Federal Aviation Administration

Evolving Technology. Advancing Aviation.

FY 2010
PERFORMANCE AND ACCOUNTABILITY REPORT

On the cover—With air traffic expected to increase 50 percent by 2025, the FAA is in the midst of a comprehensive overhaul of the national airspace system (NAS). This NAS of the future—the Next Generation Air Transportation System, or NextGen—will combine cutting-edge technologies and programs for air traffic monitoring, communications, navigation, and information sharing. NextGen will allow passengers to fly safely with fewer delays and less congestion, while reducing aviation's environmental impact.

Credit: FAA Image Gallery

The FAA provides a workforce of over 48,500 professionals to operate and maintain the most complex air traffic control system in the world. These include over 15,000 controllers who manage and ensure ever-increasing levels of safety, and over 6,000 technicians who maintain the equipment in the NAS to extremely high levels of operability.

Credit: FAA Image Gallery

Our Mission

Our continuing mission is to provide the safest, most efficient aerospace system in the world.

Our Vision

We strive to reach the next level of safety, efficiency, environmental responsibility, and global leadership. We are accountable to the American public and our stakeholders.

Our Values

Safety is our passion.

We work so 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.

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ABOUT THIS REPORT

This report is a summary of the Federal Aviation Administration's (FAA) more detailed Performance and Accountability Report (PAR). As an agency within the 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. In some cases, however, we may depart from the format required of Chief Financial Officers Act agencies.

This report and reports from prior years are available on the FAA Web site at **www.faa.gov/about/plans_reports.**

FAA AT A GLANCE

Established	1958
Headquarters	800 Independence Avenue, SW Washington, DC 20591 **www.faa.gov**
FY 2010 Budget (enacted)	$15.992 billion
Total Employees	48,594
Headquarters	5,399 employees
Regional and Field Offices	38,278 employees
Technical Center Atlantic City, NJ	1,157 employees
Aeronautical Center Oklahoma City, OK	3,760 employees
FY 2010 Passengers on U.S. Carriers	712.2 million (*estimate*)
FY 2010 Tower Operations	51.3 million arrivals and departures (*estimate*)

Testing is key to getting NextGen technologies up and running in the NAS. Researchers at the FAA's Technical Center use the NextGen Integration and Evaluation Capability (NIEC) research platform to test NextGen technologies in real-time simulations.

Credit: FAA Image Gallery

A MESSAGE FROM THE ADMINISTRATOR

The task of taking U.S. aviation to the next level—even though it's already the safest and most efficient aerospace system in the world—requires cutting-edge technologies. NextGen, the FAA's Next Generation Air Transportation System, is the answer. Our wide-ranging overhaul of the entire national air transportation system remains in high gear. (For more about NextGen, see the related story on pages 4–5).

NextGen reaches well beyond the DOT. NextGen is not just one system or technology—it's a combination of many initiatives, in different phases of maturity and adoption. Because of this, NextGen is unique in its management and execution, requiring an unprecedented degree of integration and coordination across all FAA lines of business and with both Federal and commercial partners. The NextGen Management Board, chaired by the Deputy Administrator, includes representatives from key lines of business and coordinates the efforts of all Government organizations, labor unions, and other key stakeholders.

The real key to NextGen is not just in the structure that administers it but in the charting of a realistic path, including the phased implementation of technologies that will have short-term benefits while seeding the ground for longer-term transformations. To make sure the effort stays focused and on track, we continuously examine NextGen initiatives to keep those that can have an immediate effect front and center. This enables us to upgrade our current aviation system and serve as a bridge to future capabilities. This prioritization includes setting clear targets and goals to measure progress.

J. Randolph Babbitt
Administrator

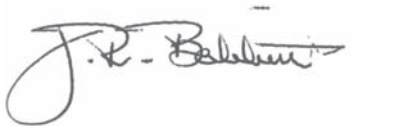
In FY 2010, we remained committed to our focus on safety, greater capacity, international leadership, and organizational excellence, and moved forward our drive to be good environmental stewards. NextGen plays a key role in each of these areas and in the challenges that lay ahead:

- **New Workforce Realities.** NextGen demands new skill sets and competencies. We need to begin as soon as possible to identify and map the competencies required of the next generation aviation workforce. We also need to prepare the existing workforce for the cultural transformation that NextGen brings. Helping the workforce adapt to the new realities will be critical to ensuring a smooth transition to a new way of doing business. (See related story on page 9.)
- **Taking NextGen to the Next Level.** NextGen is a sprawling and complex initiative with many players and a substantial price tag. To maximize the value of the public's dollar and maintain momentum and support for NextGen, we are working to prioritize new technologies and practices that can have a near-term impact on the safety and capacity of air travel and can help us refine mid- and long-term plans for the NextGen transformation.
- **Commercial Space Flight.** As the NASA space shuttle program winds down, the Nation will increasingly rely on the commercial sector to take over orbital flights for activities such as space station maintenance. Commercial space travel presents an entirely new set of challenges in terms of safety and regulation.

Our FY 2010 Summary Report provides highlights of our performance and financial management to both the flying public and the aviation industry. Our strategic plan—the *Flight Plan*—focuses our performance on the top 31 agency targets that position us to meet the future successfully. We achieved 28 out of the 31 goals listed in the *Flight Plan*.

We are proud to have received an unqualified opinion with no material weakness from our auditors on our FY 2010 financial statements. We issued an unqualified statement of assurance and can state that the financial data is reliable and complete.

This Nation stands on the verge of a new era in aviation. We recognize that such an ambitious and expensive undertaking invites close scrutiny, and we are committed to ensuring transparency and accountability as we move forward. To be good stewards of the money entrusted to us by Congress, we know that we must be efficient and provide an exceptional return on the taxpayer's investment. This report is a clear indication that we take this responsibility very seriously.



J. Randolph Babbitt
Administrator
November 8, 2010

NextGen: A New Way to Fly

Our national airspace system is one of the largest and safest in the world. It's also the busiest: in FY 2010, more than 700 million passengers flew on U.S. air carriers, and at any given moment there are about 5,000 planes in the air. With air traffic expected to increase 50 percent by 2025 and flight delays already causing disruptions in service and lost productivity at the current capacity, a revamped system is needed to accommodate future growth. This system—the Next Generation Air Transportation System, or NextGen—will let passengers fly safely with fewer delays and less congestion, while reducing aviation's environmental impact.

WHAT IS NextGen?

- NextGen is a comprehensive overhaul of our national airspace system (NAS). It's a combination of new technologies and programs for air traffic monitoring, communications, navigation, and information sharing.
- A major component of NextGen is the move from radar-based technology to satellite technology—like the Global Positioning System (GPS) in our cars. These new technologies get important navigation information to pilots in the air and controllers on the ground in real time.

Credit: FAA Image Gallery

HOW WILL NextGen TRANFORM AIR TRAVEL?

- Making electronic information immediately available allows for more precise flight paths and more efficient use of the airspace. It helps pilots and controllers guide planes during bad weather or in mountainous terrain or adjust routes ahead of time, avoiding major delays.
- With more precise navigation, planes can fly closer together on more direct routes. They take off and land closer together, as well. This allows airports to use their space more efficiently and gets more planes in the sky to meet the growing demand for air travel.
- More efficient flight paths reduce fuel costs and consumption. NextGen also calls for alternative fuels that produce less carbon emissions and equipment that produces less noise.

WHY DOES NextGen MATTER?

- **NextGen will be a better way of doing business.** Travel will be more predictable because there will be fewer delays, less time sitting on the tarmac or holding in the air, and more flexibility to get around weather problems.
- **NextGen will help us be even more proactive about safety.** Advanced safety management approaches and data sharing will help us better predict risks and identify and resolve hazards.
- **NextGen will reduce aviation's environmental footprint.** With alternative fuels, advanced equipment and operational procedures, and more precise flight paths, flying will be quieter, cleaner, and more efficient.

- **NextGen will help strengthen the economy.** The Nation's economy depends on aviation. Flight delays cost money. NextGen will provide a more cost-efficient way to handle the growing demands of air travel, and will help communities make better use of their airports to attract new jobs and expand local businesses.
- **NextGen will enhance our national security.** The new technologies will give the military, the Department of Homeland Security, and the FAA more sophisticated means of monitoring our airspace. Alternative fuels will help us shore up our Nation's aviation fuel supply while helping to reduce greenhouse gas emissions.

Credit: FAA Image Gallery

HOW IS NextGen USED TODAY?

On the Ground

- In an early example of how NextGen will leverage the capabilities of existing systems to bring new benefits to air transportation, the safety technology **Airport Surface Detection Equipment-Model X (ASDE-X)** has been coupled with NextGen's **System Wide Information Management System (SWIM)** to share surface data with both FAA traffic systems and our major carriers. This sharing has lead to improved planning and surface management from gate to runway across the airport surface. With ASDE–X fully operational at more than 30 airports, this information sharing is available for most of our major airports.

In the Air

- **Automatic Dependent Surveillance-Broadcast (ADS-B)** uses GPS satellite signals to give pilots and air traffic controllers more accurate information on the exact location of aircraft. Information about air traffic, local weather, and geography is delivered directly to the cockpit and to controllers at the same time and displayed on a moving map. This allows planes to safely fly closer together and provides navigation coverage in areas radar cannot reach, like the Gulf of Mexico. ADS-B cockpit and/or air traffic control services are already in use in several locations. ADS-B now has the green light for full-scale nationwide deployment.

On Approach

- Satellite-based procedures such as **tailored arrivals, optimized profile descent, area navigation (RNAV)**, and **required navigation performance (RNP)** safely, precisely, and efficiently bring aircraft to their destination airport. These procedures can help controllers guide pilots to avoid conditions like bad weather or restricted airspace that might slow down a plane's arrival. They can also keep a plane at its optimal altitude for as long as possible before beginning a smooth, continuous landing approach. Numerous procedures have been published and are in use, resulting in significant fuel savings.

Our biggest challenge today and in the future is meeting capacity needs. In FY 2010, the FAA met all seven goals for greater capacity and, for the sixth year, exceeded the target for aviation noise exposure. In the future, NextGen will provide the capability to efficiently meet or foster an increase in demand. In the meantime, near-term initiatives such as airfield construction, redesigning airspace, and revising air traffic control procedures can help meet short-term capacity needs.

Credit: FAA Image Gallery

MANAGEMENT'S DISCUSSION AND ANALYSIS

FAA ORGANIZATION

The mission of the FAA is to provide the safest, most efficient aerospace system in the world. The FAA provides air traffic control services, establishes and enforces regulations, and oversees inspections that maintain the integrity and reliability of that system, which has fueled our economy and helped ensure our Nation's prosperity for more than 50 years.

From 1926, when President Calvin Coolidge initiated Federal oversight of air safety in the United States by signing the Air Commerce Act, to the creation of the Federal Aviation Agency in 1958, to our modern-day incarnation, the FAA and the aviation community have grown and worked together. We have shaped an industry that—like shipping and rail before it—conquered distance in a new way, lowered transportation costs, and created new opportunities that transformed the commercial landscape.

A YEAR IN HIGHLIGHTS

We serve the flying public by providing a system that:

- ✔ Operates 24 hours a day, 7 days a week, 365 days a year
- ✔ Provides more than 65,000 facilities and pieces of equipment
- ✔ Maintains FAA-operated or -contracted towers at more than 500 airports
- ✔ Inspects and certifies approximately 250,000 aircraft and 595,000 pilots
- ✔ Facilitates almost 5,900 takeoffs and landings per hour
- ✔ Transports more than 710 million passengers annually
- ✔ Moves more than 31 billion cargo revenue ton miles of freight a year

- ✔ Safely guides approximately 70,000 flights through the world's preeminent aerospace system every day
- ✔ Supports 12 million jobs and contributes $1.3 trillion to the national economy through aviation and related industries.

The FAA provides:

- ✔ A workforce of over 48,000 professionals to operate and maintain the most complex air traffic control system in the world
- ✔ An annual budget of approximately $15.9 billion
- ✔ Nearly 15,700 controllers who manage and ensure ever-increasing levels of safety of the busiest air traffic system in the world
- ✔ Over 6,000 technicians who maintain the equipment in the NAS to extremely high levels of operability
- ✔ Research to improve aviation safety and efficiency
- ✔ Grants to improve 3,332 eligible public-use airports in the United States
- ✔ Commercial space launch activities regulations to ensure public safety.

MANAGEMENT CHALLENGES

Each fiscal year, the DOT Office of Inspector General (OIG) identifies and reports the top challenges management will face in the ensuing year. While prepared for the DOT as a whole, the report includes certain challenges that pertain specifically to the FAA. The DOT OIG identified six management challenges facing the FAA in FY 2010 as:

- Maximizing the department's economic recovery investments
- Addressing human factors and strengthening the regulatory and oversight framework for aviation safety
- Moving toward the NextGen and improving performance of the NAS
- Improving contract management and oversight
- Enhancing the ability to combat cyber attacks and improving the governance of information technology resources
- Strengthening the department's acquisition workforce

The FAA has made substantial strides toward meeting these challenges. We agree that the agency faces significant management and performance challenges as we continue to enhance aviation safety in an environmentally responsible way while simultaneously increasing efficiency in a fiscally restrained system. These management challenges are not issues that are easily solved. In many cases, they require investments or upgrades to technology or substantial changes in long-standing procedures or program activities. Completely addressing a management challenge may take more than 1 fiscal year. However, the challenges above will be met through the focused efforts of our leadership and the commitment of our workforce.

The FY 2010 report, as well as the FAA's action plans and final end-of-year reports, can be found at **www.faa.gov/about/plans_reports**.

Safety remains our hallmark. The FAA and our industry partners have built an aviation system that has reduced the risks of flying to all-time lows. The FAA is committed to pushing the bar for safety even higher with new strategies such as the safety management system (SMS) and a Notice of Proposed Rulemaking (NPRM) on flight and duty time limitations and rest requirements to manage pilot fatigue.

Credit: FAA Image Gallery

PERFORMANCE HIGHLIGHTS

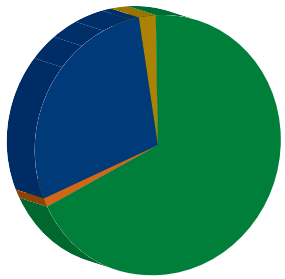
MEASURING PERFORMANCE

The FAA is charged with promoting the safety and efficiency of the Nation's aviation system. With broad authority to enforce safety regulations and conduct oversight of the civil aviation industry, the FAA maintains the system's integrity and reliability. A strategic plan, annual business plans, human capital plans, program evaluations, the annual PAR, and re-planning create a recurring cycle of planning, program execution, measurement, verification, and reporting. This strong link between resources and performance focuses accomplishment on defined priorities and reinforces accountability for the way the agency spends taxpayer money.

This year, the FAA had 31 performance measures in its Flight Plan that focused on our four main strategic goal areas—Safety, Greater Capacity, International Leadership, and Organizational Excellence. The FAA met 28 of these 31 measures—a 90 percent success rate. The performance charts for each strategic goal, located in the Performance Results section of this report, provide a snapshot of our results. Details on current and past performance results can be found in the PAR at **www.faa.gov/about/plans_reports**.

The alignment of our costs and strategic goal areas is captured in the accompanying chart.

NET COSTS BY STRATEGIC GOAL AREA
as of September 30, 2010
(Dollars in Thousands)



The FAA total net cost of approximately $16.9 billion was allocated as described below.

Increased Safety. Nearly $12 billion, or about 71 percent, of the FAA's total net cost was devoted to our primary goal of ensuring the safety of the NAS.

- The Air Traffic Organization (ATO) spent approximately $8.3 billion, largely to maintain the safe separation of aircraft in the air and on the ground.
- Airports (ARP) directed more than $2.1 billion to establishing safe airport infrastructure.
- Aviation Safety (AVS) spent nearly $1.3 billion on its programs to regulate and certify aircraft, pilots, and airlines, directly supporting the safety of commercial and general aviation.
- Commercial Space Transportation (AST), the FAA staff offices, and other programs spent slightly more than $182 million to further support the agency's safety mission.

Greater Capacity. Approximately $4.6 billion—or about 27 percent of total net costs—was assigned to support the FAA's goal of expanding the capacity of the NAS, particularly through the pursuit of programs contributing to the NextGen initiative.

- The ATO spent about $2.7 billion, largely to finance its facilities and equipment projects.
- The ARP spent more than $1.9 billion to enhance the capacity of the country's airports through runway projects and other efforts.
- The AST contributed nearly $3.1 million on improving commercial space launch capabilities through its Spaceport Grant program.
- The AVS contributed slightly less than $1 million to support the safe expansion of NAS capacity.

Organizational Excellence. Approximately $318.5 million, the bulk of the FAA's remaining net costs, supported our goal of organizational excellence, to which nearly all the lines of business and staff offices contributed.

International Leadership. The FAA as a whole committed approximately $32.9 million to promoting international leadership.

PREPARING FOR THE AVIATION WORKFORCE OF THE FUTURE

As NextGen ushers in a new era of aviation, the FAA has begun tackling one of its biggest challenges: who will operate the NAS of the future?

Credit: FAA Image Gallery

At the heart of NextGen is the move from land-based radar to satellite for navigating aircraft. This is a fundamental change—for the air traffic controllers who operate and the technicians who maintain the NAS, and for the engineers, researchers, managers, and others who develop, implement, and support the NAS. The new technology will demand new skill sets and competencies from the aviation workforce. For instance, there may be a greater need for expertise in science, information technology, software engineering, and mathematics to design, maintain, and operate NextGen equipment. With the technology still under development, however, it is difficult to know what skills the workforce will need. How do we prepare the next generation aviation workforce for an NAS that is still taking shape?

The workforce transition represents a cultural shift for the FAA and the aviation industry. The agency is laying the foundation for this transition by looking closely at the specific competencies required for NextGen to determine where there are current shortfalls, how to bridge the gaps, and what is the best model for the future. The Acquisition Workforce Plan (**www.faa.gov/air_traffic/publications/media/2010_Acquisition_Workforce_Plan.pdf**) addresses the impact of NextGen on mission-critical positions through 2014. One innovative near-term solution is to bring on displaced scientists and engineers from NASA's shuttle program to provide a boost of technical expertise as NextGen components are phased in. This year, the agency participated in job fairs at Cape Canaveral to target prospective candidates.

There is much more to do to ensure that the aviation workforce is ready for a new way of doing business. Beginning to adapt to these new realities as soon as possible is critical to ensuring a smooth transformation of the NAS.

FY 2010 PERFORMANCE RESULTS

Safety

Safety is not only a top priority; it is also an economic necessity. People will fly only if they feel safe. As the stewards of aviation safety in the United States, the FAA and our industry partners have built a system that has reduced the risks of flying to all-time lows.

The FAA's Call to Action initiatives were major focus during FY 2010. The work of our safety professionals, coupled with the support of industry and labor, has eliminated fuel tank flammability, virtually eliminated commercial icing accidents, and drastically reduced the number of general aviation accidents in the state of Alaska, among other benefits. Also in FY 2010, the FAA identified runway incursion reductions as a high priority performance goal. This designation ensures that the performance in this area is regularly reviewed and any problems are immediately addressed. This year, we reduced serious runway incursions—those that represent the greatest risk to the public—by 50 percent for the second consecutive year.

Overall, we met five of eight safety goals this year. We missed our targets for the following:

- **General Aviation Fatal Accident Rate.** The use of amateur-built aircraft and the influence of human factors are the primary reasons for the FY 2010 shortfall in this area. We have several initiatives underway to address both. We continue to develop and implement strategies, methods, and technologies that reduce safety risks; to produce aids to improve pilot performance and decision making; and to work

FY 2010 **SAFETY** PERFORMANCE MEASURES AND RESULTS

Performance Measure	FY 2010 Target	FY 2010 Results	FY 2010 Status	FY 2011 Target[1]
Commercial Air Carrier Fatality Rate Cut the rate of fatalities per 100 million persons on board in half by 2025.	8.1	0.3[2]	●	7.9
General Aviation Fatal Accident Rate Reduce the fatal accident rate per 100,000 flight hours by 10 % over a 10-year period (2009–2018).	1.10	1.14[2]	▲	1.08
Alaska Accident Rate By the end of FY 2019, reduce the rate of fatal and serious injury accidents by 10% in 10 years.	1.86	2.19[2]	▲	1.84
Runway Incursions (A and B) By 2010, reduce category A and B (most serious) runway incursions to a rate of no more than 0.45 per million operations, and maintain or improve through FY 2013.	0.450	0.117[3]	●	.450
✪ **Total Runway Incursions** By the end of FY 2013, reduce total runway incursions by 10% from the FY 2008 baseline.	979	967[3]	●	959
Commercial Space Launch Accidents No fatalities, serious injuries, or significant property damage to the uninvolved public during licensed or permitted space launch and reentry activities.	0	0	●	0
Operational Errors Limit category A and B (most serious) operational errors to a rate of no more than 1.95 per million activities by FY 2012 and maintain through FY 2013.	2.05	3.32[3]	▲	2.00
Safety Management System (SMS) In FY 2010, implement SMS in the ATO, AVS, and ARP. In FY 2012, implement SMS policy in all appropriate FAA organizations.	SMS implemented in 3 LOBs	SMS implemented in 3 LOBs	●	SMS implemented in 3 LOBs

TBD: To be determined
[1] FY 2011 targets are from the FY 2009–2013 *Flight Plan*, unless otherwise noted.
[2] Preliminary estimate until March 2012.
[3] Preliminary estimate until January 2011.
● Goal Achieved
▲ Goal Not Achieved
✪ FAA High Priority Performance Goal

with the general aviation community to promote education and training on night landings, weather, and other areas of concern.

- **Alaska Accident Rate.** In FY 2010, the FAA continued to work jointly with the Alaska aviation community to focus on safety training and education efforts. We have deployed NextGen technology in Alaska, including satellite-based ADS-B navigation. This year, we placed increased emphasis on implementing an improved statewide public RNP/RNAV Wide Area Augmentation System enabled route structure. This will improve operator efficiency and safety across Alaska by increasing situational awareness and reducing dependency on less reliable ground-based navigation facilities.
- **Operational Errors.** Improved detection and reporting of the most serious operational errors has resulted in an increased rate of these errors in FY 2010. More importantly, however, it has also improved our ability to accurately measure compliance with flight safety standards and to identify procedures, training, and other activities that may be modified to enhance the safety of air transportation.

Greater Capacity

Capacity is the backbone of air travel. The FAA's biggest challenge today and in the future is meeting capacity needs in an environmentally sound manner. In the short term, initiatives like airfield construction, redesigning airspace, and revising air traffic control procedures can

FY 2010 **GREATER CAPACITY** PERFORMANCE MEASURES AND RESULTS

Performance Measure	FY 2010 Target	FY 2010 Results	FY 2010 Status	FY 2011 Target[1]
Average Daily Airport Capacity (35 OEP Airports) Achieve an average daily airport capacity for the 35 operational evolution partnership (OEP) airports of 103,068 arrivals and departures per day by FY 2011 and maintain through FY 2013.	101,290[2]	101,668[3]	●	103,068
Average Daily Airport Capacity (7 Metro Areas) Achieve an average daily airport capacity for the 7 major metropolitan areas of 39,484 arrivals and departures per day by FY 2009, and maintain through FY 2013.	39,484	42,618[3]	●	39,484
Annual Service Volume (ASV) Commission 9 runway/taxiway projects, increasing the ASV of the 35 OEP airports by at least 1% annually, measured as a 5-year moving average, through FY 2013.	1.00%[4] (1 runway/ taxiway project)	1.09% (1 runway/ taxiway project)	●	Measure to be discontinued in FY 2011
Adjusted Operational Availability Sustain adjusted operational availability at 99.70% for the reportable facilitates that support the 35 OEP airports through FY 2013.	99.70%	99.79%[3]	●	99.70%
NAS On-Time Arrivals Achieve an NAS on-time arrival rate of 88% at the 35 OEP airports and maintain through FY 2013.	88.00%	90.33%[3]	●	88.00%
Noise Exposure Reduce the number of people exposed to significant noise by 4% compounded annually through FY 2013 from the calendar year 2005.	-15.91%[5]	- 43.79%[6]	●	- 19.28%
Aviation Fuel Efficiency Improve aviation fuel efficiency per revenue plane-mile by 8%, as measured by a 3-year moving average, from the 3-year average for calendar years 2000–2002.	- 8.00%	- 10.61%	●	- 9.00%

TBD: To be determined
[1] FY 2011 targets are from the FY 2009–2013 *Flight Plan*, unless otherwise noted.
[2] Target revised for FY 2010 from 102,648.
[3] Preliminary estimate until January 2011.
[4] Target revised from 2 projects to 1 project for FY 2010.
[5] Target revised from 4% cumulative reduction of 3-year average from 2000–2002 baseline to 1% reduction per year over 2005 baseline.
[6] Projection from trends will be finalized in May 2011.
● Goal Achieved
▲ Goal Not Achieved

help us meet capacity needs. The longer-term solution, however, is NextGen. The backbone of NextGen is the ADS-B system. One of the benefits of ADS-B is that it will allow controllers to safely reduce the mandatory separation between aircraft in non-radar areas, increasing capacity in certain areas such as the Gulf of Mexico and at high-volume airports. In September 2010, the FAA was given the green light for full-scale, nationwide deployment of ADS-B. In FY 2010, we met seven out of seven capacity goals and, for the sixth year, exceeded the target for aviation noise exposure.

International Leadership

The FAA's goal is to make aviation systems around the world—wherever Americans might travel—as safe and efficient as the one enjoyed in the United States. While safety is our top priority domestically and internationally, we cannot overlook the potential that global aviation has with respect to trade and commerce. Seamless global aviation is critical to an increasingly global economy that hinges on efficient supply chains and just-in-time manufacturing. In FY 2010, we met all four international leadership goals.

FY 2010 **INTERNATIONAL LEADERSHIP** PERFORMANCE MEASURES AND RESULTS

Performance Measure	FY 2010 Target	FY 2010 Result	FY 2010 Status	FY 2011 Target[1]
Commercial Aviation Safety Team (CAST) Safety Enhancements (SEs) Work with the Chinese aviation authorities and industry to adopt 27 proven CAST SEs by FY 2011. This supports China's efforts to reduce commercial fatal accidents to a rate of 0.030 fatal accidents per 100,000 departures by FY 2012.	4 CAST SEs	6 CAST SEs	●	3 CAST SEs
International Aviation Development Projects By 2013, arrange commitment for external funding for at least 35 aviation development projects (7 per year).	7 projects	10 projects	●	7 projects
Aviation Leaders By FY 2013, work with at least 18 countries or regional organizations to develop aviation leaders to strengthen the global aviation infrastructure.	3 countries/ regional authorities	11 countries/ regional authorities	●	3 countries/ regional authorities
NextGen Technologies By FY 2013, expand the use of NextGen performance-based systems and concepts to five priority countries.	1 country	2 countries	●	1 country

[1] FY 2011 targets are from the FY 2009–2013 *Flight Plan*, unless otherwise noted.
● Goal Achieved
▲ Goal Not Achieved

Organizational Excellence

Employees are the FAA's most valuable resource. They operate the largest and safest aerospace system in the world. To do this efficiently, the FAA must continually provide stronger leadership, a better-trained and safer workforce, enhanced cost-control measures, and improved decision-making. Efforts this year focused on information security, program management, and creating a high performance workforce with the skills and abilities required to reach and sustain the NextGen levels of safety and efficiency. We also instituted several new practices to ward off potential cyber security threats. In FY 2010, we met all 12 organizational excellence goals. A new continuity of operations goal was added to measure the FAA's ability to respond to crises rapidly and effectively.

FY 2010 **ORGANIZATIONAL EXCELLENCE** PERFORMANCE MEASURES AND RESULTS

Performance Measure	FY 2010 Target	FY 2010 Results	FY 2010 Status	FY 2011 Target[1]
STRATEGIC MANAGEMENT OF HUMAN CAPITAL				
Office of Personnel Management (OPM) Hiring Standard By FY 2010, 80% of FAA external hires will be filled within OPM's 45-day standard for Government-wide hiring.	80.00%	82.00%	●	80.00%

FY 2010 **ORGANIZATIONAL EXCELLENCE** PERFORMANCE MEASURES AND RESULTS				
Performance Measure	**FY 2010 Target**	**FY 2010 Results**	**FY 2010 Status**	**FY 2011 Target[1]**
Reduce Workplace Injuries Reduce the total workplace injury and illness case rate to no more than 2.44 per 100 employees by the end of FY 2011, and maintain through FY 2013.	2.52 per 100	1.69 per 100[2]	●	2.44 per 100
Grievance Processing Time Reduce grievance-processing time 30% (to an average of 102 days) by FY 2010 over the FY 2006 baseline of 146 days, and maintain the reduction through FY 2013.	-30%	-57%	●	-30%
Air Traffic Controller Workforce Plan Maintain the air traffic control workforce at, or up to 2% above, the projected annual totals in the Air Traffic Controller Workforce Plan.	+/- 2% of annual target[3]	0.03% over annual target	●	+/- 2% of annual target[3]
Aviation Safety Critical Positions Workforce Plan Maintain the aviation safety workforce within 1% of the projected annual totals in the Aviation Safety Workforce Plan.	+/- 1% of annual target	0.95% over annual target	●	+/- 1% of annual target
IMPROVED FINANCIAL PERFORMANCE				
Cost Control Organizations throughout the agency will continue to implement cost efficiency initiatives such as 10–15% savings for strategic sourcing for selected products and services; by the end of FY 2009, reduce leased space for Automated Flight Service Stations from approximately 510,000 square feet; annual reduction of $15 million in Information Technology operating costs; by FY 2010, reduce overhead costs 5–10% through automation of invoice processing.	1 activity per approved organization & achievement of 90% of targeted savings	1 activity per approved organization & achievement of 151.51% of targeted savings	●	1 activity per approved organization & achievement of 90% of targeted savings
Unqualified Audit Opinion Obtain an unqualified opinion on the agency's financial statements with no material weakness (NMW) each fiscal year.	Unqualified audit opinion w/NMW	Unqualified audit opinion w/NMW	●	Unqualified audit opinion w/NMW
ACQUISITION MANAGEMENT				
Critical Acquisitions on Budget By FY 2009, 90% of Major System Investments are within 10% variance of current baseline total budget estimate at completion.	90.00%	97.29%	●	90.00%
Critical Acquisitions on Schedule In FY 2009, 90% of Major System Investments selected annual milestones are achieved.	90.00%	90.74%	●	90.00%
CUSTOMER SATISFACTION AND OPERATIONAL CAPABILITY				
Customer Satisfaction Maintain the annual average of FAA surveys on the American Customer Satisfaction Index at or above the average Federal Regulatory Agency score.	64	67.91	●	TBD–gov't avg for regulatory organizations
Information Security Achieve zero cyber-security events that disable or significantly degrade FAA services.	0	0	●	0
Continuity of Operations Exceed FEMA continuity readiness levels by 5%.	5% ahead of requirements	84% ahead of requirements	●	5% ahead of requirements

TBD: To be determined
[1] FY 2011 targets are from the FY 2009–2013 *Flight Plan*, unless otherwise noted.
[2] Projection from trends. Final data will be available in December 2010.
[3] Target revised for FY 2010 from 0% to 2% over Plan target.
● Goal Achieved
▲ Goal Not Achieved

The NIEC complex features an air traffic control simulation area, a cockpit simulator, an unmanned aircraft system suite, a simulated tower cab interior, and a multi-purpose display area to provide a futuristic gate-to-gate picture of a NextGen flight.

Credit: FAA Image Gallery

A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

As we transition the Nation's air transportation system into the next era, the availability of NextGen technologies is critical for improving the safety of our airways, expanding capacity, supporting the economic viability of aviation, and protecting the environment. With these new technologies comes the need for new procedures, new standards, and new roles and responsibilities for pilots and air traffic controllers. It's an ambitious undertaking—one that requires a substantial investment now to achieve success down the road. We anticipate that NextGen's eventual impact on the capacity and efficiency of our aviation system will result in cost savings to the flying public, to airlines, and within the FAA—particularly in terms of fewer flight delays and the burning of cleaner, more efficient fuels. But with NextGen's high price tag—estimated at approximately $20 billion over the next 2 decades—we are mindful that we need to spend taxpayer dollars responsibly.

In a period of economic uncertainty, the need for vigilance has never been greater. Across all of the FAA's initiatives and lines of business, we emphasize the importance of good financial management and cost control using best practices from the private sector. We continue to implement a centrally-managed initiative to reduce operating costs, improve financial and procurement oversight, and work within budget and on schedule. Ongoing business process enhancements give management more timely and accurate financial information to assist decision-making and improve operations. We are developing tracking programs to monitor and report on how well we are meeting performance measures and targets.

Ramesh K. Punwani
Assistant Administrator for Financial Services/Chief Financial Officer

Our FY 2010 accomplishments highlight our commitment to responsible fiscal management:

- We achieved an unqualified opinion on our FY 2010 financial statements with no material weakness.
- The Association of Government Accountants awarded us the Certificate of Excellence in Accountability Reporting for our FY 2009 PAR. This is considered the highest form of recognition in Federal Government management reporting. We have won the award six times since 2003.
- We received our seventh consecutive award from the League of American Communication Professionals for the FY 2009 Citizens' Report, recognizing it as a top-quality report.
- The majority of our employees—including executives—are now on the pay-for-performance system. This means that performance targets must be achieved before annual pay raises are calculated. We provide incentives to ensure quality work and reward innovation.
- More than 90 percent of our project management initiatives are on time and on budget.

We are making substantial strides in managing costs and projects efficiently, but we recognize that there is still more to do. As the NextGen budget progresses, prudent fiscal and project management becomes our biggest challenge. We will continue our efforts to find innovative solutions for reducing or avoiding unnecessary costs. Our goal is to move the national air traffic control system safely, efficiently, and responsibly into the future, and to do it in a manner that reflects the highest standards of fiscal responsibility.

Ramesh K. Punwani
Assistant Administrator for Financial Services/Chief Financial Officer
November 8, 2010

While NextGen is being phased in, the FAA is using funds from the American Recovery and Reinvestment Act of 2009 (ARRA) to improve the current infrastructure and stimulate local economies. The FAA's ARRA investments include $1.1 billion for improvements to runways and terminals and $200 million for upgrades to air traffic control towers, power systems, and lighting. Fund recipients report over 4,000 jobs paid for with ARRA money.

Credit: FAA Image Gallery

FINANCIAL HIGHLIGHTS

Highlights of our FY 2010 financial performance appear on the pages that follow. For a more detailed discussion of the FAA's financial statements and accompanying notes, see our FY 2010 PAR, which is available on the FAA Web site at **www.faa.gov/about/plan_reports/**.

For FY 2010, the Airport and Airway Trust Fund (AATF) provided approximately 67 percent of the FAA's enacted budget. Created by the Airport and Airway Revenue Act of 1970, the AATF derives its monies from excise taxes and earned interest. It provides the primary source of revenue to finance investments in the airport and airway system. To the extent funds are available, the fund also covers the operating costs of the airway system. 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 fund. The Department of the Treasury maintains the fund and invests its monies in Government securities, and interest earned is deposited into the fund. Monies are withdrawn as needed and transferred into each FAA appropriation to cover obligations.

The FAA is financed through annual and multiyear appropriations authorized by Congress. The FY 2010 enacted budget of $16.0 billion includes $10.6 billion from the AATF and $5.4 billion from the General Fund. The FY 2010 enacted budget was 5 percent less than the FY 2009 enacted budget of $16.8 billion.

The FAA has four appropriations. The largest, Operations, is funded by both the Treasury's General Fund and the AATF. In FY 2010, the AATF provided over 42 percent of the revenue for Operations. The AATF is the sole revenue source for the FAA's three capital investment appropriations:

- Grants-in-Aid for Airports (AIP)
- Facilities and Equipment
- Research, Engineering, and Development

The FAA's Summarized Assets, Liabilities, and Net Position statements are shown on page 23.

Total assets were $27.3 billion as of September 30, 2010. The FAA's assets are the resources available to pay liabilities or satisfy future service needs. The Composition of Assets chart below depicts major categories of assets as a percentage of total assets.

The Assets Comparison chart below presents comparisons of major asset balances as of September 30, 2010 and 2009.

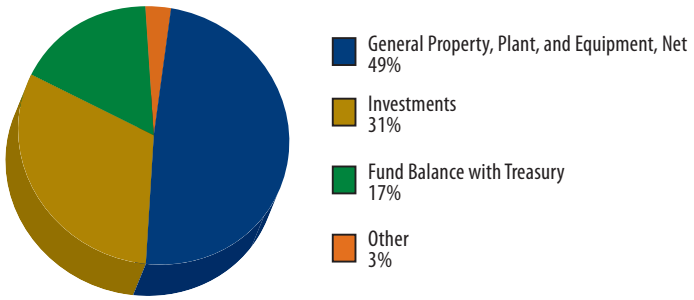
At $13.2 billion, General Property, Plant, and Equipment, Net represents 49 percent of the FAA's assets as of September 30, 2010, and primarily comprises construction-in-progress related to the development of NAS assets, and capitalized real and personal property. There was a decrease of $509.9 million in the total composition of Property, Plant, and Equipment as purchases of equipment and additions to construction-in-progress through the normal course of business were offset by retirements and depreciation.

At $8.6 billion, Investments represent 31 percent of the FAA's current period assets, and are principally derived from passenger ticket and other excise taxes deposited to the AATF. These amounts are used to finance the FAA's operations to the extent authorized by Congress. Investments decreased by $618.6 million.

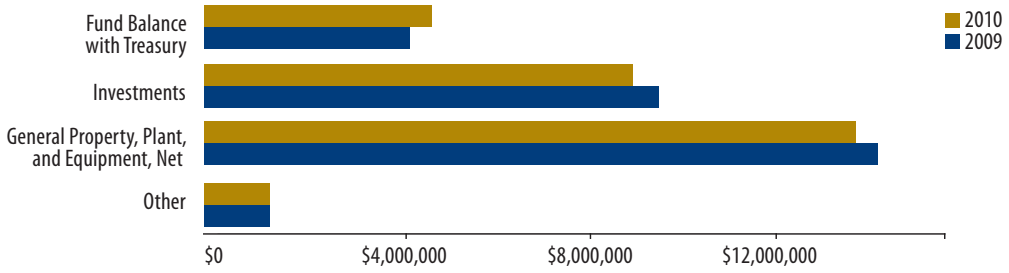
Fund Balance with Treasury represents 17 percent of the FAA's current period assets and consists of funding available through Department of Treasury accounts from which the FAA is authorized to make expenditures to pay liabilities. It also includes passenger ticket and other excise taxes deposited to the AATF, but not yet invested. Fund Balance with Treasury increased from $4.1 billion to $4.6 billion.

The Composition of Liabilities chart on page 18 depicts the FAA's major categories of liabilities as a percentage of total liabilities. The Liabilities Comparison chart on page 18 presents comparisons of major liability balances between September 30, 2009, and September 30, 2010. Following is a discussion of the major categories.

COMPOSITION OF ASSETS
as of September 30, 2010



ASSETS COMPARISON
Dollars in Thousands



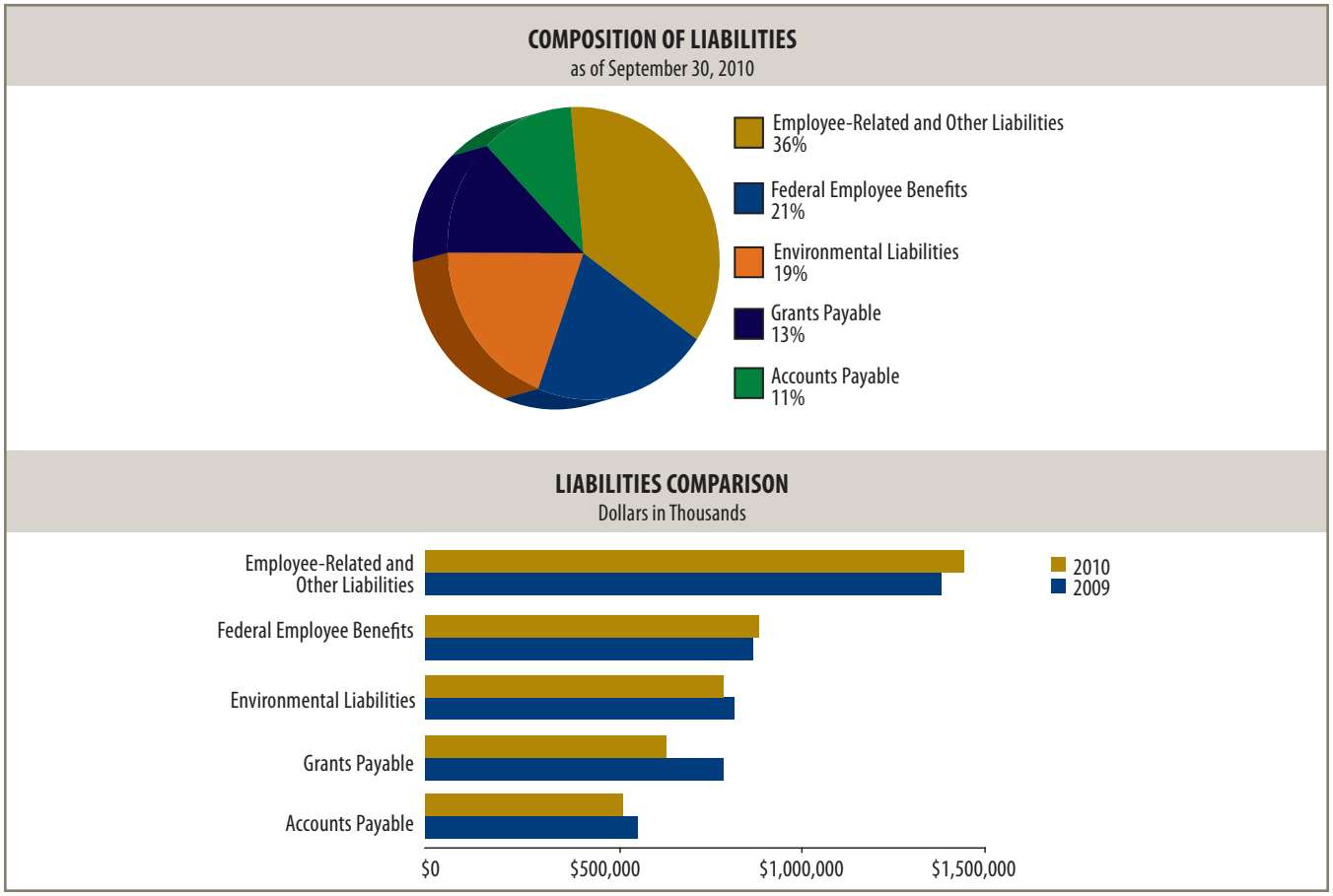
At $1.5 billion, Employee-Related and Other Liabilities represents 36 percent of the FAA's total liabilities. These liabilities increased by $62.3 million and as of September 30, 2010, and are comprised mainly of $126.4 million in advances received, $211.4 million in Federal Employee's Compensation Act payable, $386.9 million in accrued payroll and benefits, $487.8 million in accrued leave and benefits, $72.2 million in legal claims liabilities, and $107.0 million in capital lease liability.

At $908.7 million, Federal Employee Benefits represents 21 percent of the FAA's current year liabilities, and consists 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 calculates the liability for the DOT, and the DOT attributes a proportionate amount to the FAA based upon actual workers' compensation payments to FAA employees during the preceding 4 years. This liability is updated an on annual basis.

Environmental Liabilities decreased by $14.6 million to $796.2 as of September 30, 2010, and represents 19 percent of the FAA's total liabilities. Environmental Liabilities include a component for remediation of known contaminated sites and the estimated environmental cost to decommission assets currently in service.

The FAA's Grants Payable are estimated amounts incurred but not yet claimed by AIP grant recipients and represent 13 percent of liabilities. Grants Payable decreased $218.2 million primarily due to the completion of the new grants awarded through the FY 2009 American Recovery and Reinvestment Act (ARRA), eliminating the need for this accrual as of September 30, 2010. Accounts Payable decreased $42.6 million and represent amounts the FAA owes to other entities for unpaid goods and services.

The FAA's Summarized Net Cost of Operations is shown on page 23. For the fiscal years ending September 30, 2010 and 2009, the FAA's net costs were $16.9 billion and $16.4 billion respectively. Net cost is total program



cost less related earned revenue. The Composition of Net Cost chart on page 19 illustrates the distribution of costs among FAA's lines of business. The Net Cost Comparison chart below compares FY 2010 and FY 2009 net costs.

With a net cost of $11.2 billion, the ATO is the FAA's largest line of business, composing 66 percent of total net costs. The ATO's net costs increased by $276.7 million, on a comparative basis, primarily from increases in labor costs coupled with decreases in non-reimbursable and reimbursable revenues.

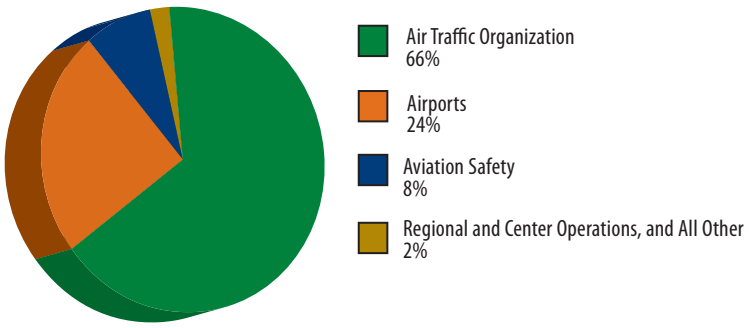
The ARP is the FAA's second largest line of business with a net cost of $4.0 billion as of September 30, 2010, which is 24 percent of the FAA's total net costs. Net costs decreased slightly by $19.4 million from the prior year and are comprised mostly of Aviation Insurance Program grant disbursements.

The net cost of the AVS represents 8 percent of the FAA's total net costs, while Regional and Center Operations and All Other comprise 2 percent of total net costs.

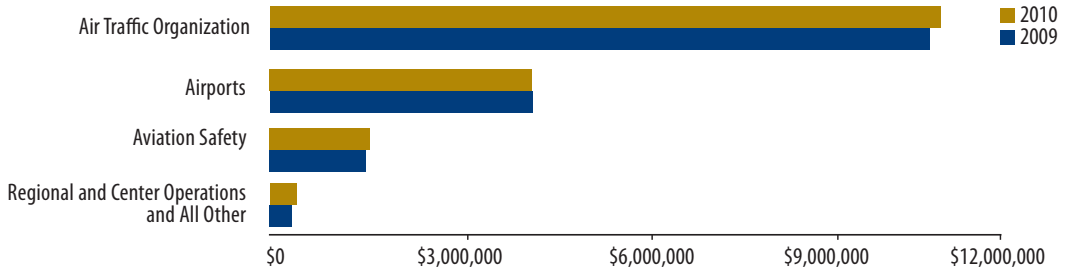
The FAA's Summarized Changes in Net Position are shown on page 23. Net position presents those accounting items that caused the net position of the balance sheet to change from the beginning to the end of a reporting period. Various financing sources increase net position. These financing sources include appropriations received and non-exchange revenue, such as excise taxes and imputed financing from costs absorbed on 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, 2010, increased $410.3 million, on a comparative basis, due primarily to a combination of increases in net cost of $505.3 million and financing sources of $2,121.1 million and a decrease in beginning balances of $1,205.5 million. Unexpended appropriations decreased $791.2 million primarily as a result of an increase of $509.1 million in appropriations used for the ARRA grant program.

COMPOSITION OF NET COST
as of September 30, 2010



NET COST COMPARISON
Dollars in Thousands



THE RINGS AROUND THE RINGS

By the time opening ceremonies began for the 2010 Winter Olympic Games in Vancouver, the excitement was nearly palpable. But well before the Games opened, the FAA was gearing up for an Olympic-sized safety initiative.

Members of the FAA Safety Team (FAASTeam) for the Puget Sound and Western Washington area spent November and December 2009 crossing Washington state with other FAA and military representatives to spread the word about the temporary flight restriction (TFR) instituted for the Games. While the Olympic Torch was winding its way across Canada, the FAASTeam was tacking up posters at affected airports, seaplane bases, and fixed base operations, and hosting pilot symposiums to announce the temporary security measures.

The TFR airspace was designed in the shape of two joined Olympic rings, with smaller, more restricted areas inside them. The rings covered a 30 nautical mile radius centered on the Vancouver International Airport and Whistler Athletes Village. A portion of the south ring overlaid U.S. airspace, including 16 gateway ports.

Credit: FAA Image Gallery

TFRs are nothing new. But unlike those over other sporting events, which last only a couple of hours or days, this TFR was in effect from late January 2010 until mid-March. The pilots most affected were general aviation pilots not accustomed to added requirements the security restrictions demanded—such as talking to air traffic controllers, filing flight plans in advance, and applying for transponder codes. Getting information out to these pilots was crucial. Those operating out of U.S. airports on the fringe of the rings could come very close to slipping into the rings during takeoff or landing and risk being intercepted by armed fighter jets patrolling the area. Because the restrictions lasted for 6 weeks, the FAASTeam had to come up with a security plan that was not overly burdensome for the airports on the border of the rings. They also assigned special transponder codes to seven airports in and on the edge of the TFR.

The exhaustive outreach and coordinated planning paid off. Compliance was nearly 100 percent with only minimal delays and no serious violations of the TFR—gold medal results for well-executed efforts.

Adapted from an article in Focus FAA, the FAA's employee news service

SUMMARY FINANCIAL INFORMATION

The FAA's independent auditor, Clifton Gunderson, LLP, rendered an unqualified audit opinion on FAA's FY 2010 financial statements with no material weakness. The DOT OIG presented Clifton Gunderson's audit report to the FAA Administrator on November 8, 2010. The summary financial information in this Citizens' Report was derived from the FAA's audited FY 2010 and FY 2009 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.

Summary of Audit Results and Management Assurances

Financial Statement Audit Summary

Table 1 on page 21 is a summary of the results of the independent audit of the FAA's consolidated financial statements in connection with the FY 2010 audit.

Management Assurances Summary

Table 2 on page 21 is a summary of 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). The last portion of Table 2 is a summary of the FAA's compliance with the Federal Financial Management Improvement Act (FFMIA).

Summarized Net Cost of Operations presents the annual cost of operating FAA's lines of business.

Summarized Assets, Liabilities, and Net Position presents the resources available to use (assets) against the amounts owed (liabilities) and the amounts that compose the difference (net position).

Summarized Changes in Net Position represents the difference between the FAA's financing sources and its net cost of operations. The audited consolidated financial statements are available in FAA's FY 2010 PAR on the FAA Web site at **www.faa.gov/about/plans_reports/**.

TABLE 1. SUMMARY OF FINANCIAL STATEMENT AUDIT					
Audit Opinion			FY 2010—unqualified		
			FY 2009—unqualified		
Restatement			No		
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**

TABLE 2. SUMMARY OF MANAGEMENT ASSURANCES						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unqualified statement of assurance					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**	**0**
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unqualified statement of assurance					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**	**0**
Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Systems conform to financial management system					
Nonconformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Conformance of the FAA's core financial management system, Delphi, is assessed and reported by the DOT.	0	0	0	0	0	0

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report on
Summarized Financial Statements

Inspector General, U.S. Department of Transportation
Administrator, Federal Aviation Administration

We have audited the consolidated balance sheets of the U.S. Department of Transportation, Federal Aviation Administration (FAA) as of September 30, 2010 and 2009, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources (Principal Financial Statements) for the years then ended. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. In our report dated November 8, 2010, we expressed an unqualified opinion on those Principal Financial Statements.

In our opinion, the information set forth in the accompanying summarized financial statements is fairly stated in all material respects in relation to the Principal Financial Statements referred to above from which it has been derived.

In accordance with *U.S. Government Auditing Standards* and OMB Bulletin No. 07-04, as amended, our report on the Principal Statements referred to above includes a discussion of our consideration of FAA's internal control over financial reporting and its compliance with laws and regulations as of and for the year ended September 30, 2010. That report is an integral part of an audit of Principal Financial Statements performed in accordance with *U.S. Government Auditing Standards* and OMB Bulletin No. 07-04, as amended, and should be read in conjunction with this report and considered in assessing the results of our audit.

Clifton Gunderson LLP

Calverton, Maryland
November 8, 2010

Offices in 17 states and Washington, DC

Member of HLB International

U.S. Department of Transportation
FEDERAL AVIATION ADMINISTRATION
Summarized Assets, Liabilities, and Net Position
As of September 30
(Dollars in Thousands)

Assets	2010	2009
Intragovernmental		
Fund balance with Treasury	$ 4,599,674	$ 4,064,759
Investments, net	8,551,547	9,170,185
Accounts receivable, prepayments, and other, net	349,935	385,329
Inventory, operating materials, and supplies, net	593,553	551,127
Property, plant, and equipment, net	13,230,400	13,740,336
Total assets	$ 27,325,109	$ 27,911,736
Liabilities		
Intragovernmental liabilities		
Accounts payable and grants payable	$ 1,036,296	$ 1,297,105
Environmental	796,207	810,814
Employee related and other	1,493,234	1,430,972
Federal employee benefits	908,676	901,282
Total liabilities	4,234,413	4,440,173
Net position		
Unexpended appropriations	1,359,234	2,150,437
Cumulative results of operations	21,731,462	21,321,126
Total net position	23,090,696	23,471,563
Total liabilities and net position	$ 27,325,109	$ 27,911,736

U.S. Department of Transportation
FEDERAL AVIATION ADMINISTRATION
Summarized Net Cost of Operations
For the Years Ended September 30
(Dollars in Thousands)

Lines of Business	2010	2009
Air Traffic Organization	11,176,796	10,900,101
Airports	4,015,246	4,034,601
Aviation Safety	1,312,593	1,176,911
Commercial Space Transportation	15,040	15,308
Non line of business programs		
Regions and center operations and other programs	376,323	263,811
Net cost of operations	$ 16,895,998	$ 16,390,732

U.S. Department of Transportation
FEDERAL AVIATION ADMINISTRATION
Summarized Changes in Net Position
For the Years Ended September 30
(Dollars in Thousands)

	2010	2009
Net Position - Beginning of Year	$ 23,471,563	$ 23,447,525
Financing sources		
Excise taxes and associated revenue	10,829,747	10,885,772
Appropriations received	5,350,028	5,104,462
Net transfers out	(201,320)	(132,954)
Imputed financing and other	536,676	557,490
Total financing sources	16,515,131	16,414,770
Net cost of operations	16,895,998	16,390,732
Net position - end of year	$ 23,090,696	$ 23,471,563

NOTES TO THE SUMMARY FINANCIAL INFORMATION

Reporting Entity

The FAA, created in 1958, is a component of the DOT, a cabinet-level agency of the Executive Branch of the U.S. Government. The FAA accomplishes it mission through four lines of business that work together to create, operate and maintain the NAS.

Basis of Presentation

The summary financial information is intended to provide users 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 2010 PAR. The summary information is not in conformance with accounting principles generally accepted in the United States.

HEADING TOWARDS CLEENer SKIES

In the last 3 decades, aviation has made significant strides in reducing its environmental footprint. Today, a fully loaded 787 flying from San Francisco to New York has a fuel efficiency similar to a 2010 Honda Accord but at almost 10 times the speed. But there is still room for improvement. Without addressing noise, air quality, and climate change challenges, the U.S. aviation system will hit a ceiling on the benefits it provides to the citizens and the economy.

Through the Continuous Lower Energy, Emissions, and Noise (CLEEN) Program, the FAA is partnering with industry to develop environmentally-friendly aviation technology. Taking us to cleaner, quieter skies is one of the goals of the NextGen transition, and leveraging industry expertise is key to getting there. In June 2010, the FAA awarded 5-year contracts worth $125 million to five industry partners: Boeing, General Electric, Honeywell, Pratt & Whitney, and Rolls-Royce-North America. The companies are matching Federal money dollar-for-dollar, bringing the total CLEEN investment to nearly $250 million.

CLEEN aims to reduce jet fuel burn by 33 percent, nitrogen oxide emissions by 60 percent, and cumulative aircraft noise levels by 32 decibels. The CLEEN contractors will participate in a Government-led consortium that meets semi-annually to share results and address technical issues. Some of the "greener" innovations the companies will be working on include modifications to the aircraft frame, new engine technologies, and low noise-high efficiency fans.

CLEEN technologies could be coming soon to the commercial aircraft fleet. "As early as 2015," said FAA Administrator J. Randolph Babbitt, "you and I could fly on quieter and cleaner aircraft powered by renewable fuels."

Adapted from an article in Focus FAA, *the FAA's employee news service*

Credit: FAA Image Gallery

INTERNET LINKS

FAA	**www.faa.gov**
FAA Regional Offices and Centers	**www.faa.gov/about/office_org**
FAA NextGen	**www.faa.gov/about/initiatives/nextgen**
FAA Flight Plan	**www.faa.gov/about/plans_reports/media/flight_plan_2009-2013.pdf**
National Transportation Library	**www.ntl.bts.gov**
U.S. Department of Transportation	**www.dot.gov**

WE WELCOME YOUR COMMENTS

Thank you for your interest in the FAA's FY 2010 Summary Report. 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 Web site at **www.faa.gov/about/plans_reports**. For a printed copy, call 202–267–3018 or email **Allison.Ritman@faa.gov**.

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HQ-08655