




# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement –  
FAA’s Organizational Structure  
Federal Aviation Administration  
Project No. 14A3001A000

Date: December 19, 2013

From:   
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Principal Assistant Inspector General  
for Auditing and Evaluation

Reply to  
Attn. of: JA-1

To: Director, Audit and Evaluation

Since 1958, the Federal Aviation Administration (FAA) has overseen the operation of the National Airspace System (NAS). Over the past two decades, FAA has undergone several reorganizations and structural changes in an effort to improve its operation of the system and modernize equipment. The most significant change occurred in 2000, when President Clinton signed an executive order<sup>1</sup> creating the Air Traffic Organization (ATO), a performance-based organization within FAA aimed at improving the efficiency of the NAS, delivering enhanced services to users, expediting the delivery of new technologies, and reducing the Agency’s operating costs. Also, in 1995, Congress exempted FAA from most Federal personnel and acquisition laws, which allowed the Agency the authority to develop its own management systems to better meet its unique workforce and technological needs.<sup>2</sup>

Outside of the United States, other nations have established various structures for operating, modernizing, and financing their air navigation services and infrastructure. Many nations have commercialized these activities, shifting the responsibility from the government to an independent air navigation service provider (ANSP). Commercialized ANSPs operate with varying degrees of private sector and government ownership, but each runs like a business, generating its own revenue and making its own decisions regarding operating the air traffic system and modernizing equipment.

<sup>1</sup> Executive Order 13180- Air Traffic Performance-Based Organization, December 7, 2000.

<sup>2</sup> Fiscal Year 1996 Department of Transportation and Related Agencies Appropriations Act, P.L. 104-50, signed into law on November 15, 1995.

On September 4, 2013, the Chairmen of the U.S. House of Representatives Committee on Transportation and Infrastructure and its Subcommittee on Aviation requested that we assess FAA's organizational structure, including whether the Agency's structural and organizational reforms have improved its operational, technological, and cost effectiveness. The Chairmen also expressed interest in how FAA's organizational and financial structure compares with other nations' structures. Accordingly, our audit objectives are to (1) determine whether FAA reforms implemented since 1995 have resulted in improved air traffic operations, reduced Agency costs, and expedited delivery of new technologies, and (2) compare the processes used by different countries to deliver air traffic services and implement new technologies.

We plan to begin the audit next month, and we will contact your audit liaison to schedule an entrance conference. If you have any questions concerning this audit, please contact Jeff Guzzetti, Assistant Inspector General for Aviation Audits, at (202) 366-0500, or Bob Romich, Program Director, at (202) 366-6478.

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cc: FAA Deputy Administrator  
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