of the seven PPAs within our Operations account, the largest FAA account subject to sequestration. Within the Operations account, the Air Traffic Organization (ATO) is the largest PPA. From this PPA, we must cut approximately \$375 million. Personnel related costs—including air traffic controller salaries—constitute approximately 70 percent of the ATO PPA. The next largest expense within ATO is contracts—including contract control towers—which constitute roughly 20 percent of the PPA. Because these expenses constitute over 90 percent of the ATO PPA, and because the law requires the cuts be made uniformly at the PPA level, we cannot achieve the required \$375 million in reductions without furloughing employees and cutting contracts.

FAA does not have the legal authority to move funds between appropriation accounts, so we cannot resolve a shortfall in our Operations account by transferring funds from another appropriation account. FAA does have limited authority to allocate up to 2 percent of funding from one budget activity to another budget activity *within* the Operations appropriation account—meaning at the PPA level—and we are already exercising this authority in the Operations account to the fullest extent possible by moving funds from the smaller PPAs into ATO. However, since ATO makes up most of the Operations account, reallocating the full 2 percent from the remaining smaller PPAs simply does not significantly reduce the ATO shortfall.

In sum, FAA is maximizing its existing authority to reallocate funding within accounts in order to reduce furlough days to the fullest extent possible, but the magnitude of the cuts are such that furloughs of up to 11 days for each affected employee will be necessary.

Some have suggested that in implementing the cuts mandated by sequestration we should allocate furloughs unequally among FAA employees, so that smaller airports would shoulder a proportionately greater burden than larger ones or that certain classes of employees would receive a carve out. In implementing the furloughs, we will not pick winners and losers among states, communities, airlines, and our employees. This argument also fails to recognize that the NAS is an interconnected network and disruptions at smaller airports can impact throughput at larger hub airports. To be sure, an unequal distribution of furloughs among FAA employees would still produce disruption and delays throughout the system. Moreover, controllers, supervisors, technicians, traffic managers and safety inspectors constitute the vast majority of the Operations workforce, so creating a carve out for these employees is not a feasible method for achieving the necessary cuts.

Finally, the effect of sequestration and employee furloughs is essentially a pay cut for FAA employees. To distribute furlough days in any manner other than equally would cause its own disruption in the system as lack of cooperation among employees impairs network efficiency. Historically, pay cuts in the airline industry have been applied equally to comparable employee groups, just as the FAA has done with its employees. Personnel at different facilities must work together to support the system, a task that is made more difficult, if not impossible, when employees are treated inequitably.

This week the traveling public began to truly feel the impacts of FAA sequestration. From early on, we warned of the potential effects. On February 11, 2013, Secretary LaHood responded to a letter from Senate Appropriations Committee Chairwoman Mikulski about the impacts of the across-the-board spending cuts on DOT, stating:

[P]erhaps the most serious result of this action would be the immediate impacts on the Federal Aviation Administration (FAA). Sequestration would require the FAA to undergo a funding cut of more than \$600 million.... Given the magnitude of this reduction, it will be impossible to avoid significant employee furloughs and reductions in contracted services. On average, this means a vast majority of the FAA's nearly 47,000 employees will be furloughed for approximately one day per pay period until the end of the fiscal year in September.

Then on February 22, Secretary LaHood appeared before the White House press corps to speak about the anticipated impacts of sequestration on airport operations. At the briefing, he was emphatic that, in the absence of Congressional action to fix sequestration, FAA would be forced to take drastic steps, including furloughing FAA employees for approximately one day per pay period. He warned that travelers should be prepared for delays starting in April, noting that "[f]lights to major cities like New York, Chicago, and San Francisco and others could experience

The Honorable John D. Rockefeller IV

delays of up to 90 minutes during peak hours because we have fewer controllers on staff. Delays in these major airports will ripple across the country.”

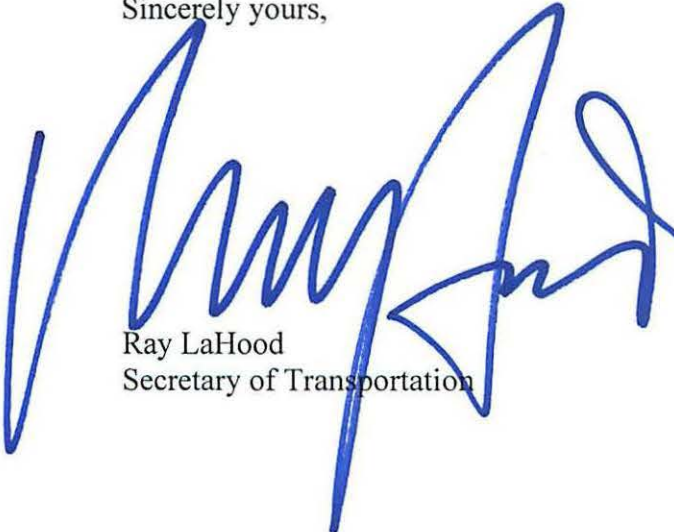
Since that time, DOT and FAA have repeatedly engaged the public and our stakeholders (including unions, air carriers, airports, and other system operators) to discuss the potential effects of sequestration. For example, in a letter dated February 22, we urged aviation and airport trade associations to begin preparing for the possibility of sequestration. In the case of air carriers and system operators, we held a meeting with industry in March to provide an overview of the impacts of the sequestration. We provided a more detailed discussion on operational impacts to this same group last week. With the furloughs now in effect, we are in daily contact with the industry to address operational challenges and mitigate the impact on the traveling public. We have also engaged in outreach to Congressional members and staff to advise them of FAA’s plans and the anticipated impacts of the required reductions, and those outreach efforts continue.

As we have said repeatedly, throughout the planning and implementation process, our first priority has been to ensure the safety of the traveling public. Congress is requiring us to make difficult budget decisions, and none of our choices are good. However, we assure you that safety is not up for negotiation and will not be sacrificed.

We wish that we could avoid these painful cuts. For this reason, we hope that Congress will replace sequestration with balanced deficit reduction and restore critical services to the American public.

A similar letter has been sent to Senator Thune. We appreciate your interest in this important issue and look forward to continuing to work with you on a productive path forward.

Sincerely yours,



Ray LaHood
Secretary of Transportation



Michael Huerta
Administrator, Federal Aviation Administration



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

April 24, 2013

The Honorable John Thune
Ranking Member, Committee on Commerce,
Science, and Transportation
United Science Senate
Washington, DC 20510

Dear Senator Thune:

We are writing in response to your letter dated April 22, 2013, and cosigned by Senator John Rockefeller, regarding the U.S. Department of Transportation (DOT) and the Federal Aviation Administration's (FAA) implementation of sequester reductions and the effects of those reductions on the National Airspace System (NAS).

As you are aware, the difficult decisions we now face are a result of a law passed by Congress—a law that imposes arbitrary, across-the-board and unnecessary cuts to critical Federal services. Within the FAA, we are required to cut \$637 million by the end of this fiscal year. Unfortunately, the law does not grant FAA the flexibility in administering these cuts that some have suggested.

Section 256(k)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, requires that the cuts be applied equally at the program, project, and activity (PPA) level. This means that we must administer uniform cuts to each of the seven PPAs within our Operations account, the largest FAA account subject to sequestration. Within the Operations account, the Air Traffic Organization (ATO) is the largest PPA. From this PPA, we must cut approximately \$375 million. Personnel related costs—including air traffic controller salaries—constitute approximately 70 percent of the ATO PPA. The next largest expense within ATO is contracts—including contract control towers—which constitute roughly 20 percent of the PPA. Because these expenses constitute over 90 percent of the ATO PPA, and because the law requires the cuts be made uniformly at the PPA level, we cannot achieve the required \$375 million in reductions without furloughing employees and cutting contracts.

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[P]erhaps the most serious result of this action would be the immediate impacts on the Federal Aviation Administration (FAA). Sequestration would require the FAA to undergo a funding cut of more than \$600 million.... Given the magnitude of this reduction, it will be impossible to avoid significant employee furloughs and reductions in contracted services. On average, this means a vast majority of the FAA's nearly 47,000 employees will be furloughed for approximately one day per pay period until the end of the fiscal year in September.

Then on February 22, Secretary LaHood appeared before the White House press corps to speak about the anticipated impacts of sequestration on airport operations. At the briefing, he was emphatic that, in the absence of Congressional action to fix sequestration, FAA would be forced to take drastic steps, including furloughing FAA employees for approximately one day per pay period. He warned that travelers should be prepared for delays starting in April, noting that “[f]lights to major cities like New York, Chicago, and San Francisco and others could experience

The Honorable John Thune

delays of up to 90 minutes during peak hours because we have fewer controllers on staff. Delays in these major airports will ripple across the country.”

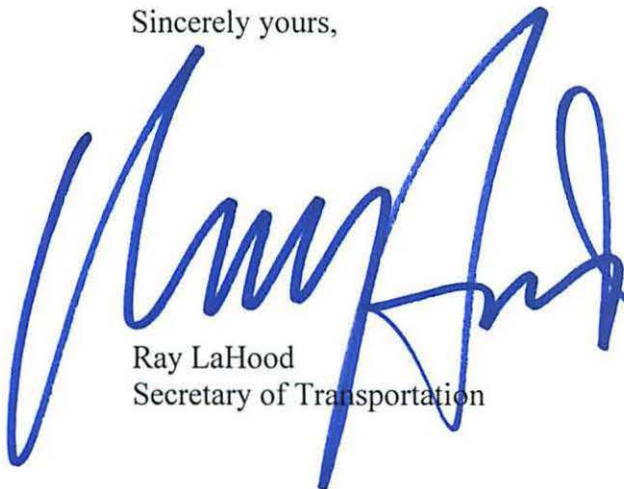
Since that time, DOT and FAA have repeatedly engaged the public and our stakeholders (including unions, air carriers, airports, and other system operators) to discuss the potential effects of sequestration. For example, in a letter dated February 22, we urged aviation and airport trade associations to begin preparing for the possibility of sequestration. In the case of air carriers and system operators, we held a meeting with industry in March to provide an overview of the impacts of the sequestration. We provided a more detailed discussion on operational impacts to this same group last week. With the furloughs now in effect, we are in daily contact with the industry to address operational challenges and mitigate the impact on the traveling public. We have also engaged in outreach to Congressional members and staff to advise them of FAA’s plans and the anticipated impacts of the required reductions, and those outreach efforts continue.

As we have said repeatedly, throughout the planning and implementation process, our first priority has been to ensure the safety of the traveling public. Congress is requiring us to make difficult budget decisions, and none of our choices are good. However, we assure you that safety is not up for negotiation and will not be sacrificed.

We wish that we could avoid these painful cuts. For this reason, we hope that Congress will replace sequestration with balanced deficit reduction and restore critical services to the American public.

A similar letter has been sent to Senator Rockefeller. We appreciate your interest in this important issue and look forward to continuing to work with you on a productive path forward.

Sincerely yours,



Ray LaHood
Secretary of Transportation



Michael Huerta
Administrator, Federal Aviation Administration



U.S. Department
of Transportation

**Federal Aviation
Administration**

Office of the Administrator

800 Independence Ave., S.W.
Washington, D.C. 20591

July 26, 2013

The Honorable Kenny Marchant
House of Representatives
Washington, DC 20515

Dear Congressman Marchant:

Thank you for your April 24 letter about the effects of reductions required by sequestration on the National Airspace System.

As you are aware, the Reducing Flight Delays Act of 2013 provides Federal Aviation Administration (FAA) the flexibility to transfer funds in order to avoid the furloughing of FAA employees in Fiscal Year (FY) 2013. This new authority allowed us to suspend the furloughs and return to a normal work schedule.

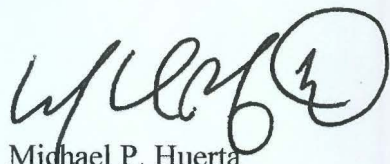
While the Reducing Flight Delays Act provided FAA with the flexibility to transfer up to \$253 million in funds—and thereby eliminate the need for furloughs across the Agency—it does not provide a complete solution to sequestration for the FAA. The newly enacted transfer authority provides us the flexibility to forestall some of the most acute impacts of sequestration to the flying public. Nonetheless, we remain obligated to achieve \$637 million in reductions from the FAA's budget by the end of the fiscal year. That means that we will continue implementing other cost saving measures, including reduced spending on hiring, contracts, overtime, training, travel, supplies, and information technology.

The legislation is only a stopgap measure aimed at addressing the funding shortfall in FY 2013. Without additional congressional action, on October 1 the FAA will again face the prospect of reductions to aviation services to achieve the long-term funding reductions called for in the Budget Control Act. That is why the FY 2014 President's Budget replaces the sequester with a balanced approach to solving our Nation's budgetary challenges.

Thank you for your interest in this matter. We look forward to continuing to work with Congress to find a long-term solution to sequestration that replaces the arbitrary, across-the-board, and unnecessary cuts to critical Federal services in a balanced way.

If I can be of further assistance, please contact me or Roderick D. Hall, Assistant Administrator for Government and Industry Affairs, at (202) 267-3277.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Huerta', with a large circular flourish at the end.

Michael P. Huerta
Administrator



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

May 23, 2013

The Honorable Bill Shuster
Chairman, Committee on Transportation
and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am writing in response to your letters of February 25 and March 7, 2013, cosigned by Senator John Thune, regarding the Federal Aviation Administration's (FAA) implementation of sequester reductions.

As you are aware, the recently enacted Reducing Flight Delays Act of 2013 provided FAA the flexibility to transfer funds in order to avoid the furloughing of FAA employees in Fiscal Year (FY) 2013. This new authority has allowed us to suspend the furloughs, continue funding Federal contract towers, and partially restore the support of critical FAA infrastructure. We will also use this new authority and our existing reprogramming authority to reduce cuts and delays in core NextGen programs.

Even with this new flexibility, FAA must cut \$637 million from its budget this year. From the beginning, I have said that in making the difficult choices about where to make cuts, we must prioritize safety and work to minimize the impact on the traveling public. The FAA continues to implement significant cost-saving measures that we had previously put in place to achieve the required savings. These measures include a hiring freeze, termination of certain temporary employees and rehired annuitants, substantial reductions in travel, and significant cuts in contracts.

The effect of sequestration on FAA is reflected in the report on the FY 2013 programs, projects, and activities (PPAs) and Operating Plans by account that has been provided to the Appropriations Committee, as required by the Department of Defense, Military Construction, and Veterans Affairs, and Full-Year Continuing Appropriations Act, 2013 (P.L. 113-6). I am enclosing a copy with this letter for your review.

A similar letter has been sent to Senator Thune. Should you or your staff have any questions please do not hesitate to contact me or Assistant Secretary for Governmental Affairs Dana Gresham at 202-366-4573.

Sincerely yours,

Ray LaHood

A large, stylized handwritten signature in blue ink, which appears to be "Ray LaHood", is written over the typed name and extends across the bottom right of the page.

Enclosure



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

May 23, 2013

The Honorable John Thune
Ranking Member, Committee on Commerce,
Science, and Transportation
United States Senate
Washington, DC 20510

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I am writing in response to your letters of February 25 and March 7, 2013, cosigned by Chairman Bill Shuster, regarding the Federal Aviation Administration's (FAA's) implementation of sequester reductions.

As you are aware, the recently enacted Reducing Flight Delays Act of 2013 provided FAA the flexibility to transfer funds in order to avoid the furloughing of FAA employees in Fiscal Year (FY) 2013. This new authority has allowed us to suspend the furloughs, continue funding Federal contract towers, and partially restore the support of critical FAA infrastructure. We will also use this new authority and our existing reprogramming authority to reduce cuts and delays in core NextGen programs.

Even with this new flexibility, FAA must cut \$637 million from its budget this year. From the beginning, I have said that in making the difficult choices about where to make cuts, we must prioritize safety and work to minimize the impact on the traveling public. The FAA continues to implement significant cost-saving measures that we had previously put in place to achieve the required savings. These measures include a hiring freeze, termination of certain temporary employees and rehired annuitants, substantial reductions in travel, and significant cuts in contracts.

The effect of sequestration on FAA is reflected in the report on the FY 2013 programs, projects, and activities (PPAs) and Operating Plans by account that has been provided to the Appropriations Committee, as required by the Department of Defense, Military Construction, and Veterans Affairs, and Full-Year Continuing Appropriations Act, 2013 (P.L. 113-6). I am enclosing a copy with this letter for your review.

A similar letter has been sent to Chairman Shuster. Should you or your staff have any questions please do not hesitate to contact me or Assistant Secretary for Governmental Affairs Dana Gresham at 202-366-4573.

Sincerely yours,

Ray LaHood

Enclosure

**FEDERAL AVIATION ADMINISTRATION (FAA)
ACTIONS BEING TAKEN UNDER SEQUESTRATION IN FY 2013**

Before Sequester*: \$ 15,974 million

Reduction*: -\$637 million

After Sequester*: \$ 15,337 million

**Note: Includes FY 2013 CR Funding Levels, Hurricane Sandy Supplemental Funding and Offsetting Collections*

Due to sequestration, DOT must cut \$637 million from the FAA. The sequester requires that the 5 percent in cuts must be across the board, within each account and at the program, project and activity levels. In addition, seventy percent of FAA's operations budget is personnel and a significant portion of FAA's contracts support the operation and safety of the National Airspace System and must be continued in order to keep the system running.

While FAA initially faced furloughs under sequestration in FY 2013, the recently enacted Reducing Flight Delays Act of 2013 has provided FAA with the flexibility to transfer funds in order to avoid the furloughing of FAA employees. However, while the new law provides FAA with the flexibility to transfer funds up to \$253 million—and thereby the ability to end the furloughs across the agency—it does not eliminate the effects of sequestration on FAA. The FAA remains obligated to cut \$637 million from FAA's budget by the end of the fiscal year. To meet these reductions, the FAA has implemented significant cost-saving measures, including a hiring freeze, termination of certain temporary employees and rehired annuitants, substantial reductions in travel, and significant cuts in contracts.

OPERATIONS

Before Sequester: \$9,634 million

Reduction: -\$486 million

After Sequester: \$9,148 million

Transfers in: \$247 million*

Final Funding Level: \$9,396 million

*Pending Congressional notification

FAA has taken the following actions to reduce costs:

Hiring and Personnel Related Reductions: Personnel accounts for 70 percent of the Operations Budget. Since the start of FY 2013, FAA limited hiring (to one replacement for every two vacancies) for all non-safety positions.

- On January 23, these restrictions were expanded to apply to all positions.
- On March 1, FAA initiated a complete hiring freeze covering all FAA positions, including controllers, technicians, and safety inspectors.
- Reductions were taken to other non-essential personnel costs, including the termination of certain temporary employees and re-employed annuitants.

Contract Spending Reductions: Contract spending makes up the largest portion (22 percent) of non-payroll expenditures of the Operations Budget. As a result, FAA has concentrated its efforts on reviewing and analyzing contracts spending to identify potential savings. FAA analyzed the largest contracts to determine the operational and financial impact of targeted reductions (5%-

30%) as well as service reductions and/or discontinuation of services to the public. Based on an extensive review, FAA estimated that \$136 million in contract savings could be achieved by the end of FY 2013. The following factors were considered in identifying savings targets:

- Many of FAA's largest contracts provide direct support to operating the national airspace system or are fixed costs and cannot be reduced this fiscal year.
- FAA examined field and headquarters spending and imposed greater reductions across headquarters contracts where possible.
- Since we have imposed a complete hiring freeze of all FAA positions, we are also reducing training contracts commensurately.

Given the importance of supporting our infrastructure, FAA is using the authority granted under the Reduce Flight Delays Act of 2013 to transfer approximately \$11 million to partially restore funding to "1st Level Maintenance" contracts which provide funding for NAS parts and depot supply services for all communication, navigation, surveillance, weather, power and automation system restoration in the event of a system or component failure and "2nd Level Engineering" contracts, which provide hardware and software support for these systems. These contracts, among other things, fund direct support to field technicians to assist in resolving NAS outages and software releases that fix problems identified during the continuous use of NAS automation systems. Funding for 1st Level Maintenance and 2nd Level Engineering is critical to the agency's ability to ensure operational integrity and quickly respond to system outages for core NAS services.

The Reducing Flight Delays Act of 2013 will allow FAA to transfer sufficient funds to keep the 149 low activity contract towers originally slated for closure in June open for the remainder of FY 2013.

Other Non-payroll Expenses Reductions:

Since October 2012, FAA has further restricted spending on non-mission critical items, such as training, conferences, office supplies, and contracts. FAA is also reducing non-mission critical travel expenses by 33 percent. For FY 2013, FAA has reduced its Operations account planned travel costs by an additional \$24 million. FAA is also on track to achieve \$36 million in savings in Information Technology (IT) by the end of FY 2013.

FACILITIES AND EQUIPMENT

Before sequester:	\$2,755 million (including \$30 million Hurricane Sandy supplemental)
Reduction:	- \$142 million
After Sequester:	\$2,613 million
Transfers in:	\$6 million*
Final Funding Level:	\$2,619 million (including \$30 million Hurricane Sandy supplemental)

*Pending Congressional notification

FAA's Facilities and Equipment (F&E) account has been reduced by \$142 million proportionally across each of the five activities to meet sequestration targets, but FAA is using its existing reprogramming authority to transfer \$5 million into the activity predominantly composed of

baselined programs. FAA will prioritize higher priority projects. Some reductions to projects may result in schedule impacts that have longer term effects on FAA's management of the NAS and NextGen Implementation.

FAA is using its new authority under the Reducing Flight Delays Act and existing reprogramming authority to transfer a total of \$10.8 million towards reducing cuts and delays in core NextGen programs. NextGen is the transformation of our National Airspace System and we cannot afford to fall behind in its implementation. However, despite this transfer, FAA will still be reducing funding for contracts supporting a variety of NextGen programs funded in the Facilities & Equipment appropriation. This includes reductions to the programs that will revolutionize communications between air-traffic controllers and pilots (Data Communications); facilitate interoperability and data sharing for NextGen (System Wide Information Management); and GPS technology in the cockpit (Automatic Dependent Surveillance-Broadcast). The FAA will continue monitoring our ability to mitigate the impacts to NextGen implementation throughout the remainder of the fiscal year.

In addition, F&E personnel hiring has been frozen as of March 1, 2013. Non-operational travel has also been curtailed. FAA has also significantly reduced its F&E appropriations account travel obligations in FY2013. This includes travel for engineers, technicians and flight inspection personnel to support design reviews, perform site preparation and installation, and conduct technical evaluations. FAA has reduced its planned F&E travel obligations in FY 2013 by over \$5 million.

RESEARCH, ENGINEERING AND DEVELOPMENT

Before sequester:	\$167 million
Reduction:	-\$8 million
After Sequester:	\$159 million

FAA's Research, Engineering and Development (RE&D) account was reduced by \$8.4 million proportionally across each of the four activities to meet sequestration targets. FAA focused on funding higher priority projects. Some grants and contracts will be delayed or not issued. The FAA has also instituted a hiring freeze for all appropriations, including RE&D.

GRANTS IN AID FOR AIRPORTS

Before transfer:	\$3,343 million
Reduction:	-\$253 million
After transfer:	\$3,090 million

Per the Budget Control Act, all of the Grants-in-Aid funding that is subject to obligation limitation is not subject to sequestration. However, the Reducing Flight Delays Act of 2013 authorizes FAA to transfer funds from any FAA program or account, and it explicitly identifies the airport grants program as a potential source. While transferring from this account will enable the agency to maintain its core operations, these transfers will happen at the expense of funding runways, taxiways, and other critical airport infrastructure. Diverting funds from capital investments is not a viable long-term solution to sequestration, and will impact our long-term ability to serve the public and pursue needed upgrades and investments in the National Airspace System.

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 PROGRAM, PROJECT, OR ACTIVITY (PPA) DESIGNATION
OPERATIONS (69-1301)
(In thousands of dollars)**

<u>Program, Project or Activity</u>	<u>Key Cong. Interest (X)</u>	<u>FY 2012 Enacted Level</u>	<u>Congressional Change</u>	<u>Subtotal</u>	<u>0.2% Across-the Bd Rescission</u>	<u>Subtotal</u>	<u>Other Adjustments</u>	<u>FY 2013 Enacted P.L. 113-6</u>	<u>Sequestration Reductions*</u>	<u>FY 2013 Funding Levels After Sequestration</u>	<u>Transfers under the Reducing Flight Delays Act of 2013**</u>	<u>Final FY 2013 Funding Levels</u>
1. Air Traffic Organization (ATO)		\$7,442,738	\$0	\$7,442,738	-\$14,885	\$7,427,853	\$0	\$7,427,853	-\$374,415	\$7,053,438	\$217,100	\$7,270,538
2. Aviation Safety (AVS)		1,252,991	\$0	\$1,252,991	-\$2,506	\$1,250,485	0	\$1,250,485	-\$63,033	\$1,187,452	\$30,100	\$1,217,552
3. Commercial Space Transportation (AST)		16,271	\$0	\$16,271	-\$33	\$16,238	0	\$16,238	-\$818	\$15,420		\$15,420
4. Finance and Management (AFM)		582,117	\$0	\$582,117	-\$1,164	\$580,953	0	\$580,953	-\$29,284	\$551,669		\$551,669
5. NextGen (ANG)		60,134	\$0	\$60,134	-\$120	\$60,014	0	\$60,014	-\$3,025	\$56,989		\$56,989
6. Human Resource Management (AHR)		98,858	\$0	\$98,858	-\$198	\$98,660	0	\$98,660	-\$4,973	\$93,687		\$93,687
7. Staff Offices		200,286	\$0	\$200,286	-\$401	\$199,885	0	\$199,885	-\$10,075	\$189,810		\$189,810
TOTAL		\$9,653,395	\$0	\$9,653,395	-\$19,307	\$9,634,088	\$0	\$9,634,088	-\$485,623	\$9,148,465	\$247,200	\$9,395,665

Notes:

* These amounts exclude \$500,000 sequestered against offsetting collections

** Represents an expenditure transfer of \$247.2M from Grants-in-Aid as authorized by the Reducing Flight Delays Act of 2013. As of May 17, 2013, this is pending the Congressional notification 5 day period.

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 OPERATING PLAN
OPERATIONS (69-1301)
(In thousands of dollars)**

<u>Program Area (Below the Account Level)</u>	<u>FY 2013 Funding Levels After Sequestration</u>	<u>Transfers under the Reducing Flight Delays Act of 2013 *</u>	<u>Final FY 2013 Funding Levels</u>	<u>FY 2013 Operating Plan Summary</u>
1. Air Traffic Organization (ATO)	\$7,053,438	\$217,100	\$7,270,538	FAA will continue to deliver cost-effective, efficient, and safe air traffic services to commercial and private aviation and to the military. ATO supports the operations of the air traffic infrastructure with its air traffic controllers who keep planes moving, and its technicians, engineers, and support specialists who maintain and repair critical facilities and equipment.
2. Aviation Safety (AVS)	\$1,187,452	\$30,100	\$1,217,552	FAA will promote aviation safety by regulating and overseeing the civil aviation industry. AVS's role is to ensure that the United States is operating a safe aviation industry in the interest of the American public and of the traveling public.
3. Commercial Space Transportation (AST)	\$15,420		\$15,420	FAA will continue its commitment to its responsive licensing and regulatory process designed to produce a safe, secure, and efficient space transportation system that contributes to national security and a viable and internationally competitive commercial space transportation industry.
4. Finance and Management (AFM)	\$551,669		\$551,669	This organization consolidates multiple administrative functions including Financial Services, Information Services, and Regions and Center Operations to streamline functions and ensure that they are delivered as effectively and efficiently as possible.
5. NextGen (ANG)	\$56,989		\$56,989	With the criticality of NextGen to future aviation, the NextGen organization is created to consolidate NextGen-related program management responsibilities to improve coordination among programs to improve transparency, clarify roles and establish decision authorities.
6. Human Resource Management (AHR)	\$93,687		\$93,687	FAA will continue to ensure the adequacy of its plans and programs for personnel, training, human resource planning, evaluation, and development; and labor relations services to organizations in the FAA.
7. Staff Offices	\$189,810		\$189,810	In support of FAA's overriding mission to provide a safe, secure, and efficient airspace system, FAA provides direction and leadership, legal services, international leadership and liaison, strategic planning, economic analysis, internal security, and liaison with the public, industry, and government, in an equal opportunity environment free of discrimination and harassment.
TOTAL	9,148,465	247,200	9,395,665	

Note:

* Represents an expenditure transfer of \$247.2M from Grants-in-Aid as authorized by the Reducing Flight Delays Act of 2013. As of May 17, 2013, this is pending the Congressional notification 5 day period.

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 OBJECT CLASSIFICATION
OPERATIONS (69-1301)
(In thousands of dollars)**

Object Class		FY 2013 Funding Levels After	Transfers under the Reducing Flight	Final
Code	Object Class	Sequestration	Delays Act of 2013 *	FY 2013 Funding Levels
11.1	Full-time permanent	\$4,383,239	\$188,638	\$4,571,877
11.3	Other than full-time permanent	36,002		36,002
11.5	Other personnel compensation	366,399	21,942	388,341
11.8	Special personal services payments	3,025		3,025
11.9	Total personnel compensation	4,788,665	210,580	4,999,245
12.1	Civilian personnel benefits	1,747,461		1,747,461
21.0	Travel and transportation of persons	124,838	220	125,058
22.0	Transportation of things	27,095		27,095
23.0	Rent, Communications, and Utilities	420,299		420,299
24.0	Printing and reproduction	4,378		4,378
25.0	Other Contractual Services	1,826,420	36,400	1,862,820
26.0	Supplies and materials	145,204		145,204
31.0	Equipment	55,957		55,957
32.0	Land and structures	2,799		2,799
41.0	Grants, subsidies, and contributions	2,871		2,871
42.0	Insurance Claims and Indemnities	2,478		2,478
	TOTAL	\$9,148,465	\$247,200	\$9,395,665

Note:

* Represents an expenditure transfer of \$247.2M from Grants-in-Aid as authorized by the Reducing Flight Delays Act of 2013. As of May 17, 2013, this is pending the Congressional notification 5 day period.

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 PROGRAM, PROJECT, OR ACTIVITY (PPA) DESIGNATION
GRANTS-IN-AID FOR AIRPORTS (69-8106)
(In thousands of dollars)**

<u>Program, Project, or Activity</u>	<u>Key Cong. Interest (%)</u>	<u>FY 2012 Enacted Level</u>	<u>Congressional Change</u>	<u>Subtotal</u>	<u>.02% Across the Bd Reversion</u>	<u>Subtotal</u>	<u>Other Adjustments</u>	<u>FY 2013 Enacted P.L. 113-6</u>	<u>Sequestration Reduction*</u>	<u>FY 2013 Funding Levels After Sequestration</u>	<u>Transfers under the Reducing Flight Delays Act of 2013**</u>	<u>Final Program Level**</u>
1. Grants-in-Aid for Airports		\$3,198,750	\$0	\$3,198,750	-\$6,398	\$3,192,353	\$0	\$3,192,353		\$3,192,353	\$253,000	\$2,939,353
2. Administrative Expenses		101,000		\$101,000	-\$202	\$100,798		\$100,798		\$100,798		\$100,798
3. Airport Technology Research		29,250		\$29,250	-\$59	\$29,192		\$29,192		\$29,192		\$29,192
4. Airport Cooperative Research		15,000		\$15,000	-\$30	\$14,970		\$14,970		\$14,970		\$14,970
5. Small Community Air Service		6,000		\$6,000	-\$12	\$5,988		\$5,988		\$5,988		\$5,988
TOTAL		\$3,350,000	\$0	\$3,350,000	-\$6,700	\$3,343,300	\$0	\$3,343,300	\$0	\$3,343,300	\$253,000	\$3,090,300

Notes:

*AIP Contract Authority is not subject to Sequestration.

** Grants-in-Aid for Airports funding level includes a \$253M expenditure transfer under the Reducing Flight Delays Act of 2013 to the Operations account (\$247.2M) and Facilities and Equipment account (\$5.8M). As of May 17, 2013, this transfer is pending the Congressional 5 day notification period.

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 OBJECT CLASSIFICATION
GRANTS-IN-AID FOR AIRPORTS (69-8106)
(In thousands of dollars)**

Object Class		FY 2013 Funding Levels After Sequestration	Reducing Flight Delays Act of 2013	Final FY 2013 Funding Level*
Code	Object Class			
11.1	Full-time permanent	\$63,511		\$63,511
11.3	Other than full-time permanent	993		993
11.5	Other personnel compensation	1,044		1,044
11.8	Special personal services payments	16		16
11.9	Total personnel compensation	65,564		65,564
12.1	Civilian personnel benefits	18,440		18,440
21.0	Travel and transportation of persons	3,403		3,403
22.0	Transportation of things	195		195
23.0	Rent, Communications, and Utilities	979		979
24.0	Printing and reproduction	29		29
25.0	Other Contractual Services	52,779		52,779
26.0	Supplies and materials	724		724
31.0	Equipment	1,320		1,320
32.0	Lands and structures	589		589
41.0	Grants, claims and subsidies	3,193,159	(253,000)	2,940,159
42.0	Insurance claims & indemnities	100		100
43.0	Interest and Dividends	31		31
94.0	Expenditure Transfers*	5,988	253,000	258,988
	TOTAL	\$3,343,300	\$0	\$3,343,300

Note:

* Grants-in-Aid for Airports funding level includes a \$253M expenditure transfer under the Reducing Flight Delays Act of 2013 to the Operations account (\$247.2M) and Facilities and Equipment account (\$5.8M). This expenditure transfer will be recorded as an obligation and an outlay out of the Grants-in-Aid account. As of May 17, 2013, this transfer is pending the Congressional 5 day notification period.

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 OPERATING PLAN
GRANTS-IN-AID FOR AIRPORTS (69-8106)
(In thousands of dollars)**

Program Area (Below the Account Level)	FY 2013 Funding Levels	Transfers under the Reducing Flight Delays Act of 2013**	Final Program Level**	FY 2013 Operating Plan Summary
1. Grants-in-Aid for Airports	3,192,353	253,000	2,939,353	* FAA will continue to issue grants for procurement, installation, and commissioning of runway incursion prevention devices and systems at airports and inspection activities and administration of airport safety programs, including those related to airport operation certificates.
2. Administrative Expenses	100,798		100,798	The Office of Airports (ARP) is the principal FAA organization responsible for all program matters pertaining to national airport planning and environmental requirements, airport grants, property transfers, passenger facility charges, and ensuring adequacy of the substantive aspects of FAA rulemaking actions relating to these programs. ARP will also continue to implement Safety Management Systems in ARP; increase Joint Use Agreements with Airports to improve safety; and publish Advisory Circulars.
3. Airport Technology Research	29,192		29,192	Conduct research in the areas of airport pavement, airport marking and lighting, airport rescue and firefighting, airport planning and design, wildlife hazard mitigation, and visual guidance.
4. Airport Cooperative Research	14,970		14,970	Conduct research on problems shared by airport operating agencies and that are not being addressed by existing Federal research programs.
5. Small Community Air Service	5,988		5,988	Expenditure transfer to the Office of the Secretary for issuing of grants to help smaller communities enhance their air service and address issues related to high airfares.
TOTAL	3,343,300	253,000	3,090,300	

Note:

* Grants-in-Aid for Airports funding level includes \$153M expenditure transfer under the Reducing Flight Delays Act of 2013 to the Operations account (\$147.2M) and Facilities and Equipment account (\$5.8M). As of May 17, 2013, this transfer is pending the Congressional 5 day notification period.

FEDERAL AVIATION ADMINISTRATION
FY 2013 PROGRAM, PROJECT, OR ACTIVITY (PPA) DESIGNATION
FACILITIES AND EQUIPMENT (69-8107)
(In thousands of dollars)

Programs, Project, or Activity	Key Cong. Interest (X)	FY 2012 Enacted Level	Congressional Change	Subtotal	2% Across the Bd Rescission	Subtotal	Other Adjustments	FY 2013 Enacted P.L. 113-6	Sequestration Reduction*	FY 2013 Funding Levels After Sequestration	FY 2013 Internal Reprogramming**	Transfers under the Reducing Flight Delays Act of 2013***	Final FY 2013 Funding Levels
Activity 1, Engineering, Development, Test and Evaluation		\$435,600	\$0	\$435,600	-\$871	\$434,729	\$0	\$434,729	-\$21,914	\$412,815			\$412,815
Activity 2, Procurement and Modernization of Air Traffic Control Facilities and Equipment		\$1,406,731	\$0	\$1,406,731	-\$2,813	\$1,403,918	\$0	\$1,403,918	-\$70,768	\$1,333,150	\$3,000		\$1,338,150
Activity 3, Procurement and Modernization of Non-Air Traffic Control Facilities and Equipment		\$173,100	\$0	\$173,100	-\$346	\$172,754	\$0	\$172,754	-\$8,708	\$164,046	-\$5,000		\$159,046
Activity 4, Facilities and Equipment Mission Support		\$240,300	\$0	\$240,300	-\$481	\$239,819	\$0	\$239,819	-\$12,088	\$227,731			\$227,731
Activity 5, Personnel Compensation, Benefits, and Travel		\$475,000	\$0	\$475,000	-\$950	\$474,050	\$0	\$474,050	-\$23,895	\$450,155		\$,800	\$453,955
TOTAL		\$2,730,731	\$0	\$2,730,731	-\$5,461	\$2,725,270	\$0	\$2,725,270	-\$137,373	\$2,587,897	\$0	\$,800	\$2,593,697

Notes:

* These amounts do not include \$3.1 million sequestered against offsetting collections.

** Internal Reprogramming to increase funding for ERAM. Does not affect object class distribution.

*** Represents an expenditure transfer of \$5.8M from Grants-in-Aid as authorized by the Reducing Flight Delays Act of 2013. As of May 17, 2013, this transfer is pending the Congressional 5 day notification period.

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 OPERATING PLAN
FACILITIES & EQUIPMENT (69-8107)
(In thousands of dollars)**

Program Area (Below the Account Level)	FY 2013 Funding Levels After Sequestration*	FY 2013 Internal Reprogramming**	Transfers under the Reducing Flight Delays Act of 2013***	Final FY 2013 Funding Levels	FY 2013 Operating Plan Summary
Activity 1, Engineering, Development, Test and Evaluation	412,815			\$412,815	FAA will continue multiple basic and applied research efforts in support of future Next Generation Air Transportation System (NextGen) technologies and concepts. FAA will support basic research activities under the Advanced Technology Development and Prototyping (ATDP) program and to sustain the facility and infrastructure at the William J. Hughes Technical Center at Atlantic City, New Jersey.
Activity 2, Procurement and Modernization of Air Traffic Control Facilities and Equipment	1,333,150	5,000		\$1,338,150	FAA will conduct modernization of air traffic control facilities, systems, and equipment. FAA will support infrastructure upgrades, system replacements, and technology refresh at manned and unmanned facilities to sustain: Ground-based radar; Communications; Automation; Navigation; Landing; and Other ATC systems and support equipment.
Activity 3, Procurement and Modernization of Non-Air Traffic Control Facilities and Equipment	164,046	-5,000		\$159,046	FAA will continue modernization of non-air traffic control facilities, business systems, and equipment. The programs support safety, regulation, security, information technology security, and regional and service center building infrastructure and support.
Activity 4, Facilities and Equipment Mission Support	227,731			\$227,731	FAA will continue to transform current digital aeronautical information in conformance with international standards and NextGen objectives. This transformation will enable the near real-time processing of such data to improve mapping and flight planning, as well as the accuracy and timeliness of ATC instructions. FAA will continue to fund facility and land leases in support of essential NAS requirements including the lease for the Aeronautical Center. FAA will continue to provide mission support services for the modernization of air traffic control, and safety, regulation, and security, and information security requirements.
Activity 5, Personnel Compensation, Benefits, and Travel	450,155		5,800	\$455,955	FAA will continue efforts in NextGen Common Structure and Status Data program and modernize the management and integration of the static aeronautical information program.
TOTAL	2,587,897	0	5,800	2,593,697	

Notes:

* These amounts do not include \$3.1 million sequestered against offsetting collections.

** Internal Reprogramming to increase funding for ERAM. Does not affect object class distribution. Moves funds in contracts.

*** Represents an expenditure transfer of \$3.8M from Grants-in-Aid as authorized by the Reducing Flight Delays Act. As of May 17, 2013, this transfer is pending the Congressional 5 day notification period.

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 OBJECT CLASSIFICATION
FACILITIES & EQUIPMENT (69-8107)
(In thousands of dollars)**

Object Class		FY 2013 Funding Levels After Sequestration*	Transfers under the Reducing Flight Delays Act of 2013**	Final FY 2013 Funding Levels
Code	Object Class			
11.1	Full-time Permanent	\$303,531	\$5,800	\$309,331
11.3	Other than full-time permanent	2,351		2,351
11.5	Other personnel compensation	4,360		4,360
11.8	Special personal services payments	20		20
11.9	Total personnel compensation	310,262	\$5,800	\$316,062
12.1	Civilian personnel benefits	84,695		84,695
	Subtotal Salaries & Benefits	394,957	\$5,800	\$400,757
21.0	Travel and transportation of persons	34,438		34,438
22.0	Transportation of things	1,000		1,000
23	Rents, communications and utilities	53,500		53,500
24.0	Printing and reproduction	82		82
25	Other contractual services	1,800,628		1,800,628
26.0	Supplies and materials	19,866		19,866
31.0	Equipment	182,485		182,485
32.0	Lands and structures	89,941		89,941
41.0	Grants, claims and subsidies	5,000		5,000
43.0	Interest and dividends	6,000		6,000
	Subtotal Non-Pay	2,192,940		2,192,940
	TOTAL	2,587,897	\$5,800	2,593,697

Notes:

* These amounts do not include \$3.1 million sequestered against offsetting collections.

** Represents an expenditure transfer of \$5.8M from Grants-in-Aid as authorized by the Reducing Flight Delays Act of 2013. As of May 17, 2013, this transfer is pending the Congressional 5 day notification period.

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 PROGRAM, PROJECT, OR ACTIVITY (PPA) DESIGNATION
RESEARCH, ENGINEERING & DEVELOPMENT (69-8108)
(In thousands of dollars)**

	<u>Program, Project, or Activity</u>	<u>Key Cong. Interest (X)</u>	<u>FY 2012 Enacted Level</u>	<u>Congressional Change</u>	<u>Subtotal</u>	<u>.02% Across the Bd Rescission</u>	<u>Subtotal</u>	<u>Other Adjustments</u>	<u>FY 2013 Enacted P.L. 113-6</u>	<u>Sequestration Reduction</u>	<u>FY 2013 Funding Levels After Sequestration</u>
A11	Improve Aviation Safety		\$89,314	\$0	\$89,314	\$179	\$89,135	\$0	\$89,135	4,493	\$84,642
A12	Improve Efficiency		34,174	0	\$34,174	\$68	\$34,106	0	34,106	\$1,719	\$32,387
A13	Reduce Environmental Impact		38,574	0	\$38,574	\$77	\$38,497	0	38,497	\$1,941	\$36,556
A14	Mission Support		5,494	0	\$5,494	\$11	\$5,483	0	5,483	276	\$5,207
TOTAL			<u>\$167,556</u>	<u>\$0</u>	<u>\$167,556</u>	<u>\$335</u>	<u>\$167,221</u>	<u>\$0</u>	<u>\$167,221</u>	<u>\$8,429</u>	<u>\$158,792</u>

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 OPERATING PLAN
RESEARCH, ENGINEERING & DEVELOPMENT (69-8108)
(In thousands of dollars)**

<u>Program Area (Below the Account Level)</u>	<u>FY 2013 Funding Levels After Sequestration</u>	<u>FY 2013 Operating Plan Summary</u>
A11 Improve Aviation Safety	84,642	Continue research for aviation safety issues including Fire Resistant Materials and Fire Safety Improvement with efforts focusing on fire safety of high density lithium batteries in passenger carry-on items and aircraft power systems. Safety research will also focus on unleaded fuel and fuel system safety; damage tolerance and fatigue issues of composite airframes; aircraft icing; human performance issues in ATC systems acquisition, design, operation and maintenance; and standardization of UAS civil operations and certification procedures.
A12 Improve Efficiency	32,387	Continued research will focus on efficient, safe air traffic control processes which minimize the effects of wake turbulence in order to enhance technology assisted processes for safely mitigating aircraft wake encounters and collision risks in order to optimize capacity. Additional efforts will support near-term NextGen applications such as closely spaced parallel operations, and development of standards, procedures, training, and policy materials required to implement NextGen operation improvements including awareness of surface/runway operations, reduced separation, and delegated separation. JPDO will continue to coordinate NextGen activities across federal agencies.
A13 Reduce Environmental Impact	36,556	Support environmental CLEEN projects and AEDT projects. Additional research being conducted for long-term goal of providing seamless, comprehensive set of tools to address all aspects of noise and emissions impacts, and NextGen related efforts to accelerate the aircraft technology development cycle, advance renewable alternative fuels, hasten development of environmental improvements in aircraft technology, and explore market-based measures to offer assistance in managing aviation emissions growth.
A14 Mission Support	5,207	Support the Research, Engineering, and Development Advisory Committee (REDAC) and National Aviation Research Plan (NARP) activities, along with research efforts at the William J. Hughes Technical Center.
TOTAL	<u><u>158,792</u></u>	

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FY 2013 OBJECT CLASSIFICATION
RESEARCH, ENGINEERING & DEVELOPMENT (69-8108)
(In thousands of dollars)**

Object Class	FY 2013 Funding Levels After Sequestration
<u>Code</u> <u>Object Class</u>	
11.1 Full-time permanent	\$27,692
11.3 Other than full-time permanent	288
11.5 Other personnel compensation	271
11.8 Special personal services payments	0
11.9 Total personnel compensation	<u>28,251</u>
12.1 Civilian personnel benefits	7,668
Subtotal Salaries and Benefits	<u>35,919</u>
21.0 Travel and transportation of persons	1,792
22.0 Transportation of things	7
23.1 Rent, communications, and utilities	6
24.0 Printing and reproduction	13
25.1 Other contractual services	106,964
26.0 Supplies and materials	1,363
31.0 Equipment	728
32.0 Lands and structures	0
41.0 Grants, claims and subsidies	12,000
Subtotal Non-Pay	<u>122,873</u>
TOTAL	<u><u>\$158,792</u></u>

OFFICE OF THE SECRETARY OF TRANSPORTATION
Executive Secretariat

[Signature]
 INGRAM / BSANDERS
 Specialist/Writer-Editor

S10-130307-015
 S-10 Control Number

Office / Contact / Extension / Date	Rec. in S-10
Prepared By: C/ATovar x69277	05/23
Approved By: C/ATovar x69277	05/23
Simultaneous Coordination:	05/23
B/SGarcia	05/23
FAA/CRocheleau	05/23
I/DGresham	05/23
S3/PTrottenberg	05/23
Writer-Editor Review	05/23
Revised by S10/BS	05/23

Reviewed by Executive Secretariat		
Correspondence Manager Date: 5/23/13	Deputy Director Date: 5/23/13	Director Date:

Subject:
 Disappointed That Because Of Sequestration, The Federal Aviation Administration Has Chosen To Furlough Employees For Eleven (11) Work Days, Rather Than Sharpening Their Pencils And Finding Cost Savings In Other Areas (Sequester)

Chief of Staff / Deputy Chief of Staff

☒ Cleared and Concurred - forward to S-1
☐ Cleared and Concurred w/edits - forward to S-1
☐ Cleared only - forward to S-1
☐ Not Cleared
☐ Cleared and Concurred - forward to S-2
☐ Cleared and Concurred w/edits - forward to S-2
☐ Cleared only - forward to S-2

Date in: 5/23/13
 Date out: _____
 Initials: _____

Comments:

Autopen Approval Date: _____

Deputy Secretary

☐ Cleared and Concurred
☐ Cleared and Concurred w/edits
☐ Cleared only
☐ Not Cleared

Date in: _____
 Date out: _____
 Initials: _____

Comments:

Autopen Approval Date: _____

S-10 Follow-up



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

May 22, 2013

The Honorable Dan Coats
United States Senate
Washington, DC 20510

Dear Senator Coats:

Thank you for your letter of April 23, 2013, to Federal Aviation Administrator Michael Huerta and me.

As you are aware, the recently enacted Reducing Flight Delays Act of 2013, provided the Federal Aviation Administration (FAA) the flexibility to transfer funds in order to avoid the furloughing of FAA employees in Fiscal Year 2013. This new authority has allowed us to suspend the furloughs and return to a normal work schedule.

FAA Must Still Cut \$637 Million From Its Budget This Fiscal Year

While the new law provides FAA with the flexibility to transfer funds up to \$253 million—and thereby the ability to end the furloughs across the Agency—it does not eliminate the effects of sequestration on FAA. The newly-enacted transfer authority gives the Agency the flexibility to forestall some of the most acute impacts of sequestration to the flying public. In particular, it allows us to eliminate the furloughs, continue funding Federal contract towers, and partially restore the support of critical FAA infrastructure. We will also use this new authority and our existing reprogramming authority to reduce cuts and delays in core NextGen programs. Nonetheless, we remain obligated to reduce \$637 million from FAA's budget by the end of the fiscal year. The FAA continues to implement significant cost-saving measures that we previously put in place to achieve the required savings. These measures include a hiring freeze, termination of certain temporary employees and rehired annuitants, substantial reductions in travel, and significant cuts in contracts.

Moreover, in exercising our new authority, we will have to find millions to cut elsewhere in the Agency to fund the transfer. While the statute authorizes FAA to transfer funds from any FAA program or account, it explicitly identifies the airport grants program, which is exempt from sequestration, as a potential source. Transferring from this account would enable the agency to maintain its core operations, but at the expense of funding runways, taxiways, and other critical airport infrastructure. Diverting funds from capital investments is not a viable long-term solution to sequestration, and will impact our long-term ability to serve the public and pursue needed upgrades and investments in the National Airspace System (NAS). Before transferring funds under the authority provided in the statute, FAA will provide the required Congressional notification.

FAA Had Limited Flexibility Before the Reducing Flight Delays Act

Your letter, written before enactment of the Reducing Flight Delays Act, questions our decision to furlough FAA employees. As you are aware, the landscape has changed since you wrote your letter and the furlough is no longer in effect. As explained below, we could not have achieved the reductions required by sequestration without the furlough before the enactment of the Reducing Flight Delays Act.

Within FAA, we are required to cut \$637 million by the end of this fiscal year. Before the Reducing Flight Delays Act, the law did not provide FAA with sufficient flexibility in administering these cuts to mitigate the effects immediately felt by the flying public.

Section 256(k)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, requires that the cuts be applied equally at the program, project, and activity (PPA) level. This means that we must administer uniform cuts to each of the seven PPAs within our Operations account, the largest FAA account subject to sequestration. Within the Operations account, the Air Traffic Organization (ATO) is the largest PPA. From this PPA, we must cut approximately \$375 million. Personnel related costs—including air traffic controller salaries—constitute most (approximately 70 percent) of the ATO PPA. The next largest expense within ATO is contracts—including contract control towers—which constitute roughly 20 percent of the PPA. Because these expenses constitute over 90 percent of the ATO PPA, and because the law requires the cuts be made uniformly at the PPA level, before the Reducing Flight Delays Act we could not achieve the required \$375 million in reductions without furloughing employees and cutting contracts.

Before the Reducing Flight Delays Act, FAA did not have the legal authority to move funds between appropriation accounts, so we could not resolve a shortfall in our Operations account by transferring funds from another appropriation account. The FAA does have limited authority to allocate up to 2 percent of funding from one budget activity to another budget activity within the Operations appropriation account—meaning at the PPA level—and even before the Reducing Flight Delays Act we were exercising that authority in the Operations account to the fullest extent possible by moving funds from the smaller PPAs into ATO. However, since ATO makes up most of the Operations account, reallocating the full 2 percent from the remaining smaller PPAs simply did not significantly reduce the ATO shortfall.

Indeed, additional transfers between PPAs in Operations would not have provided sufficient funding to address the funding shortfalls in the two largest PPAs, ATO and Aviation Safety (AVS). Even if employees funded through PPAs other than ATO and AVS within the Operations account were subject to 22 days of furlough—the maximum allowed under current rules without triggering Reduction In Force procedures—the saving would be less than the value of a single furlough day for ATO. Moreover, such dramatic cuts to the rest of FAA Operations

to reduce furloughs in ATO and AVS would not be sustainable and would have significant long-term consequences, such as reducing cybersecurity support, limiting hazardous materials safety oversight, curtailing our ability to respond to security incidents, and constraining our ability to provide the necessary level of Agency administrative support. In sum, before the Reducing Flight Delays Act, FAA was maximizing its existing authority to reallocate funding within accounts in order to reduce furlough days to the fullest extent possible, but the magnitude of the cuts were such that furloughs of up to 11 days for each affected employee was necessary.

Some have suggested that while the furlough was in effect we should have allocated furloughs unequally among FAA employees, so that smaller air traffic control facilities would shoulder a proportionately greater burden than larger ones or that certain classes of employees would not be furloughed. In implementing the furloughs, we could not pick winners and losers among states, communities, airlines, and our employees. This argument also fails to recognize that the NAS is an interconnected network and disruptions at smaller airports can impact throughput at larger hub airports. To be sure, an unequal distribution of furloughs among FAA employees would still have produced disruption and delays throughout the system. Moreover, controllers, supervisors, technicians, traffic managers and safety inspectors constitute the vast majority of the Operations workforce, so not furloughing these employees was not a feasible method for achieving the necessary cuts.

The effect of employee furloughs was essentially a pay cut for FAA employees. To distribute furlough days in any manner other than equally would have caused its own disruption in the system as lack of cooperation among employees impairs network efficiency. Historically, pay cuts in the airline industry have been applied equally to comparable employee groups, just as the FAA has done with its employees. Personnel at different facilities must work together to support the system, a task that is made more difficult, if not impossible, when employees are treated inequitably.

From early on, we warned of the potential effects of sequestration. On February 11, 2013, I responded to a letter from Senate Appropriations Committee Chairwoman Mikulski about the impacts of the across-the-board spending cuts on the U.S. Department of Transportation (DOT), stating:

[P]erhaps the most serious result of this action would be the immediate impacts on the Federal Aviation Administration (FAA). Sequestration would require the FAA to undergo a funding cut of more than \$600 million.... Given the magnitude of this reduction, it will be impossible to avoid significant employee furloughs and reductions in contracted services. On average, this means a vast majority of the FAA's nearly 47,000 employees will be furloughed for approximately one day per pay period until the end of the fiscal year in September.

Then on February 22, I appeared before the White House press corps to speak about the anticipated impacts of sequestration on airport operations. At the briefing, I was emphatic that, in the absence of Congressional action to fix sequestration, FAA would be forced to take drastic steps, including furloughing FAA employees for approximately one day per pay period. I warned that travelers should be prepared for delays starting in April, noting that “[f]lights to major cities like New York, Chicago, and San Francisco and others could experience delays of up to 90 minutes during peak hours because we have fewer controllers on staff. Delays in these major airports will ripple across the country.”

Following that press briefing, DOT and FAA repeatedly engaged the public and our stakeholders (including unions, air carriers, airports, and other system operators) to discuss the potential effects of sequestration. For example, in a letter dated February 22, we urged aviation and airport trade associations to begin preparing for the possibility of sequestration. In the case of air carriers and system operators, we held a meeting with industry in March to provide an overview of the impacts of the sequestration. Shortly thereafter, we provided a more detailed discussion on operational impacts to this same group. When the furloughs were in effect, we were in daily contact with the industry to address operational challenges and mitigate the impact on the traveling public. We also engaged in outreach to Congressional members and staff to advise them of FAA’s plans and the anticipated impacts of the required reductions, and those outreach efforts continue.

As we have said repeatedly, throughout the planning and implementation process, our first priority has been to ensure the safety of the traveling public. Sequestration is requiring us to make difficult budget decisions, and none of our choices are good. However, we assure you that safety is not up for negotiation and will not be sacrificed.

We wish that we could avoid these painful cuts. For this reason, we hope that Congress will replace sequestration with balanced deficit reduction and restore critical services to the American public.

Sincerely yours,

Ray LaHood



OFFICE OF THE SECRETARY OF TRANSPORTATION

Executive Secretariat

5/20

S10-130424-005
S-10 Control Number

AINGRAM / BSANDERS
Specialist/Writer-Editor

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Pilot: S10-130425-005	
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Revised by S10/BS	05/20
Reviewed by Executive Secretariat	
Correspondence Manager Date:	Deputy Director: <i>[Signature]</i> Date: 5-20-13
	Director: Date:

Subject: TIME SENSITIVE: Regarding The Federal Aviation Administration's (FAA) Recent Announcements Regarding Air Traffic Controller Furloughs (Sequester) (Response Requested by April 26, 2013)
Chief of Staff / Deputy Chief of Staff <input checked="" type="checkbox"/> Cleared and Concurred - forward to S-1 <input type="checkbox"/> Cleared and Concurred w/edits - forward to S-1 <input type="checkbox"/> Cleared only - forward to S-1 <input type="checkbox"/> Not Cleared <input type="checkbox"/> Cleared and Concurred - forward to S-2 <input type="checkbox"/> Cleared and Concurred w/edits - forward to S-2 <input type="checkbox"/> Cleared only - forward to S-2 <div style="text-align: right;"> Date in: 5/20/2013 MAS Date out: _____ Initials: _____ </div>
Comments: <div style="height: 100px;"></div>
Autopen Approval <div style="text-align: right;">Date: _____</div>
Deputy Secretary <input type="checkbox"/> Cleared and Concurred <input type="checkbox"/> Cleared and Concurred w/edits <input type="checkbox"/> Cleared only <input type="checkbox"/> Not Cleared <div style="text-align: right;"> Date in: _____ Date out: _____ Initials: _____ </div>
Comments: <div style="height: 100px;"></div>
Autopen Approval <div style="text-align: right;">Date: _____</div>
S-10 Follow-up <div style="height: 100px;"></div>



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590
May 20, 2013

The Honorable Darrell Issa
Chairman, Committee on Oversight
and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter of April 25, 2013, cosigned by Chairman Bill Shuster.

As you are aware, the recently enacted Reducing Flight Delays Act of 2013, provided the Federal Aviation Administration (FAA) the flexibility to transfer funds in order to avoid the furloughing of FAA employees in Fiscal Year 2013. This new authority has allowed us to suspend the furloughs and return to a normal work schedule.

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Moreover, in exercising our new authority, we will have to find millions to cut elsewhere in the Agency to fund the transfer. While the statute authorizes FAA to transfer funds from any FAA program or account, it explicitly identifies the airport grants program, which is exempt from sequestration, as a potential source. Transferring from this account would enable the Agency to maintain its core operations, but at the expense of funding runways, taxiways, and other critical airport infrastructure. Diverting funds from capital investments is not a viable long-term solution to sequestration, and will impact our long-term ability to serve the public and pursue needed upgrades and investments in the National Airspace System (NAS). Before transferring funds under the authority provided in the statute, FAA will provide the required Congressional notification.

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Indeed, additional transfers between PPAs in Operations would not have provided sufficient funding to address the funding shortfalls in the two largest PPAs, ATO and Aviation Safety (AVS). Even if employees funded through PPAs other than ATO and AVS within the Operations account were subject to 22 days of furlough—the maximum allowed under current rules without triggering Reduction In Force procedures—the saving would be less than the value of a single furlough day for ATO. Moreover, such dramatic cuts to the rest of FAA Operations to reduce furloughs in ATO and AVS would not be sustainable and would have significant

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A similar letter has been sent to Chairman Shuster.

Sincerely yours,

Ray LaHood

A large, stylized handwritten signature in black ink, likely belonging to Ray LaHood, is written over the signature line and extends across the bottom of the page.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590
May 20, 2013

The Honorable Bill Shuster
Chairman, Committee on Transportation
and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter of April 25, 2013, cosigned by Chairman Darrell Issa.

As you are aware, the recently enacted Reducing Flight Delays Act of 2013, provided the Federal Aviation Administration (FAA) the flexibility to transfer funds in order to avoid the furloughing of FAA employees in Fiscal Year 2013. This new authority has allowed us to suspend the furloughs and return to a normal work schedule.

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Moreover, in exercising our new authority, we will have to find millions to cut elsewhere in the Agency to fund the transfer. While the statute authorizes FAA to transfer funds from any FAA program or account, it explicitly identifies the airport grants program, which is exempt from sequestration, as a potential source. Transferring from this account would enable the Agency to maintain its core operations, but at the expense of funding runways, taxiways, and other critical airport infrastructure. Diverting funds from capital investments is not a viable long-term solution to sequestration, and will impact our long-term ability to serve the public and pursue needed upgrades and investments in the National Airspace System (NAS). Before transferring funds under the authority provided in the statute, FAA will provide the required Congressional notification.

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Before the Reducing Flight Delays Act, FAA did not have the legal authority to move funds between appropriation accounts, so we could not resolve a shortfall in our Operations account by transferring funds from another appropriation account. The FAA does have limited authority to allocate up to 2 percent of funding from one budget activity to another budget activity *within* the Operations appropriation account—meaning at the PPA level—and even before the Reducing Flight Delays Act we were exercising that authority in the Operations account to the fullest extent possible by moving funds from the smaller PPAs into ATO. However, since ATO makes up most of the Operations account, reallocating the full 2 percent from the remaining smaller PPAs simply did not significantly reduce the ATO shortfall.

Indeed, additional transfers between PPAs in Operations would not have provided sufficient funding to address the funding shortfalls in the two largest PPAs, ATO and Aviation Safety (AVS). Even if employees funded through PPAs other than ATO and AVS within the Operations account were subject to 22 days of furlough—the maximum allowed under current rules without triggering Reduction In Force procedures—the saving would be less than the value of a single furlough day for ATO. Moreover, such dramatic cuts to the rest of FAA Operations to reduce furloughs in ATO and AVS would not be sustainable and would have significant

long-term consequences, such as reducing cybersecurity support, limiting hazardous materials safety oversight, curtailing our ability to respond to security incidents, and constraining our ability to provide the necessary level of Agency administrative support. In sum, before the Reducing Flight Delays Act, FAA was maximizing its existing authority to reallocate funding within accounts in order to reduce furlough days to the fullest extent possible, but the magnitude of the cuts were such that furloughs of up to 11 days for each affected employee was necessary.

Some have suggested that, while the furlough was in effect, we should have allocated furloughs unequally among FAA employees, so that smaller air traffic control facilities would shoulder a proportionately greater burden than larger ones or that certain classes of employees would not be furloughed. In implementing the furloughs, we could not pick winners and losers among States, communities, airlines, and our employees. Further, NAS is an interconnected network and disruptions at smaller airports can impact throughput at larger hub airports. To be sure, an unequal distribution of furloughs among FAA employees would still have produced disruption and delays throughout the system. Moreover, controllers, supervisors, technicians, traffic managers, and safety inspectors constitute the vast majority of the Operations workforce, so not furloughing these employees was not a feasible method for achieving the necessary cuts.

The effect of employee furloughs was essentially a pay cut for FAA employees. To distribute furlough days in any manner other than equally would have caused its own disruption in the system as lack of cooperation among employees impairs network efficiency. Historically, pay cuts in the airline industry have been applied equally to comparable employee groups, just as the FAA has done with its employees. Personnel at different facilities must work together to support the system, a task that is made more difficult, if not impossible, when employees are treated inequitably.

From early on, we warned of the potential effects of sequestration on the traveling public. On February 11, 2013, I responded to a letter from Senate Appropriations Committee Chairwoman Mikulski about the impacts of the across-the-board spending cuts on the U.S. Department of Transportation (DOT), stating:

[P]erhaps the most serious result of this action would be the immediate impacts on the Federal Aviation Administration (FAA). Sequestration would require the FAA to undergo a funding cut of more than \$600 million.... Given the magnitude of this reduction, it will be impossible to avoid significant employee furloughs and reductions in contracted services. On average, this means a vast majority of the FAA's nearly 47,000 employees will be furloughed for approximately one day per pay period until the end of the fiscal year in September.

Then, on February 22, I appeared before the White House press corps to speak about the anticipated impacts of sequestration on airport operations. At the briefing, I was emphatic that,

in the absence of Congressional action to fix sequestration, FAA would be forced to take drastic steps, including furloughing FAA employees for approximately one day per pay period. I warned that travelers should be prepared for delays starting in April, noting that “[f]lights to major cities like New York, Chicago, and San Francisco and others could experience delays of up to 90 minutes during peak hours because we have fewer controllers on staff. Delays in these major airports will ripple across the country.”

Following that press briefing, DOT and FAA repeatedly engaged the public and our stakeholders (including unions, air carriers, airports, and other system operators) to discuss the potential effects of sequestration. For example, in a letter dated February 22, we urged aviation and airport trade associations to begin preparing for the possibility of sequestration. In the case of air carriers and system operators, we held a meeting with industry in March to provide an overview of the impacts of the sequestration. Shortly thereafter, we provided a more detailed discussion on operational impacts to this same group. When the furloughs were in effect, we were in daily contact with the industry to address operational challenges and mitigate the impact on the traveling public. We also engaged in outreach to Congressional members and staff to advise them of FAA’s plans and the anticipated impacts of the required reductions, and those outreach efforts continue.

As we have said repeatedly, throughout the planning and implementation process, our first priority has been to ensure the safety of the traveling public. Sequestration is requiring us to make difficult budget decisions, and none of our choices are good. However, we assure you that safety is not up for negotiation and will not be sacrificed.

We wish that we could avoid these painful cuts. For this reason, we hope that Congress will replace sequestration with balanced deficit reduction and restore critical services to the American public.

A similar letter has been sent to Chairman Issa.

Sincerely yours,

Ray LaHood

A large, stylized handwritten signature in black ink, likely belonging to Ray LaHood, is written over the typed name and extends across the bottom right of the page.