

Why GAO Did This Study

Since 1987, several countries have changed the management and funding of ATC services. Over the past two decades, U.S. aviation stakeholders, including an administration and Congress, have debated whether the FAA should continue to operate and modernize the country's ATC system or whether an independent, self-financed organization—either public or private—should take on this role. In 2014, GAO found (1) that many aviation stakeholders saw challenges with aspects of the current U.S. system including funding instability and slow progress implementing capital improvements and (2) that most stakeholders agreed that separating ATC operations from FAA was an option. GAO was asked to explore issues that would be associated with such a change.

This report addresses (1) views of selected experts, aviation stakeholders, and the FAA on key transition issues and (2) lessons that can be learned from the transition experiences of selected countries.

GAO reviewed literature including previous GAO reports; worked with the National Academy to judgmentally select 32 experts from academia, think tanks, finance, the transportation industry and other related backgrounds, and interviewed and surveyed them; judgmentally selected and interviewed 20 aviation industry stakeholders to obtain a range of perspectives; and spoke with FAA. GAO reviewed documents related to U.K.'s, Canada's, and New Zealand's ATC transitions and interviewed current and former officials and stakeholders involved in those transitions.

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October 2016

AIR TRAFFIC CONTROL

Experts' and Stakeholders' Views on Key Issues to Consider in a Potential Restructuring

What GAO Found

Experts, aviation stakeholders, and Federal Aviation Administration (FAA) officials GAO spoke to said that if Congress decides to remove air traffic control (ATC) from the FAA, many issues should be considered. Key issues identified, consistent with GAO's past work, relate to: (1) organizational management, (2) funding and financing, and (3) transition time and related costs.

First, organizational issues include defining roles, responsibilities, coordination, and ensuring workforce protections. Addressing these issues would affect the potential for success both of the ATC entity and of activities remaining with FAA, including safety oversight. For example, experts indicated that it would be key to morale to maintain existing employee benefits for both employees who remained at FAA and those who moved to a new ATC entity. Second, funding approaches for an ATC entity would depend, in part, on the type of organizational structure chosen, (e.g., public or private ownership), but most experts indicated a user-fee system should be implemented if a change occurred. Experts and aviation stakeholders raised issues associated with a user fee, including how to determine the level of fees and the impact of those fees on certain users, such as general aviation and cargo carriers. Both experts and stakeholders noted that the valuation ATC assets as well as the transfer of and, payment for, ATC assets will also need to be considered as well as responsibility for, and funding of pension and other liabilities. Third, experts estimated that it would take a number of years to appropriately develop legislation, as well as to negotiate, plan, and implement a transition and noted that there would be associated legal, financial, and other costs for such a transition.

GAO identified lessons learned from international experiences including the United Kingdom (UK), Canada, and New Zealand in restructuring their ATC services. Lessons include how these countries mitigated challenges associated with:

1. ensuring coordination and collaboration between the ATC entity and the safety regulator—the New Zealand ATC entity put both formal and informal arrangements in place to ensure strong collaboration between the ATC entity and the regulator when developing new technologies.
2. developing a funding and financing structure—the U.K. and Canada both learned that building in mechanisms to help mitigate financial risks is a key lesson that should be considered during the creation of a user fee system. Specifically, due to the decline in air traffic after September 11, 2001, the U.K.'s ATC entity had to work with the government to refinance and restructure the system, including finding a new investor and relaxing caps on user fees, so the U.K. ATC's could raise fees.
3. establishing an appropriate amount of time to plan and implement a transition—according to a consultant's work on international civil aviation authority's transitions for six countries, it took up to 7 years to complete a transition from government authority to a new entity.