THE FAA AT A GLANCE

Established  1958
Headquarters  800 Independence Avenue, SW Washington, DC 20591 www.faa.gov
FY 2013 Budget (sequester)  $15.3 billion
Total Employees  46,027 employees
Headquarters  3,706 employees
Regional and Field Offices  37,362 employees
William J. Hughes Technical Center Atlantic City, NJ  1,427 employees
Mike Monroney Aeronautical Center Oklahoma City, OK  3,532 employees
FY 2013 Passengers on U.S. Carriers  More than 736 million (estimate)
FY 2013 Tower Operations and Overflights  53.1 million arrivals, departures, and overflights

ABOUT THIS REPORT

This report summarizes the Federal Aviation Administration’s (FAA) more detailed Performance and Accountability Report (PAR). As an agency within the U.S. Department of Transportation (DOT), the FAA is not required to prepare a separate PAR or summary report. However, to demonstrate accountability, we choose to present our performance, management, and financial information, using the same statutory and guidance framework as that used by the DOT in its reporting. In some cases, however, we may depart from the format required of Chief Financial Officers Act agencies.

OUR MISSION
To provide the safest, most efficient aerospace system in the world.

OUR VISION
Transform the aviation system to reflect the highest standards of safety and efficiency and be a model for the world. The FAA will bring about this transformation by fostering innovation in our workforce and in how we serve our stakeholders and the American people.
Our FY 2013 Performance and Accountability Report and Summary of Performance and Financial Information are dedicated to all the people who make aviation safe, efficient, and pleasant: from the mechanics to the air traffic controllers, from the aviation inspectors to the baggage and cargo handlers, from the scientists to the pilots, and so many more. To all of them we say: Thank you!

CONTENTS

2 A MESSAGE FROM THE ADMINISTRATOR
6 MANAGEMENT’S DISCUSSION AND ANALYSIS
12 PERFORMANCE HIGHLIGHTS
20 A MESSAGE FROM THE CHIEF FINANCIAL OFFICER
22 FINANCIAL HIGHLIGHTS

SIDEBARS

9 The FAA and Sequestration
9 Commercial Space Transportation: A Booming Market
10 NextGen Progress Today Ensures a Viable Future for Aviation Tomorrow
26 Improving the Safety of General Aviation

OUR VALUES

Safety is our Passion. We work so that all air and space travelers arrive safely at their destinations.

Excellence is our Promise. We seek results that embody professionalism, transparency, and accountability.

Integrity is our Touchstone. We perform our duties honestly, with moral soundness, and with the highest level of ethics.

People are our Strength. Our success depends on the respect, diversity, collaboration, and commitment of our workforce.

Innovation is our Signature. We foster creativity and vision to provide solutions beyond today’s boundaries.
The effective operation of Federal Aviation Administration (FAA) programs requires stability and predictability in funding. The agency’s many authorization extensions over the past few years inevitably took a toll on the FAA’s work in certain areas until the Federal Aviation Reauthorization Modernization and Reform Act of 2012 restored some of the stability essential to our agency’s ability to deliver both air traffic management and aviation safety. It is unfortunate that just as the era of protracted uncertainty caused by temporary reauthorizations ended, the new reality of budget sequestration caused even more dire uncertainty. Halfway through FY 2013, more than $600 million was cut from our budget, affecting our operations and our future. The FAA urgently needs a longer-term solution to provide the financial certainty essential to our move toward modernization.

Our five agency goal areas of the past year were based on the framework of Destination 2025, our strategic plan published in 2011. These goals are discussed later in this letter and in the report that follows.

Our FY 2013 agency achievements included:

AVIATION SAFETY

In the past few years, Congress has given us significant guidance on how to advance aviation safety. We accomplished a great deal on this front in 2013, including issuing a final rule that increased the qualification requirements for first officers who fly for U.S. passenger and cargo airlines. This rule requires first officers, also known as co-pilots, to hold an Airline Transport Pilot certificate, which mandates a total of 1,500 hours of flight experience, including time in a simulator. Previously, first officers were required to have only a commercial pilot certificate, which required just 250 hours of flight time as a pilot. The rule further requires first officers to have an aircraft-type rating, which involves additional training and testing specific to the airplanes they fly.

Other FY 2013 rulemakings required by the Airline Safety and Federal Aviation Administration Act of 2010 include new flight duty and rest requirements for pilots (finalized in December 2011) and new training requirements. These training requirements, which ensure that pilots know how to react properly in difficult operating environments, will eventually be included in all air carrier training programs.

We have also put new safety data-collection programs in place that make it easier for air traffic controllers and aviation technicians to report a problem or even a mistake they may have made, without fear of retribution. This makes the system even safer because we can learn from mistakes.

This year we took actions to address safety issues that were prompted by incidents involving lithium ion batteries. Failures of these batteries resulted in release of flammable electrolytes, heat damage, and smoke on two Boeing 787-8 airplanes. The FAA issued an emergency airworthiness directive in January 2013, requiring battery system modifications before further flight. The work involved unprecedented coordination with Boeing, the National Transportation Safety Board (NTSB), and our international partners, and enabled successful resumption of 787 operations in May 2013.
NEXT GENERATION AIR TRANSPORTATION SYSTEM (NEXTGEN)

NextGen tools and procedures are changing the way we fly. By 2020, we project that NextGen will provide $38 billion in savings. We also project a 41 percent reduction in delays compared to what would happen if we did nothing, a reduction of 16 million metric tons in carbon emissions, and a 1.6 billion gallon cumulative reduction of fuel use. We remain committed to implementing the technologies that comprise NextGen, even if we may have to shift some of our priorities and alter some of our deployment timeframes.

This year we continued with the installation of Automatic Dependent Surveillance Broadcast (ADS-B), which makes use of satellite-based technology to determine and share precise aircraft location information. Early next year we expect to complete the installation of 642 ADS-B ground radio stations.

We also began work on Data Communications (Data Comm) trials. Data Comm supplements today's analog, voice-only, air-to-ground communications system with a digital message system. The sending and receiving of digital instructions to and from pilots will increase overall system efficiency, while reducing the likelihood of hearback and readback errors. We plan to start initial operations of Data Comm in equipped control towers beginning in 2016.

We also continue to make progress with implementation of the En Route Automation Modernization (ERAM) system, which replaces the 1970s-era En Route Host computer and backup system used at 20 FAA air route traffic control centers nationwide. As ERAM evolves, it will provide benefits for users and the flying public by increasing air traffic flow and improving automated navigation and conflict-detection services, all of which are vital to meeting future demand and preventing gridlock and delays. Our goal was to have ERAM in initial operation at all 20 locations by the end of 2013. However, due to sequestration, this will not occur until 2014.

As part of the financial flexibility that Congress gave us earlier this year to mitigate the worst impacts of the sequester (namely, employee furloughs for our entire workforce), we were able to restart the Metroplex work that had been put on hold. Our Metroplex initiative involves optimizing aircraft routes in major metropolitan areas that have one or more airports.

For more information about NextGen, go to www.faa.gov/nextgen. NextGen accomplishments and highlights also appear on pages 10 and 11 of this document.

FIVE TOP AGENCY TARGETS LEAD THE FAA INTO THE FUTURE

The following five top agency targets position us to meet the future successfully:

**Next Level of Safety.** This year we met our domestic commercial aviation fatal accident safety goal. Although we met the goal with our U.S. registered carriers, the Asiana crash in San Francisco in July, which involved a foreign carrier, is a somber reminder of the importance of constant vigilance in the area of aviation safety world-wide. Reducing General Aviation (GA) fatalities continues to be a challenge. More than three-quarters of GA fatal accidents are related to human factors. In the area of commercial space safety, we maintained our outstanding record, with no fatalities, serious injuries, or significant property damage from launches. For more information about the commercial space program, see pages 9.
Workplace of Choice. Our employees are our biggest asset. The vital work they do each and every day makes it possible for us to deliver on our mission of safety. In order to reach the future we envision, we must create an environment marked by innovation and excellence. We must continue to attract the best-qualified employees and to develop, motivate, and retain them. One of our strategic objectives is for the FAA to be widely recognized as a federal employer of choice.

Delivering Aviation Access Through Innovation. A complex challenge that we face today is ensuring that airport and airspace services are more efficient, predictable, and cost-effective, and that capacity matches demand.

Sustaining Our Future. Mitigating noise pollution and improving fuel efficiency are essential to increasing aviation capacity, efficiency, and sustainability. This year, we achieved partial success in meeting our performance targets for these measures.

Improved Global Performance Through Collaboration. As the United States rolls out the improvements of NextGen, we seek to partner more with the International Civil Aviation Organization and other countries and regions. We continue to make strides in global stewardship by working with governments and industries around the world to encourage alignment with NextGen concepts, systems, and procedures.

ACCOUNTABILITY

For the sixth consecutive year, independent auditors gave the FAA’s financial statements an unmodified opinion with no material weaknesses. We issued an unqualified statement of assurance and can state that the financial and performance data are reliable and complete.

Working in a difficult budgetary environment means that we must continue to refine and adjust our priorities as we move forward. We will select and deliver the technologies and programs that help us achieve the greatest improvements in safety. We will continue to be careful stewards of the tax dollars we receive. This report is a clear indication that we take this responsibility very seriously.

Michael P. Huerta  
Administrator  
December 9, 2013
OUR ORGANIZATION

The Federal Aviation Administration (FAA) fulfills its mission through four lines of business that work collaboratively to create, operate, and maintain the national airspace system.

- **Air Traffic Organization.** Moves air traffic safely and efficiently. The customers of the world’s largest air navigation service provider are commercial, private, and military aviation. Approximately 33,000 ATO employees provide services to these customers.

- **Airports.** Provides leadership in planning and developing a safe, secure, and efficient airport system; manages the Airport Improvement Program (AIP), which provides grants to public agencies and, in some cases, to private owners and entities, for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems; enhances environmental quality related to airport development; develops standards for the design and construction of airport facilities; establishes regulations for the safe operation of commercial service airports; and inspects airports for compliance.

- **Aviation Safety.** Oversees the safety of aircraft and the credentials and competencies of pilots and mechanics; develops mandatory safety rules; and sets the standards that have helped make air travel one of the safest modes of transportation in history

- **Commercial Space Transportation.** Oversees the safety of commercial space transportation activities; regulates the U.S. commercial space transportation industry, including human space flight; and encourages, facilitates, and promotes U.S. commercial space transportation.

The FAA has 10 staff offices that support these lines of business and accomplishment of the agency’s mission. Key among these staff offices are:

- **Finance and Management (AFN).** Consolidates support services and provides a centralized focus for finance, acquisition, information services, and region and center operations. The streamlining of agency functions enables us to be more responsible stewards of FAA resources. AFN is comprised of the following offices:
  - **Financial Services**
  - **Acquisitions and Business Services**
  - **Information Services**
  - **Regions and Center Operations**
    - **Aeronautical Center.** The Mike Monroney Aeronautical Center in Oklahoma City, OK, provides logistics, enterprise business services, software design, training, course design, and acquisition services. The Aeronautical Center also trains the air traffic control workforce and the technician workforce, as well as provides technological training, national partnerships, logistics support, simulation, and medical research—all to move the Next Generation Air Transportation System (NextGen) transformation forward.

- **NextGen (ANG).** This office provides leadership in planning and developing the Next Generation Air Transformation System (NextGen). It coordinates NextGen initiatives, programs, and policy development across the FAA.

- **Technical Center.** The William J. Hughes Technical Center, located in Atlantic City, NJ, supports the NextGen office and serves as the national scientific test base for the FAA. The Technical Center focuses on research and development, including long-range development of innovative aviation systems and concepts; development of new air traffic control equipment and software; and modification of existing systems and procedures. The Technical Center also verifies and validates air traffic control, communications, navigation, airports, aircraft safety, and security systems.

Go to [www.faa.gov/about/office_org](http://www.faa.gov/about/office_org) for more details about our organization.
**MANAGEMENT CHALLENGES**

The Reports Consolidation Act of 2000 requires the Inspector General (IG) to identify and report annually on the most serious management and performance challenges that federal agencies face. The Department of Transportation (DOT) IG’s report, which is issued soon after the beginning of the fiscal year, highlights urgent issues for the Department as a whole.

In FY 2013, the FAA was tasked by the DOT with addressing three of the nine broad challenges identified by the IG. Those three broad categories are identified below:

- **Ensuring that NextGen Advances Safety and Air Travel**
- **Enhancing the FAA’s Oversight and Use of Data to Identify and Mitigate Safety Risks**
- **Strengthening Financial Management Over Grants to Better Use Funds, Create Jobs, and Improve Infrastructure**

Soon after the IG report was issued, the FAA developed an action plan for eleven key issues under these three broad categories. Included in these action plans were detailed steps and timelines for addressing the challenges. At the end of FY 2013, the FAA submitted “actions taken” reports to the DOT. These reports provided information about the progress we made throughout FY 2013 in addressing each of the key challenges.

**THE YEAR IN HIGHLIGHTS**

*The FAA Serves the Flying Public by Operating a System that:*

- Operates 24 hours a day, 7 days a week, 365 days a year.
- Provides more than 65,000 facilities with related equipment.
- Maintains FAA-operated or FAA-contracted towers at more than 500 airports.
- Inspects and certifies approximately 228,000 aircraft and 608,000 pilots.
- Facilitates more than 5,700 takeoffs and landings per hour.
- Transports more than 736 million passengers annually.
- Safely guides approximately 25 million flights every year.
- Generates more than 10 million jobs, with earnings of $394 billion.
- Contributes $1.3 trillion annually to the national economy and constitutes 5.2 percent of the gross domestic product.

*The FAA Provides:*

- A workforce of more than 46,000 personnel who operate, maintain, oversee, and support the most complex aerospace system in the world.
- An array of services and programs within an annual budget of approximately $15.3 billion.
- Almost 14,500 controllers who manage and ensure ever-increasing levels of safety in the busiest air traffic system in the world.
- Almost 6,000 system specialists who maintain the equipment in the national airspace system to extremely high levels of operability.
- Research to improve aviation safety and efficiency.
- Grants to improve up to 3,330 eligible public-use airports in the United States.
- Protection of the public, property, and the national security and foreign policy interests of the United States during commercial space launch and reentry activities.
The Budget Control Act of 2011 established enforcement mechanisms to reduce federal budget deficits by at least $2.1 trillion over 10 years. The act mandated automatic spending cuts for most federal government departments and agencies, if the Congress failed to enact balanced deficit reduction legislation. These budget reductions, known as sequestration, began on March 1, 2013.

The 2013 sequester reduced most discretionary budget accounts by approximately five percent. Sequestration reduced the FAA's FY 2013 budget by $637 million.

Earlier in the year while sequestration was still looming, the FAA implemented cost-saving strategies, including a partial hiring freeze and elimination of employee bonus awards. These were in addition to ongoing spending restrictions on items such as travel, training, IT, conferences, office supplies, and contracts.

Given the large percentage of the operations budget devoted to payroll the FAA was also forced to implement across-the-board employee furloughs, or unpaid time off. Controllers, technicians, and inspectors were included in the furlough. Flight delays began occurring almost immediately.

Congress responded by enacting special legislation, the Reducing Flight Delays Act of 2013, which granted the FAA the flexibility to transfer up to $253 million from the Grants-in-Aid for Airports program (which had been exempt from sequestration) to the Operations and Facilities & Equipment accounts. This funding transfer enabled the FAA to immediately stop employee furloughs and a proposal to close low-traffic towers.

The special legislation only addressed the funding shortfall in FY 2013. The FY 2014 continuing resolution that funds government operations through January 15, 2014, includes additional funding to avoid FAA furloughs during this time period. As long as the sequestration law remains in effect, the FAA will continue to face the prospect of reductions to aviation services.

### Commercial Space Transportation: A Booming Market

Just three licensed or permitted commercial space launches took place in all of FY 2012. In FY 2013, that number climbed to 18 licensed or permitted launches. Some of the ongoing activities include:

- **Transporting Supplies to the International Space Station (ISS)**
  
  In October 2012, Space Exploration Technologies (SpaceX), using its Dragon spacecraft, made history as the first private company to bring supplies to the ISS. Also in FY 2013, again with NASA support, Orbital Sciences became the second company to demonstrate an ISS cargo resupply capability. Having multiple companies capable of flying these missions will help keep pace with commercial space demand and provide flexibility in the event of a delay in one company’s program.

- **Ferrying Crews to the ISS**
  
  NASA is partnering with SpaceX, Boeing, and Sierra Nevada Corporation to develop vehicles to take astronauts to and from the ISS. Developing a manned American transportation capability is critical because NASA currently pays the Russian space program $70 million per person per trip, twice a year, to ferry our astronauts to the ISS.

- **Reusing Space Vehicles**
  
  With the “Grasshopper,” SpaceX is now performing multiple tests of its reusable take-off and landing design, bringing rocket stages directly back to the launch pad for repeat missions. Currently rocket pieces land in the ocean or burn up upon reentry. Reusable space vehicles will radically reduce the cost of commercial space travel.

- **Transporting Space Tourists**
  
  Virgin Galactic will take space tourists on suborbital flights with SpaceShipTwo, which began conducting powered test flights in 2013. Departures from Spaceport America in New Mexico may occur as soon as 2014, with more than 600 advance tickets already sold.

All commercial space launches are regulated and licensed by the FAA’s Office of Commercial Space Transportation (AST).
PROGRESS TODAY ENSURES A VIABLE FUTURE FOR AVIATION TOMORROW

The Next Generation Air Transportation System, called NextGen—mandated by Congress in its 2003 reauthorization of the FAA—is in the midst of transforming our nation’s airspace system by increasing safety, saving time, and reducing fuel use and environmentally undesirable emissions, all while fostering the flow of commerce. Our latest estimates for the benefits to aviation efficiency indicate that by 2020, NextGen improvements will reduce current delays by 41 percent.

The movement to NextGen is being enabled by a shift to smarter satellite-based and digital technologies and new procedures. NextGen is already being deployed and used today. Three main NextGen areas that have seen steady advances are infrastructure, controller decision support tools, and performance-based navigation.

Infrastructure

**Automatic Dependent Surveillance—Broadcast (ADS-B)**

Although NextGen is fundamentally satellite-based, its ADS-B program works with a network of ground-based stations. This fiscal year has seen a steady increase in deployment of these stations. As of October 2013, the FAA had installed more than 578 ADS-B ground stations, of which 550 were operational. Ground stations help provide traffic and weather information both directly to aircraft equipped with ADS-B technology and to air traffic control separation services at 45 Terminal Radar Approach Control (TRACON) facilities and 11 en route facilities across the country.

A great benefit of ADS-B then is that it can provide precise aircraft location information not only to controllers, but directly to pilots’ instrument panels. In the future, aircraft equipped with the now optional ADS-B In reception capability—in addition to the currently mandated ADS-B Out transmission capability—will be able to “see” the location of nearby ADS-B Out-equipped aircraft via air-to-air reception or by relay from the ground. In addition, ADS-B In can display the location of aircraft equipped solely with transponders, even if they lack ADS-B Out technology, thus providing fully equipped pilots with awareness of all nearby aircraft.

ADS-B In is also providing another service to equipped operators in the airspace where it is operational: Flight Information System-Broadcast (FIS-B). The FIS-B data stream is packed with information from the National Weather Service, including NEXRAD (Next-Generation Radar), winds aloft, and pilot reports. FIS-B also includes information on temporary flight restrictions and airspace reserved for special use.

**Data Communications (Data Comm)**

Data Comm will add a digital data exchange capability to air-to-ground communications, enhancing safety by reducing potential errors in voice transmission. Controllers will still talk to pilots, but the need to talk will be reduced by the ability to exchange digital messages. With Data Comm, controllers will be able to push a button and send routine information—such as clearances, instructions, and advisories—to many pilots at the same time. Flight crews will be able to transmit requests this way too. With this capability, radio frequency congestion will be reduced and controllers will safely be able to handle more traffic. Data Comm is expected to reduce flight times by improving traffic flow.

Through active collaboration and agreements with multiple air carriers, the FAA has already started field testing a major component of Data Comm at Memphis International Airport and Newark Liberty International Airport.

**En Route Automation Modernization (ERAM)**

ERAM is the new automation platform for the centers which control high-altitude traffic, allowing faster processing of route requests and in-flight route changes. ERAM deployment is nearly complete,
Controller Decision Support Tools

Wake Recategorization (RECAT)
Since November 2012, controllers at the Memphis International Airport air traffic control tower have been using new wake-spacing criteria (called RECATs, short for recategorizations) to manage separations between aircraft as they approach and depart from the airport. Wake turbulence is a trail of disrupted air that is left behind an aircraft and that can be dangerous to aircraft that follow. The strength of this turbulence is primarily determined by the weight, wingspan, and speed of the aircraft. In order to address this phenomenon, the FAA has developed wake categories to safely manage the separation between different sizes of aircraft.

Compared to the traditional wake categories, the RECATs being used in Memphis provide for more consistency among similar-sized aircraft. As a result, separation standards between successive aircraft can now be safely reduced for many of the same aircraft-pair combinations. Aircraft flight sequences at Memphis are now tighter—arrivals are about 7.5 percent and departures 5 percent closer to each other on average. Consequently, aircraft flows are more efficient, resulting in flight reduction times of almost a minute for arrivals and of 2.8 minutes for departures.

One Memphis air carrier is reporting significant capacity increases since the reduced separation standards have been in place, adding nine flight operations per hour, an increase of 17 percent.

Performance-Based Navigation (PBN)

PBN is a NextGen framework for defining the performance requirements an aircraft must meet in order to use applicable air traffic routes, instrument procedures, or defined airspace. The two main components of the PBN framework are Area Navigation (RNAV) and Required Navigation Performance (RNP). RNP is RNAV with the addition of an onboard performance monitoring and alerting capability, meaning that the crew is informed if a required performance level is not met during an operation.

Area Navigation Procedures with Authorization Required (RNP ARs) with Defined Turn-to-Final

Certain RNP operations require advanced features of the onboard navigation function and approved training and crew procedures. These operations must receive approvals that are characterized as Authorization Required (AR). As of March 2013, the FAA had published 359 RNP AR approaches across the national airspace system. Major components of the authorized traffic patterns in the RNP AR include 229 Radius-to-Fix (RF) turns, and 172 defined turns-to-final. Such advanced RNP procedures optimize terminal arrival operations, resulting in shorter flight times, an improvement that is being made today. The FAA is encouraging the use of such procedures whenever possible in order to achieve these benefits.

Optimized Profile Descents (OPDs)

OPDs reduce fuel consumption and noise by maintaining a constant and optimal descent angle during landing (instead of the traditional “step-down” and “level off” descent pattern). The key benefit of OPDs is flight efficiency, but they can also deconflict terminal air traffic and improve safety. The FAA is including OPDs as part of PBN arrival procedures whenever possible.

By August 2013, the FAA had published 69 PBN arrival procedures with OPDs. Benefits vary from one location to another, depending on such factors as proximity of other airports, terrain, airspace restrictions, and typical weather conditions.

At Reagan National and Dulles International airports, for instance, the new procedures provide shorter routes for arrivals from the west and facilitate more efficient vertical arrivals. A vertical arrival is one that is continuous from the beginning of the descent to touchdown, without any leveling-off segments, and with aircraft engines set to nearly idle throttle. Vertical profiles also help keep arriving aircraft at a safe distance from each other, resulting in fewer aircraft interactions.

At Memphis International Airport, OPDs, together with the new RECAT wake-spacing criteria, improved terminal flows and yielded more than a 50 percent reduction in airborne holding time.

At Denver International, one airline estimates saving 100-200 pounds of fuel on each arrival. With an average of 120 flights per day, that equates to an estimated annual reduction of 4.4 – 8.8 million pounds of fuel and 13.8 – 27.6 million pounds of carbon dioxide emissions.

The FAA updates the NextGen Implementation Plan annually. The plan provides a comprehensive overview of implementation activities and benefits.

For more information on these and other NextGen achievements, see http://www.faa.gov/nextgen.
MANAGING PERFORMANCE

Our strategic plans, annual business plans, human capital plans, program evaluations, annual performance and accountability reports (PARs), and constant reevaluation of our efforts create a recurring cycle of planning, program execution, measurement, verification, and reporting. We have created a strong link between resources and performance that focuses us on accomplishing defined priorities in the context of their costs.

When we began reporting against Destination 2025 goals in FY 2012, we streamlined and thereby reduced the number of performance measures supporting our strategic goals from 31 to 14. These are the same measures we report on in the FY 2013 PAR. The results of two of the fourteen FY 2013 targets are not yet available as of the date of publication. We also continue to track other detailed measures internally. As part of our monitoring work, we report on the status of all measures in our monthly performance meetings and on our monthly performance scorecards.

Strategic Goals

Our Destination 2025 strategic goals are:

1. Next Level of Safety
2. Workplace of Choice
3. Delivering Aviation Access through Innovation
4. Sustaining Our Future
5. Improved Global Performance through Collaboration.

Alignment of FAA Costs and Goals

The FAA’s total net cost of $16.2 billion was allocated to our strategic goal areas as described below:

Next Level of Safety. More than $9.9 billion, or approximately 60 percent, of our total net cost was devoted to our primary goal of ensuring the safety of the national airspace.

- The Office of Airports directed $1.9 billion to establish safe airport infrastructure.
- The Air Traffic Organization spent approximately $6.3 billion, largely to maintain the safe separation of aircraft in the air and on the ground.
- The Aviation Safety Organization spent just under $1.4 billion on its programs to regulate and certify aircraft, pilots, and airlines, directly supporting the safety of commercial and general aviation.
- The Office of Commercial Space Transportation, the other FAA staff offices, and other programs spent slightly less than $14 million to further support the agency’s safety mission.

Workplace of Choice. Approximately $585 million supported our workplace-of-choice goal, to which nearly all the lines of business and staff offices contributed.

Delivering Aviation Access Through Innovation.

Approximately $5.7 billion—or about 35 percent of total net costs—was assigned to support our goal of expanding the capacity of the national airspace system, particularly through the pursuit of programs contributing to the NextGen initiative.

- The Air Traffic Organization spent approximately $4.1 billion, largely to finance its facilities and equipment projects.
The Airport program spent more than $1.7 billion to enhance the capacity of the country's airports through runway projects and other efforts.

The Commercial Space Transportation program contributed nearly $5 million to improve commercial space launch capabilities through its spaceport grant program.

Sustaining Our Future. As a whole, we committed approximately $66.7 million to support environmental sustainability. This funding included support for research programs in alternative fuels and increases in aircraft energy efficiency. AIP grants were also targeted toward reducing aviation noise near large airports.

Improved Global Performance Through Collaboration. As a whole, we committed approximately $3.5 million to strengthening our international leadership role. These efforts included programs aimed at reducing fatal accidents around the world. Funding for training and technical assistance helped promote safety standards as well.

**PERFORMANCE RESULTS**

The tables in this section summarize our FY 2013 performance. The measures are listed in terms of the strategic goals and objectives spelled out in our *Destination 2025* strategic plan. Only targets with known results are reported here. The FY 2013 percentage is computed based on the twelve FY 2013 targets for which results are available.

Although in some cases the FAA achieved a result significantly better than the target, the agency did not set the new fiscal year’s target to reflect the prior year’s result. Annual performance is subject to greater variability than long-term performance. Over time, short-term trends tend to balance out and provide a more accurate picture of the agency’s long-term performance. Moreover, some annual targets are baselined using data acquired over a multiyear period. The target has been set to measure the FAA’s performance toward a long-term goal.

**PERFORMANCE AT A GLANCE**

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<tr>
<td>Number of Performance Targets Met</td>
<td>24 of 30</td>
<td>26 of 29</td>
<td>28 of 31</td>
<td>28 of 31</td>
<td>27 of 29</td>
<td>13 of 14</td>
<td>8 of 12</td>
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<td>Percentage of Performance Targets Met</td>
<td>80%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>93%</td>
<td>93%</td>
<td>67%</td>
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By achieving the lowest possible accident rate and always improving safety, all users of our aviation system can arrive safely at their destinations. We will advance aviation safety world-wide.

### FY 2013 SAFETY PERFORMANCE MEASURES AND RESULTS

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>FY 2013 Target</th>
<th>FY 2013 Results</th>
<th>FY 2013 Status</th>
<th>FY 2014 Target</th>
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<tbody>
<tr>
<td><strong>Commercial Air Carrier Fatality Rate</strong>&lt;sup&gt;*&lt;/sup&gt;</td>
<td></td>
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<td></td>
<td>7.2</td>
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<tr>
<td>In FY 2013, the commercial air carrier fatality rate will not exceed 7.4 fatalities per 100 million persons on board.</td>
<td>7.4</td>
<td>1.1&lt;sup&gt;1&lt;/sup&gt;</td>
<td>✓</td>
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<tr>
<td><strong>Serious Runway Incursions Rate</strong>&lt;sup&gt;*&lt;/sup&gt;</td>
<td></td>
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<td>0.395</td>
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<td>Reduce Category A &amp; B (most serious) runway incursions to a rate of no more than .395 per million operations.</td>
<td>0.395</td>
<td>0.200&lt;sup&gt;2&lt;/sup&gt;</td>
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<td><strong>System Risk Event Rate</strong></td>
<td></td>
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<td>20</td>
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<td>Limit the rate of the most serious losses of standard separation to 20 or fewer for every thousand (.02) losses of standard separation within the national airspace system.</td>
<td>20</td>
<td>5.66&lt;sup&gt;2&lt;/sup&gt;</td>
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<td>20</td>
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<td><strong>Information Security</strong></td>
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<td></td>
<td>0</td>
</tr>
<tr>
<td>Ensure no cyber security event significantly degrades or disables a mission-critical FAA system.</td>
<td>0</td>
<td>0</td>
<td>✓</td>
<td>0</td>
</tr>
<tr>
<td><strong>General Aviation Fatal Accident Rate</strong>&lt;sup&gt;*&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td>1.05</td>
</tr>
<tr>
<td>Reduce the general aviation fatal accident rate to no more than 1.057 fatal accidents per 100,000 flight hours.</td>
<td>1.057</td>
<td>1.061&lt;sup&gt;1&lt;/sup&gt;</td>
<td>✘</td>
<td>1.05</td>
</tr>
<tr>
<td><strong>Commercial Space Launch Accidents</strong></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>No fatalities, serious injuries, or significant property damage to the uninvolved public during licensed or permitted space launch and reentry activities.</td>
<td>0</td>
<td>0</td>
<td>✓</td>
<td>0</td>
</tr>
</tbody>
</table>

<sup>*</sup> This performance measure supports a DOT Agency Priority Goal.

1 Preliminary estimate until final result can be confirmed by the National Transportation Safety Board (NTSB) in March 2015. We do not expect any change in the result to be significant enough to change the year-end status of achieving the target.

2 Preliminary estimate until the final result becomes available in January 2014. We do not expect any change in the result to be significant enough to change the year-end status of achieving the target.

3 Preliminary estimate until the final result becomes available in March 2015. We do not expect any change in the result to be significant enough to change the year-end status of achieving the target. This target was previously displayed rounded to two decimal places as 1.06. For clarity in demonstrating that the target was not achieved, it is now displayed rounded to three decimal places.

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Passenger jets at the international terminal of the Miami International Airport. Photo: BigStock.com.
Achieving the lowest possible accident rate and always striving to improve safety ensure the highest possible level of safety for the public. In FY 2013, we met five of six safety goals, missing our target for the General Aviation Fatal Accident Rate.

- **Commercial Air Carrier Fatality Rate.** Commercial aviation includes both scheduled and nonscheduled flights of U.S. passenger and cargo air carriers. Accidents involving passengers, crew, ground personnel, and the public are all included in this fatality rate. Commercial aviation fatalities of non-U.S. passenger carriers are included in our world-wide performance measure, which can be found on page 19.

  This year, with a result of 1.1, we were successful in maintaining the commercial air carrier rate below 7.4 fatalities per 100 million persons on board. The results will not be final until they are confirmed by the National Transportation Safety Board (NTSB) in March 2015.

  Our agency has made progress on several prominent rulemaking projects designed to reduce the risk of commercial air fatalities, including issuing a final rule to meet pilot certification and qualification requirements. We continue to work on other projects, including final rules for crewmember training, helicopter air-ambulance operations, and safety management systems. Additionally, we started a rulemaking project to enhance simulator qualification standards for stall and upset recovery. We also issued revised guidance on Fatigue Risk Management Systems, Airline Transport Pilot certification training, and autorotation training.

- **Serious Runway Incursion Rate.** A runway incursion is any occurrence at an airport involving the incorrect presence of an aircraft, vehicle, or person on the protected area of a surface designated for the landing and takeoff of aircraft. Runway incursions may result from air traffic controller, pilot, vehicle driver, or equipment operator error, or from pedestrian deviation. Such events can lead to serious accidents, potentially involving fatalities, injuries, and significant property damage.

  The FAA tracks two categories of most serious runway incursions:

  - **Category A**—a serious incident in which a collision is narrowly avoided.
  - **Category B**—an incident in which separation decreases and there is a significant potential for collision, which may result in a time-critical corrective/evasive response to avoid a collision.

  Since maintaining the safety of the nation’s runways is critical to ensuring safe operations in the nation’s airspace, reducing the number and severity of runway incursions is one of the FAA’s top priorities. In FY 2013, with a rate of .200, we achieved our goal of reducing Category A & B runway incursions to no more than .395 per million operations.

- **General Aviation (GA) Fatal Accident Rate.** GA is made up of more than 300,000 aircraft, from amateur-built aircraft, rotorcraft, and balloons, to highly sophisticated turbojets (executive jets). Although the GA fatal accident rate has remained relatively flat over the past five years, it remains unacceptably high.

  Reducing the rate remains one of the FAA’s top priorities. In FY 2013, with a result of 1.061 fatal accidents per 100,000 flight hours, we did not achieve our goal. “Loss of control” continues to be the leading cause of GA fatalities, accounting for approximately 70 percent of all fatal GA accidents. In addition, human factors directly contribute to approximately 80 percent of fatal GA accidents.

  Many GA accidents occur in Alaska. The state’s topography and extreme weather present unique safety challenges to pilots, resulting in a relatively high number of accidents.
2 **WORKPLACE OF CHOICE**

We will create a workplace of choice marked by integrity, diversity, accountability, safety and innovation. Our workforce will have the skills, abilities, and support systems required to achieve and sustain NextGen.

<table>
<thead>
<tr>
<th>FY 2013 WORKPLACE OF CHOICE PERFORMANCE MEASURES AND RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance Measure</strong></td>
</tr>
<tr>
<td>FAA Ratings</td>
</tr>
<tr>
<td>75th percentile rank in the Best Places to Work (BPTW) Index for Federal Agencies Subcomponents.</td>
</tr>
<tr>
<td>Outside Ratings</td>
</tr>
<tr>
<td>Achieve a 90 percent success rate in the areas of financial management and human resources management.</td>
</tr>
</tbody>
</table>

¹ Results are not available at this time.

The Partnership for Public Service obtains FedView survey data from the Office of Personnel Management and calculates the Best Places to Work (BPTW) Index. This index is used to rank federal agencies. This ranking is generally the most publicized FedView result. The FAA’s long-term goal is to be ranked in the top 25 percent by 2018. The FY 2013 target is to be ranked in the top 75 percent of participating agencies.

Early in FY 2013, we received the results of the FY 2012 survey. Our 2012 ranking was 114th out of 292 organizations rated. This means we ranked in the top 39 percent of all participating agencies in FY 2012, exceeding our FY 2012 target of being ranked in the top 75 percent of participating agencies. The FY 2013 BPTW rankings are not available at this time.

NextGen Weather Evaluation Capabilities Route Availability Planning Tool (RAPT). Photo: FAA.
DELIVERING AVIATION ACCESS THROUGH INNOVATION

Enhance the flying experience of the traveling public and other users by improved access to and increased capacity of the nation’s aviation system. Ensure airport and airspace capacity are more efficient, predictable, cost-effective and matched to public needs.

**FY 2013 AVIATION ACCESS PERFORMANCE MEASURES AND RESULTS**

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>FY 2013 Target</th>
<th>FY 2013 Results</th>
<th>FY 2013 Status</th>
<th>FY 2014 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air Traffic Control Systems Improve the Efficiency of Airspace</strong>&lt;sup&gt;*&lt;/sup&gt;</td>
<td>11</td>
<td>8</td>
<td>✘</td>
<td>N/A</td>
</tr>
<tr>
<td>By September 30, 2013, replace a 40-year old computer system serving 20 air traffic control centers with a modern, automated system that tracks and displays information on high altitude planes.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Major System Investments</strong></td>
<td>90%</td>
<td>90%</td>
<td>✓</td>
<td>90%</td>
</tr>
<tr>
<td>In FY 2013, maintain 90 percent of major system investments within 10 percent variance of current acquisition program baseline at completion.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LPV or LP Procedures</strong></td>
<td>500</td>
<td>469</td>
<td>✘</td>
<td>400</td>
</tr>
<tr>
<td>Publish 500 LPV or LP procedures in FY 2013 to ensure Localizer Performance (LP) or Localizer Performance w/Vertical (LPV) procedures are available at 3,800 runways in the national airspace system.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>*</sup> This performance measure supports a DOT Agency Priority Goal.

The En Route Automation Modernization (ERAM) system is central to our ability to transform our nation’s airspace from radar-based to satellite-based operations. ERAM replaces the 1970s-era Central Computer Complex HOST system used at air route traffic control centers around the country to guide airplanes flying at high altitudes. The new system allows us to maximize the use of airspace, substantially increasing the number of flights that can be tracked and displayed. Further software development will make ERAM a foundation of important NextGen capabilities, such as Data Communications (Data Comm), a system that will enable the automated (non-voice) exchange of pre-departure and en route clearance information between aircraft and controllers.

Due to sequestration, we were unable to meet our FY 2013 ERAM target. However, we did achieve initial operating capability at the following eight centers in 2013:

- Kansas City, MO
- Boston, MA
- Indianapolis, IN
- New York, NY
- Cleveland, OH
- Washington, DC
- Memphis, TN
- Ft. Worth, TX

The following centers will achieve initial operating capability in FY 2014:
- Atlanta, GA
- Miami, FL
- Jacksonville, FL

A success under this performance metric was Major Systems Investments. This measures the FAA’s ability to stay within a 10 percent variance of its budget, schedule, and technical performance with regard to major system investments in support of the ongoing transition to NextGen. In FY 2013, we achieved the overall target by maintaining 90 percent of the major system investments being tracked (18 of 20 programs) within 10 percent variance of their approved acquisition program baseline total budget, schedule, and technical performance at completion.
To develop and operate an aviation system that reduces aviation’s environmental and energy impacts to a level that does not constrain growth and is a model for sustainability.

**FY 2013 SUSTAINING OUR FUTURE PERFORMANCE MEASURES AND RESULTS**

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>FY 2013 Target</th>
<th>FY 2013 Results</th>
<th>FY 2013 Status</th>
<th>FY 2014 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Noise Exposure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce the number of people exposed to significant aircraft noise to less than 371,000 in calendar year 2013.</td>
<td>371,000</td>
<td>321,000</td>
<td>✓</td>
<td>356,000</td>
</tr>
<tr>
<td><strong>National Airspace System Energy Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve aviation fuel efficiency by 16 percent, as measured by the calendar year 2010 fuel burned per revenue mile flown, relative to the calendar year 2000 baseline.</td>
<td>-16.00%</td>
<td>-15.61%</td>
<td>X</td>
<td>-18.00%</td>
</tr>
</tbody>
</table>

In 2013, we met one of our two environmental goals: reducing noise exposure. The number of people exposed to significant noise levels was reduced by approximately 96 percent between 1975 and 2012. This was due primarily to the legislatively-mandated transition of airplane fleets to newer generation aircraft that produce less noise. Most of the gains from quieter aircraft were achieved by FY 2000. The remaining problem must be addressed primarily through airport-specific noise compatibility programs along with reduction of aircraft noise at the source. With the use of these strategies, we achieved our FY 2013 noise exposure goal.

**IMPROVED GLOBAL PERFORMANCE THROUGH COLLABORATION**

Achieve enhanced safety, efficiency, and sustainability of aviation around the world. Provide leadership in collaborative standard setting and creation of a seamless global aviation system.

**FY 2013 GLOBAL PERFORMANCE MEASURES AND RESULTS**

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>FY 2013 Target</th>
<th>FY 2013 Results</th>
<th>FY 2013 Status</th>
<th>FY 2014 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>World-wide Fatal Aviation Accidents</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In FY 2013, limit world-wide fatal accidents in Part 121-like operations to no more than 20 fatal accidents per million revenue aircraft departures.</td>
<td>20</td>
<td>12 ^1</td>
<td>✓</td>
<td>21</td>
</tr>
</tbody>
</table>

\(^1 \text{Preliminary estimate until the final result becomes available when ICAO updates their world-wide departure data in July 2014.}\)

This performance metric tracks non-U.S. commercial aviation fatalities around the globe, including any non-U.S. carrier fatalities that occurred on U.S. soil, such as the Asiana Airlines crash in San Francisco in July of this year. In FY 2013, with a preliminary result of 12 fatal accidents, we achieved our target. The final result will not be available until July 2015.

Increased implementation of advances in avionics, structures, and human factors, as well as continued operational safety initiatives, technical assistance, and safety data-sharing with international partners, are all positive outcomes of global aviation cooperation. But the current fiscal climate negatively impacting our agency’s budget may limit our outreach and interaction with key international partners. A continued negative trend could threaten the FAA’s international leadership and result in a global aviation environment less aligned with U.S. interests.
This year, the Federal Aviation Administration continued to fulfill its primary mission of running the safest and most efficient airspace in the world, despite an extremely challenging budget environment. The FAA provides a direct service to the public, operating a huge, diverse, and complex system of equipment, facilities, and technologies that we call the national airspace system. Most of our operating costs go toward staffing, operating, and maintaining the system. Budget cuts therefore have a detrimental impact on the efficient operation of that system, while simultaneously hindering our ability to staff for our future growth, invest in new equipment and technology, and repair our existing equipment and facilities. The cuts also jeopardize the $1.3 trillion in economic activity and 10 million jobs that the aviation industry brings to our country.

**Sequestration**

The sequestration of more than $600 million from our FY 2013 budget, mandated by the Budget Control Act of 2011, necessitated a reevaluation of our critical priorities, difficult cost-cutting measures, and a review of our business model for providing services to the American public.

More than 70 percent of our operating costs are used to cover the salaries of our workforce—those serving the flying public, including, for example, air traffic controllers and aviation inspectors. Thus, it is particularly challenging to reduce Operations spending to the extent required by sequestration without correspondingly impacting the very workforce that serves the flying public. To ensure that our top priority—aviation safety—was not compromised in this environment, we invested a tremendous amount of time and resources in planning for the budget sequester. This included mining historical financial data; developing alternative spending scenarios; and presenting realistic, data-driven options to support difficult decisions about spending.

As a result of these efforts, we implemented severe hiring restrictions and significantly reduced spending in non-pay areas such as contracts, travel, training, and other day-to-day expenses. Considering the decreased purchasing power resulting from inflation, we have substantially reduced our non-pay Operations spending by about 10 percent from FY 2010 levels. In response to sequestration, we also adjusted the schedules of our highest priority capital projects—including the En Route Automation and Modernization (ERAM) platform, foundational for our Next Generation Air Transportation System (NextGen) program—to conserve funding.
Still, those reductions were not sufficient to cover the substantial sequestration cuts. As a last resort, we developed plans to furlough more than 44,000 FAA employees for up to 11 days during the last five months of the fiscal year. Just one week into implementation, however, Congress enacted the Reducing Flight Delays Act of 2013. This legislation enabled the FAA to transfer $253 million in funding from our Airport Improvement Program to two other accounts: Operations, and Facilities and Equipment, thus eliminating the need for furloughs and tower closures that would have caused widespread air traffic delays across the national airspace system. While the transfer of funding allowed us to discontinue the furloughs, as a consequence the airports that would have received those grants are unable to use the funds for infrastructure improvements.

Accomplishments

Despite the substantial funding challenges that we faced, we kept our focus on operating a safe and efficient airspace system. We also continued to make progress on our transition to NextGen; more than 90 percent of our major system investments are still within 10 percent of their cost and schedule baselines. We exhibited strong fiscal and resource management by managing through the sequester. And we also succeeded in keeping our commitment to provide comprehensive fiscal and performance information, as we achieved an unmodified audit opinion with no material weaknesses on our FY 2013 financial statements. In addition, we were recognized with the distinguished Certificate in Excellence in Accountability Reporting award, given by the Association of Government Accountants for our 2012 Performance and Accountability Report. This was the ninth year that we have been a recipient of this award. We also received a “Best in Class” award for editorial excellence—presenting our financial and performance results in an informative, understandable, and transparent way.

Moving Forward

In the near term, we will build on the progress we’ve made in FY 2013. But a long-term unstable budget environment is unsustainable. The inefficiencies that derive from the continued fiscal uncertainty manifest themselves in start-and-stop operations that frustrate our customers, our stakeholders, and our employees. Given our critical role of operating the largest and most complex airspace in the world, budget uncertainty is not sustainable. Our economy, our customers, and the American public deserve a stable and safe aviation system.

Despite the funding situation, our dedicated team responded to this year’s substantial challenges with skill and professionalism. It is an honor and a privilege to be working with such a talented and dedicated workforce that does everything it can each day to keep the aviation system operating safely and efficiently. We are proud of our accomplishments and look forward to continuing to serve the public as cost-effective stewards of their investments. The American people deserve no less.

Mark House
Chief Financial Officer
December 9, 2013
FINANCIAL HIGHLIGHTS
Following are highlights of the Federal Aviation Administration’s (FAA) FY 2013 financial performance. For a more detailed look at the financial statements and accompanying notes, see our FY 2013 Performance and Accountability Report (PAR), pages 30-34 and 87-123. The PAR is available on our website at http://www.faa.gov/about/plans_reports/media/2013_FAA_PAR.pdf.

In FY 2013, the Airport and Airway Trust Fund (AATF) provided approximately 71 percent of our enacted budgetary authority. Created by the Airport and Airway Revenue Act of 1970, the AATF derives its funding from excise taxes and earned interest. It provides a source of revenue to finance investments in the airport and airway system, and covers a portion of the FAA’s operating costs.

Aviation excise taxes, which include taxes on domestic passenger tickets, freight waybills, general and commercial aviation fuel, and international departures and arrivals, are deposited into the AATF. The U.S. Department of the Treasury maintains the AATF and invests in government securities.

We are financed through annual and multiyear appropriations authorized by Congress. The FY 2013 enacted budget of $15.3 billion was a decrease from the FY 2012 enacted level of $15.9 billion. This included $10.9 billion from the AATF and $4.4 billion from the General Fund.

The FAA has four appropriations. The largest, Operations, is funded by both the Treasury’s General Fund and the AATF. In FY 2013, the AATF provided 53.7 percent of the revenue for Operations. The AATF is the sole revenue source for our three capital investment appropriations:

- Grants-in-Aid for Airports through the Airport Improvement Program (AIP)
- Facilities and Equipment (F&E)
- Research, Engineering, and Development (R,E,&D)

Operations
The Operations appropriation finances operating costs, maintenance, communications, and logistical support for the air traffic control and air navigation systems. It also funds the salaries and costs associated with carrying out our safety inspection and regulatory responsibilities. In addition, the account covers administrative and managerial costs for our international, medical, engineering, and development programs, as well as for policy oversight and overall management functions.

The FY 2013 Operations appropriation was $9.2 billion, which was augmented by a $2 billion transfer from the AIP, for a total funding level of $9.4 billion, approximately 3 percent less than in FY 2012. This decrease is primarily attributable to the sequestration resulting from the Budget Control Act of 2011, offset by the transfer into Operations enabled by the Reducing Flight Delays Act.

AIP
The Secretary of Transportation is authorized to award grants for planning and development to maintain a safe and efficient nationwide system of public airports. These grants fund approximately one third of all capital development at the nation’s public airports. Grants are issued to maintain and enhance airport safety, preserve existing infrastructure, and expand capacity and efficiency throughout the system. The program also supports noise compatibility and planning, the military airport program, reliever airports, and airport program administration.

FY 2013 funding for AIP was $3.343 billion. Funding for the Small Community Air Service Development program was $5.9 million.

F&E
The programs funded by the F&E appropriation are our principal means of modernizing and improving air traffic control and airway facilities, particularly through programs supporting NextGen. The account finances major capital investments to enhance the safety and capacity of the nation’s airspace. F&E was funded at $2.62 billion in FY 2013, a 4 percent decrease from FY 2012. Several major systems that contribute to the Next Generation Air Transportation System (NextGen) effort reached significant milestones in FY 2013. These include: Automatic Dependent Surveillance-Broadcast (ADS-B), Data Communications for Trajectory-Based Operations (Data Comm), and En Route Automation Modernization (ERAM).

R,E,&D
The FY 2013 appropriation for R,E,&D of $158.79 million was approximately 5 percent lower than the FY 2012 level. This was primarily attributable to the sequester.

The FAA’s summarized assets, liabilities, and net position are shown on page 28.

Total assets were $31.4 billion as of September 30, 2013. The FAA’s assets are the resources available to pay liabilities or satisfy future service needs. The Composition of Assets chart depicts major categories of assets as a percentage of total assets.

Fund balance with Treasury (FBWT) represents 10 percent of the FAA's current period assets and consists of funding available through Department of Treasury accounts from which the FAA is authorized to make expenditures to pay liabilities. (See Composition of Liabilities chart on page 25.) It also includes passenger ticket and other excise taxes deposited to the AATF, but not yet invested. Fund balance with Treasury increased from $3.1 billion to $3.3 billion.

At $13.8 billion, Investments represent 44 percent of the FAA's current period assets, and are derived from passenger ticket and other excise taxes deposited to the AATF and premiums collected from the Aviation Insurance Program. These amounts are used to finance the FAA's operations to the extent authorized by Congress and to pay potential insurance claims. Investments increased by $1.5 billion due to an increase in excise tax revenues of $317.2 million, coupled with yearly War Risk premiums of $164.2 million and earned interest of $248.0 million. Additionally, investments are not liquidated until needed to fund expenses, which accounts for the remaining increase on a comparative basis.

At $13.4 billion, General property, plant, and equipment, net (PP&E) represents 43 percent of the FAA's assets as of September 30, 2013, and primarily comprises construction-in-progress related to the development of the national airspace system assets, and capitalized real and personal property. There was a decrease of $21.8 million in the total composition of PP&E as purchases of equipment and additions to construction-in-progress through the normal course of business were less than the offsets resulting from retirements, disposals, and depreciation.

As of September 30, 2013, the FAA reported liabilities of $4.4 billion. Liabilities are probable and measurable future outflows of resources arising from past transactions or events. The Composition of Liabilities chart depicts the FAA's major categories of liabilities as a percentage of total liabilities.

The Liabilities Comparison chart presents comparisons of major liability balances between September 30, 2012 and September 30, 2013. Below is a discussion of the major categories.

At $1.5 billion, Employee-related and other liabilities represent 34 percent of the FAA's total liabilities. These liabilities decreased by $64.1 million as of September 30, 2013, and are comprised mainly of $175.2 million in advances received, $201.3 million in Federal Employee’s Compensation Act payable, $452.2 million in accrued payroll and benefits, $526.6 million in accrued leave and benefits, $2.7 million in legal claims liability, and $78.0 million in capital lease liability.

At $973.0 million, Federal employee benefits represent 22 percent of the FAA's current year liabilities and consist of the FAA's expected liability for death, disability, and medical costs for approved workers’ compensation cases, plus a component for incurred but not reported claims. The Department of Labor (DOL) calculates the liability for the DOT (Department of Transportation), and the DOT attributes a proportionate amount to the FAA, based upon actual workers’ compensation payments to FAA employees over the preceding four years. This liability is updated on an annual basis at year end.

At $973.0 million, Federal employee benefits represent 22 percent of the FAA's current year liabilities and consist of the FAA's expected liability for death, disability, and medical costs for approved workers’ compensation cases, plus a component for incurred but not reported claims. The Department of Labor (DOL) calculates the liability for the DOT (Department of Transportation), and the DOT attributes a proportionate amount to the FAA, based upon actual workers’ compensation payments to FAA employees over the preceding four years. This liability is updated on an annual basis at year end.

Environmental liabilities represent 17 percent of FAA's total liabilities and were $751.7 million as of September 30, 2013, compared with $810.4 million a year earlier. Environmental
liabilities include a component for remediation of known contaminated sites and the estimated environmental cost to decommission assets presently in service.

The FAA’s Grants payable are estimated amounts incurred but not yet claimed by AIP grant recipients and represent 18 percent of liabilities. Grants payable increased by $132.2 million. Accounts payable decreased $57.8 million and are amounts that the FAA owes to other entities for unpaid goods and services.

The FAA’s summarized net cost of operations is shown on page 28.

As of September 30, 2013, and September 30, 2012 FAA’s net costs were $16.2 billion and $16.1 billion, respectively. The Composition of Net Cost chart illustrates the distribution of costs among the FAA’s lines of business.


With a net cost of $10.9 billion, the Air Traffic Organization is the FAA’s largest line of business, comprising 67 percent of total net costs. The Air Traffic Organization’s net costs decreased by $292.2 million, on a comparative basis, primarily from decreases in contractor services, labor costs, and travel expenses, offset by increases in property-related activities, telecommunications, and utilities costs.

The FAA’s second largest line of business is Airports with a net cost of $3.6 billion as of September 30, 2013, which is 22 percent of the FAA’s total net costs. Net costs increased by $463.3 million from the prior year, primarily due to an increase in the Airport Improvement Program grant disbursements and accruals on a comparative basis.

The net cost of Aviation Safety represents 9 percent of the FAA’s total net costs, while Regions and Center Operations and All Other comprise 2 percent of total net costs.
The FAA’s summarized changes in net position are shown on page 28.

*Net Position* presents those accounting items that caused the net position section of the balance sheet to change from the beginning to the end of the reporting period. Various financing sources increase net position. These financing sources include appropriations received and non-exchange revenue, such as excise taxes and imputed financing from costs absorbed on the FAA’s behalf by other federal agencies. The agency’s net cost of operations and net transfers to other federal agencies serve to reduce net position.

The FAA’s *Cumulative Results of Operations* for the period ending September 30, 2013, increased by $1.8 billion, due primarily to a combination of financing sources of $4.4 billion from appropriations used, non-exchange revenue of $13.1 billion, imputed financing of $571.0 million, and donations of property of $78.6 million, offset by transfers out of $147.7 million and net costs of $16.2 billion. Unexpended appropriations decreased slightly by $106.6 million.

**SUMMARY FINANCIAL INFORMATION**

The FAA’s independent auditor, KPMG, LLP, has rendered an unmodified opinion on the FAA’s FY 2013 financial statements with no material weaknesses. The DOT’s Office of Inspector General presented KPMG’s audit report to the FAA Administrator on December 9, 2013. The summary financial information in this Summary of Performance and Financial Information report was derived from the FAA’s audited FY 2013 and FY 2012 financial statements, which were prepared pursuant to the requirements of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994.

**IMPROVING THE SAFETY OF GENERAL AVIATION**

General Aviation (GA) refers to flights not conducted by the regularly scheduled airlines or the military. GA aircraft include gliders, helicopters, air taxis, and small, privately-owned planes, as well as high-performance business jets. GA aircraft also provide aerial firefighting, disaster relief, aeronautical rescue, law enforcement, rush-hour traffic monitoring, and access to remote communities. Most of the world’s air traffic is GA traffic, including in the United States, where some 3,700 airports are used primarily by GA aircraft, while scheduled commercial flights operate from approximately 378 primary airports. GA activities and products are vital to the U.S. economy. They generate more than one percent of our gross domestic product and account for some 1.3 million professional services and manufacturing jobs. General aviation is also a principal training ground for commercial airline pilots.

**Five-Year Safety Plan for GA**

Because the fatal accident rate has been slow to improve, the FAA has undertaken a five-year plan to improve GA safety. Recommendations are forthcoming on improving the aeronautical training and testing materials used for GA pilot and instructor certification. And in July, recommendations came out for streamlining the GA aircraft certification process, so that manufacturers can incorporate safety improvements in new planes more easily and inexpensively. The recommendations will also facilitate upgrades to the existing GA fleet and provide greater flexibility to incorporate future technological advances.

**GA and NextGen**

NextGen, which transitions the national airspace to satellite-based navigation, offers technology and procedures especially conducive to GA safety:

- **Wide-Area Augmentation System (WAAS).** WAAS improves the accuracy, integrity, and availability of Global Positioning System (GPS) signals, enabling aircraft to rely on GPS for all phases of flight, including precision approaches to airports. GPS signal errors are caused by such things as atmospheric disturbances, clock drift, and errors in satellite orbit. Tens of thousands of GA aircraft are already equipped with WAAS receivers.

- **Localizer Performance with Vertical Guidance (LPV).** LPV approach procedures enable pilots of WAAS-equipped aircraft to descend to as low as 200 feet in poor weather before having to see the runway. The availability of LPVs has improved safety and access at more than 1,500 small and medium-sized airports used by GA.

- **Automatic Dependent Surveillance-Broadcast (ADS-B).** ADS-B enhances safety by making an aircraft’s position visible, in real time, to air traffic controllers and to other appropriately equipped ADS-B aircraft. The ADS-B Traffic Advisory System (ATAS) is being developed for the GA community, to provide traffic situational awareness for small aircraft to use while en route and when landing at small airports.
SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

The table below summarizes the results of the independent audits of the FAA's FY 2012 and FY 2013 consolidated financial statements by the agency's auditors. The table also summarizes the management assurances related to the effectiveness of internal control over the FAA's financial reporting and operations, and its conformance with financial management system requirements under Sections 2 and 4, respectively, of the Federal Managers’ Financial Integrity Act (FMFIA) of 1982, as well as compliance with the Federal Financial Management Improvement Act (FFMIA).

<table>
<thead>
<tr>
<th>Financial statements audits: FY 2013 and FY 2012</th>
<th>Unqualified/unmodified opinions*</th>
<th>No material weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectiveness of Internal Control over Financial Reporting and Operations (FMFIA § 2)</td>
<td>Unqualified statement of assurance</td>
<td>No material weaknesses</td>
</tr>
<tr>
<td>Financial management system requirements (FMFIA § 4)</td>
<td>No nonconformances</td>
<td></td>
</tr>
<tr>
<td>Systems requirements, accounting standards, and the USSGL at the transaction level (FFMIA)</td>
<td>Overall substantial compliance</td>
<td></td>
</tr>
</tbody>
</table>

*Beginning in FY 2013, terminology was changed from “unqualified” to “unmodified”
### U.S. Department of Transportation
**FEDERAL AVIATION ADMINISTRATION**

#### SUMMARIZED CONSOLIDATED ASSETS, LIABILITIES, AND NET POSITION

**As of September 30**

<table>
<thead>
<tr>
<th>(Dollars in Thousands)</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance with Treasury</td>
<td>$3,273,753</td>
<td>$3,085,202</td>
</tr>
<tr>
<td>Investments, net</td>
<td>$13,821,513</td>
<td>$12,331,464</td>
</tr>
<tr>
<td>Accounts receivable, prepayments, and other, net</td>
<td>$261,071</td>
<td>$288,203</td>
</tr>
<tr>
<td>Inventory, operating materials, and supplies, net</td>
<td>$656,491</td>
<td>$632,320</td>
</tr>
<tr>
<td>Property, plant, and equipment, net</td>
<td>$13,420,806</td>
<td>$13,442,573</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$31,433,634</td>
<td>$29,779,762</td>
</tr>
</tbody>
</table>

| **Liabilities**         |               |               |
| Accounts payable and grants payable | $1,148,076  | $1,073,747   |
| Environmental           | $751,705     | $810,399     |
| Employee related and other | $1,483,013 | $1,547,098  |
| Federal employee benefits | $973,055   | $946,778    |
| **Total liabilities**   | $4,355,849   | $4,378,022   |

| **Net position**        |               |               |
| Unexpended appropriations | $961,916    | $1,068,541   |
| Cumulative results of operations | $26,115,869 | $24,333,199 |
| **Total net position**  | $27,077,785  | $25,401,740  |

| **Total liabilities and net position** | $31,433,634 | $29,779,762 |

#### U.S. Department of Transportation
**FEDERAL AVIATION ADMINISTRATION**

#### SUMMARIZED CONSOLIDATED CHANGES IN NET POSITION

**For the Years Ended September 30**

<table>
<thead>
<tr>
<th>(Dollars in Thousands)</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Position—Beginning of Year</strong></td>
<td>$25,401,740</td>
<td>$23,633,794</td>
</tr>
<tr>
<td><strong>Financing sources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excise taxes and associated revenue</td>
<td>$13,121,590</td>
<td>$12,801,586</td>
</tr>
<tr>
<td>Appropriations received</td>
<td>$4,592,701</td>
<td>$4,592,701</td>
</tr>
<tr>
<td>Net transfers out</td>
<td>($147,668)</td>
<td>($115,195)</td>
</tr>
<tr>
<td>Imputed financing and other</td>
<td>$334,760</td>
<td>$620,014</td>
</tr>
<tr>
<td><strong>Total financing sources</strong></td>
<td>$17,901,383</td>
<td>$17,899,106</td>
</tr>
<tr>
<td><strong>Net cost of operations</strong></td>
<td>$16,225,338</td>
<td>$16,131,160</td>
</tr>
<tr>
<td><strong>Net position—end of year</strong></td>
<td>$27,077,785</td>
<td>$25,401,740</td>
</tr>
</tbody>
</table>

### NOTES TO THE SUMMARY OF FINANCIAL INFORMATION

#### Reporting Entity

The FAA, which was created in 1958, is a component of the DOT, a cabinet-level agency of the Executive Branch of the United States Government. The FAA accomplishes its mission through four lines of business that work together to create, operate, and maintain the nation’s airspace.

#### Basis of Presentation

The summary financial information presented here is intended to provide users with an overview of the financial status and activities of the FAA and is derived from and should be read in conjunction with the financial statements contained in the FAA’s FY 2013 PAR, available on our website at [http://www.faa.gov/about/plans_reports/media/2013_FAA_PAR.pdf](http://www.faa.gov/about/plans_reports/media/2013_FAA_PAR.pdf). The summary information is not in conformance with accounting principles generally accepted in the United States.
WE WELCOME YOUR COMMENTS

We welcome your comments on how we can make this report more informative for our readers.

Please send your comments to
Mail: Office of Financial Reporting and Accountability
Federal Aviation Administration
800 Independence Avenue, SW, Room 612
Washington, DC 20591
Phone: 202-267-3018
Email: Allison.Ritman@faa.gov
Fax: 202-493-4191

This report and reports from prior years are available on the FAA website at www.faa.gov/about/plans_reports/#performance.