FEDERAL AVIATION ADMINISTRATION REAUTHORIZATION: FAA ADMINISTRATOR
and
FEDERAL AVIATION ADMINISTRATION REAUTHORIZATION: STAKEHOLDERS

(112–2)

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
AVIATION

OF THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

FEBRUARY 8 AND 9, 2011

Printed for the use of the
Committee on Transportation and Infrastructure

Available online at: http://www.fdsys.gov/

U.S. GOVERNMENT PRINTING OFFICE

65–447 PDF WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

JOHN L. MICA, Florida, *Chairman*

DON YOUNG, Alaska
THOMAS E. PETRI, Wisconsin
HOWARD COBLE, North Carolina
JOHN J. DUNCAN, JR., Tennessee
FRANK A. LOBIONDO, New Jersey
GARY G. MILLER, California
TIMOTHY V. JOHNSON, Illinois
SAM GRAVES, Missouri
BILL SHUSTER, Pennsylvania
SHELLEY MOORE CAPITO, West Virginia
JEAN SCHMIDT, Ohio
CANDICE S. MILLER, Michigan
DUNCAN HUNTER, California
TOM REED, New York
ANDY HARRIS, Maryland
ERIC A. "RICK" CRAWFORD, Arkansas
JAIME HERRERA BEUTLER, Washington
FRANK C. GUINTA, New Hampshire
RANDY HULTGREN, Illinois
LOU BARLETTA, Pennsylvania
CHIP CRAVAACK, Minnesota
BLAKE FARENTHOLD, Texas
LARRY BUCSHON, Indiana
BILLY LONG, Missouri
BOBB GIBBS, Ohio
PATRICK MEEHAN, Pennsylvania
RICHARD L. HANNA, New York
STEPHEN LEE FINCHER, Tennessee
JEFFREY M. LANDRY, Louisiana
STEVE SOUTHERLAND II, Florida
JEFF DENHAM, California
JAMES LANKFORD, Oklahoma
NICK J. RAHALL II, West Virginia
PETER A. DEFAZIO, Oregon
JERRY F. COSTELLO, Illinois
ELEANOR HOLMES NORTON, District of Columbia
JERROLD NADLER, New York
CORRINE BROWN, Florida
BOB FILNER, California
EDDIE BERNICE JOHNSON, Texas
ELIJAH E. CUMMINGS, Maryland
LEONARD L. BOSWELL, Iowa
TIM HOLDEN, Pennsylvania
RICK LARSEN, Washington
MICHAEL E. CAPUANO, Massachusetts
TIMOTHY H. BISHOP, New York
MICHAEL H. MICHAUD, Maine
RUSS CARNAHAN, Missouri
GRACE F. NAPOLITANO, California
DANIEL LIPINSKI, Illinois
MAZIE K. HIRONO, Hawaii
JASON ALTMIRE, Pennsylvania
TIMOTHY J. WALZ, Minnesota
HEATH SHULER, North Carolina
STEVE COHEN, Tennessee
LAURA RICHARDSON, California
ALBIO SIRES, New Jersey
DONNA F. EDWARDS, Maryland

SUBCOMMITTEE ON AVIATION

THOMAS E. PETRI, Wisconsin, *Chairman*

HOWARD COBLE, North Carolina
JOHN J. DUNCAN, JR., Tennessee
FRANK A. LOBIONDO, New Jersey
SAM GRAVES, Missouri
JEAN SCHMIDT, Ohio
TOM REED, New York
FRANK C. GUINTA, New Hampshire
RANDY HULTGREN, Illinois
CHIP CRAVAACK, Minnesota, *Vice Chair*
BLAKE FARENTHOLD, Texas
BILLY LONG, Missouri
PATRICK MEEHAN, Pennsylvania
STEPHEN LEE FINCHER, Tennessee
STEVE SOUTHERLAND II, Florida
JAMES LANKFORD, Oklahoma
JOHN L. MICA, Florida *(Ex Officio)*
JERRY F. COSTELLO, Illinois
RUSS CARNAHAN, Missouri
DANIEL LIPINSKI, Illinois
PETER A. DEFAZIO, Oregon
BOB FILNER, California
EDDIE BERNICE JOHNSON, Texas
LEONARD L. BOSWELL, Iowa
TIM HOLDEN, Pennsylvania
MICHAEL E. CAPUANO, Massachusetts
MAZIE K. HIRONO, Hawaii
STEVE COHEN, Tennessee
ELEANOR HOLMES NORTON, District of Columbia
NICK J. RAHALL II, West Virginia
(Ex Officio)

CONTENTS

TUESDAY, FEBRUARY 8, 2011

WEDNESDAY, FEBRUARY 9, 2011

Page

SUBMISSIONS FOR THE RECORD

U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

John L. Mica
Chairman

James W. Coon II, Chief of Staff

Nick J. Rahall, II
Ranking Member

James H. Zoia, Democrat Chief of Staff

February 8, 2011

MEMORANDUM

TO: Members, Aviation Subcommittee

FROM: Thomas Petri, Subcommittee Chairman

SUBJECT: Hearings on the Reauthorization and Reform of the Federal Aviation Administration and the Airport Improvement Program, Tuesday, February 8, 2011 at 2 p.m. and Wednesday, February 9, 2011 at 10:15 a.m. in room 2167 RHOB

PURPOSE

The purpose of this hearing is to take testimony on issues related to the Federal Aviation Administration (FAA), and the programs it administers, especially the Airport Improvement Program (AIP), with a view toward reauthorizing them before they expire on March 31, 2011. The hearing will be in two parts. On February 8, 2011, the subcommittee will hear testimony by the FAA Administrator. On February 9, 2011, the subcommittee will hear from witnesses representing various aviation industry and employees groups. This memo will serve as the Summary of Subject Matter for both reauthorization hearings.

BACKGROUND

The last multi-year FAA reauthorization law, Vision 100 – Century of Aviation Reauthorization Act, was enacted in 2003. It was a four-year reauthorization, covering fiscal years 2004 – 2007. Since September 30, 2007, the FAA has been operating under a series of short-term extensions – seventeen to date. The lack of a long-term reauthorization bill has meant that airports and other aviation entities have been unable to make long-term planning and investment decisions.

Commercial aviation is a huge economic driver. However, just like other sectors, the last decade was a difficult one for the commercial airline industry. The impacts of 9/11, SARS, spikes in fuel prices and the global recession have all taken their toll. It is estimated that U.S. airlines suffered $60 billion in net losses and 160,000 jobs were lost over the first nine years of this decade. [1] But forecasts are looking up and the industry still accounts for millions of jobs. According to the FAA, in 2007 the total economic activity attributed to civil-aviation-related goods and services was approximately $1,315.3 billion, which generated over 11 million jobs, $396 billion in earnings, and contributed 5.6 percent to the GDP.[2] U.S. commercial air carriers (including passenger and cargo) reported an operating profit of $755 million in 2009, compared to an operating loss of $2.0 billion in 2008.[3] Over the next decade, the FAA predicts that air traffic operations will increase 2 percent each year.

Given the importance of commercial aviation to the nation's economy, it is vitally important that an updated, multi-year reauthorization bill be enacted to provide airports, airlines, manufacturers, labor representatives, and national airspace users the stability that a long-term bill affords. The FAA Reauthorization bill will provide a steady source of funding and updated, streamlined and reformed aviation policies and programs. Airports rely on a long-term FAA reauthorization to make plans for large safety and capacity projects which provide steady employment opportunities. In addition, the stability provided by a multi-year FAA reauthorization bill will allow airlines, manufacturers and others to make business plans also generating new job opportunities.

The Airport Improvement Program (AIP) is a central part of the FAA reauthorization bill. AIP is funded by contract authority provided in authorizing legislation. If it is not reauthorized by March 31st of this year, airports will not be able to receive any grants from the Airport & Airway Trust Fund (Aviation Trust Fund or Trust Fund) after that date. This sets AIP apart from the other programs funded from the Trust Fund. While the other programs should be reauthorized as well, their budget authority is provided in annual appropriations acts. Therefore, they can continue to operate as long as an appropriations act is passed.

The Aviation Trust Fund was created in 1970. The current AIP program began in 1982. This memo explains how the current program works, how the money is distributed, and discusses the issues that will be the focus of the hearings on the reauthorization of FAA's programs.

---

[1] "The Unrelenting Quest for Sustained Profitability", ATA Vice President and Chief Economist John Heimlich (December 2010).
[2] "The Economic Impact of Civil Aviation on the U.S. Economy", FAA Air Traffic Organization (December 2009) (latest available figures).
[3] "Fact Sheet – FAA Forecast Fact Sheet" (March 9, 2010).

Source of Funds

The Airport Improvement Program (AIP) is funded entirely by the Airport & Airway Trust Fund. The Trust Fund, in turn, is supported entirely by the following taxes on aviation users[4]:

- 7.5% passenger ticket tax;
- $3.70 passenger flight segment fee (does not apply to passengers departing from a rural airport, defined as those that have less than 100,000 passengers per year)
- 6.25% freight waybill tax;
- $16.30 international departure and arrival taxes;
- 7.5% frequent flyer award tax;
- $8.20 Alaska and Hawaii international air facilities tax; and
- Aviation fuel taxes as follows:
    - 4.3 cents on commercial aviation;
    - 19.3 cents on general aviation gasoline; and
    - 21.8 cents on general aviation jet fuel.

According to the U.S. Treasury Department, these taxes raised about $10.6 billion in fiscal year (FY) 2010 including the following amounts:

- $7.3 billion from the passenger ticket taxes;
- $395 million from the freight waybill tax;
- $375 million from the commercial aviation fuel taxes;
- $258 million from general aviation taxes; and
- $2.3 billion from the international departure and arrival taxes.

The Aviation Trust Fund continues to earn interest on its cash balance, which was $9.428 billion as of the end of FY 2010. During FY 2010, the Trust Fund received $10.612 billion in tax revenue and $195 million in interest. This means that total income to the Trust Fund (tax receipts and interest earnings, together with various offsetting collections) totaled about $10.904 billion in FY 2010. According to FAA, the Trust Fund revenue forecast is $11.9 billion in FY 2012 and $12.7 billion in FY 2013. The uncommitted balance in the Trust Fund is estimated to be $770 million as of the end of FY 2010.[5]

Distribution of Trust Fund Money

In addition to the AIP, the Trust Fund also fully funds the Federal Aviation Administration's air traffic control facilities and equipment (F&E) modernization program and its aviation research program. The Fund also partially pays for the salaries, expenses, and operations of the FAA. In FY 2010, these programs received the following amounts from the Trust Fund:

---

[4] This list includes only those taxes that are deposited into the Trust Fund, not other fees such as the $2.50 security fee on aviation users.

[5] This number has not been validated by OMB.

• Airport Improvement Program	$3.515 billion in new contract authority
• Facilities and Equipment	$2.936 billion
• Research and Development	$190.5 million[6]
• FAA Operations	$4.0 billion from the Trust Fund (the remaining $5.35 billion from the General Fund)
• Payments to air carriers	$150 million

Distribution of AIP Funds

As of 2009, there are approximately 19,750 airports in the United States.[7] Of those, 559 serve air-carrier operations with aircraft seating more than 9 passengers and 19,191 are general aviation airports.[8] There are 3,380 public-use airports (3,332 existing and 48 proposed) identified in the FY 2011 National Plan of Integrated Airport System (NPIAS). Listing in the NPIAS makes them eligible for AIP grants.

Unlike some of the Committee's other programs, AIP reauthorization legislation has not included special earmarks. Instead, the AIP funds are distributed by formulas that are set forth in the law and described below.

Entitlements

The law divides AIP funding into two broad categories: entitlement funds and discretionary funds. Entitlement funds are further divided into four sub-categories. They are --

- Primary airport entitlements;
- Cargo airport entitlements;
- State and general aviation entitlements; and
- Alaskan airport entitlements.

Primary airports. If a public airport has commercial air service with at least 10,000 passenger boardings per year, it is considered a primary airport. These airports are entitled to receive AIP money each year in accordance with the following formula:

- $7.80 for each of the first 50,000 passengers boarded;
- $5.20 for each of the next 50,000 passengers boarded;
- $2.60 for each of the next 400,000 passengers boarded;
- 65 cents for each of the next 500,000 passengers boarded;
- 50 cents for each additional passenger boarded.

The minimum entitlement a primary airport shall receive is $650,000 per year and no more than $22 million a year.[9] However, in any year in which the total AIP funding

---

[6] Jurisdiction over this program is shared with the Committee on Science and Technology.
[7] Bureau of Transportation Statistics.
[8] Id.
[9] 49 U.S.C. 47114(c)(B).

level is $3.2 billion or more, then the minimum entitlement for primary airports is $1,000,000 per year and not more than $26 million per year.[10]

Large and medium hub airports that choose to collect a $3 passenger facility charge (PFC) receive only half their entitlement. Those that charge a PFC of either $4 or $4.50 receive only 25 percent of their entitlement.

To receive its entitlement funds, an airport must have a project, such as a runway, terminal, or noise abatement project that is eligible for AIP funding under the law. An airport can retain the right to receive its entitlement money for three years (four years in the case of smaller airports that are classified as non-hub airports). Entitlement money deferred to a later year is referred to as carryover entitlement.

In FY 2010, there were 382 primary airports. In FY 2010, the passenger entitlement will total about $821.2 million.

Cargo entitlement. Cargo service airports include airports that: (1) are served by cargo-only (freighter) aircraft with a total annual landed weight of more than 100 million pounds; and (2) other airports that Department of Transportation (DOT) finds will be served primarily by freighter aircraft. These airports are entitled to share money that equals 3.5 percent of total AIP funds. Each cargo service airport shares in this money in the proportion that the total landed weight of cargo-only aircraft landing at each airport bears to the total landed weight of such aircraft at all cargo service airports.[11]

There are 124 airports that qualify for the cargo entitlement and they received about $118.2 million in FY 2010 in proportion to their cargo aircrafts' landed weight.

State entitlement/general aviation. In any year in which the total AIP funding levels is $3.2 billion or more, general aviation airports share 20 percent of total AIP funds. These are airports that are used by private planes or that have only limited commercial airline service (less than 10,000 passengers per year).

Each general aviation airport is entitled to receive the amount of money needed for its planned development as listed in the FAA's national plan known as the NPIAS. The amount of this entitlement is limited to $150,000 per year per airport.

The remaining money is allocated to the States by a formula that takes into account the population and area of each State. General aviation airports that are seeking AIP money from this allocation usually apply directly to the FAA. Some States require their airports to channel their AIP applications through the State aviation agency. The FAA then decides which airports will get the money. Ten States (Georgia, Illinois, Michigan, Missouri, New Hampshire, North Carolina, Pennsylvania, Tennessee, Texas, and Wisconsin) participate in the State Block Grant program. Under this program, the FAA gives the State aviation agency more responsibility to manage its AIP allocation and the State, not the FAA, decides which general aviation airports will receive grants. States

[10] 49 U.S.C. 47114(c)(C).

[11] Landed weight means the weight of aircraft transporting only cargo under regulations prescribed by the Secretary of Transportation.

that participate in the State Block Grant program do not receive more money but they do get more control over how it is distributed to airports in their State.

The State/General Aviation entitlement was about $409.7 million in FY 2010.

Alaska entitlement. By law, Alaskan airports are entitled to receive at least the same amount of money that they received in 1980, i.e. $10.5 million. If total AIP funding is at least $3.2 billion in a year, that amount is doubled.

Discretionary

Any money left over after the above entitlements are funded can be spent by the FAA at its own discretion. However, this discretionary fund is subject to three set-asides.

Noise set-aside. The law sets aside 35 percent of this discretionary fund for noise projects. These could include such things as buying property for a noise buffer or soundproofing buildings. The noise set-aside was $236.2 million in FY 2010.

Military airports. Under the military airport program (MAP), a total of 15 airports may participate in the program at any one time, including one general aviation airport. Airports may be selected or reselected to receive financial assistance for up to five years. MAP airports share in a set-aside, which is equal to 4 percent of the discretionary fund. The purpose of this program is to increase overall system capacity by promoting joint civilian-military use of military airports or by converting former military airports to civilian use.

Airports currently in the military airport program are Plattsburgh International Airport, Plattsburgh, NY; Jose Aponte de la Torre Airport at Roosevelt Roads, Ceiba, PR; Griffiss Airpark, Oneida County, NY; Okaloosa Regional Airport, Valparaiso, FL; March inland Port, Riverside, CA; Chippewa County International, Sault Ste Marie, MI; A.B.Won Pat International Airport, Agana, GU; Alexandria International Airport, Alexandria, LA; Phoenix/Mesa Gateway, Mesa, AZ; Stewart International Airport, in Newburg, NY; and Sacramento Mather Field Airport in Sacramento, CA.

The MAP airports competed for $26.9 million in FY 2010.

Reliever Airports. For many years, the AIP program included a set-aside for reliever airports. These were small airports that the FAA determined would help relieve congestion at nearby larger airports. However, GAO issued a study that found these airports were not effective in relieving congestion. As a result, the 1996 Reauthorization Act eliminated this set-aside.

In the 2000 FAA reauthorization bill, called "AIR 21",[12] a more limited version of this set-aside was created. In order to qualify, an airport must meet the following criteria[13]:

---

[12] Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, P.L. 106-181 (2000).
[13] FAA Order 5090.3C.

(1) The candidate reliever airport can provide substantial capacity as evidenced by:

(a) A current activity level of at least 100 based aircraft or 25,000 annual itinerant operations (a heliport may qualify as a reliever if it has one half of this activity level).

(b) In the case of a new airport or an existing airport it must have a forecasted activity level of at least 100 based aircraft or 25,000 annual itinerant operations for the time period in which it is being designated as a reliever.

(2) The relieved airport:

(a) Is a commercial service airport that serves a metropolitan area with a population of at least 250,000 persons or at least 250,000 annual enplaned passengers, and

(b) Operates at 60 percent of its capacity, or would be operated at such a level before being relieved by one or more reliever airports, or is subject to restrictions that limit activity that would otherwise reach 60 percent of capacity.

Two-thirds of 1 percent of the discretionary funds is set aside specifically for reliever airports that meet the following additional criteria:

- have more than 75,000 annual operations;
- have a 5,000 foot runway;
- have a precision instrument landing procedure;
- have a minimum number of aircraft based at the airport; and
- be designated by FAA as a reliever airport to an airport with at least 20,000 hours of annual delays.

The reliever set aside was $4.671 million in FY 2010.

Pure discretionary. After the entitlements and set-asides are funded, the remaining money can be spent as the FAA sees fit. This is often referred to as pure discretionary AIP money. Even here, however, there are restrictions. The law requires that 75 percent of the available discretionary money in a fiscal year be spent on airport projects that will enhance capacity, safety, or security, or reduce noise. There was $305,450,586 million in discretionary funding set aside for capacity, safety, or security, or to reduce noise during fiscal calendar year 2010.

Federal share

The Federal share of an AIP project's cost varies. The federal share, whether funded by formula or discretionary grants, is as follows:

- 75 percent for large and medium hub airports (80 percent for noise compatibility projects);
- 95 percent for other airports;
- "not more than" 95 percent for airport projects in states participating in the state block grant program; and

- 70% for projects funded from the discretionary fund at airports receiving exemptions under the pilot program for private ownership of airports.[14]

The 2003 FAA Reauthorization bill, known as "Vision 100"[15] included a sunset clause that returns the federal share of the projects eligible for 95 percent share to 90 percent after September 30, 2007. The increase in share to 95 percent was established to provide relief to operators of small airports after the 9/11 terrorist attacks.[16] The 95 percent share has been continued in legislation that has extended AIP's authorization through March 31, 2011.

Passenger Facility Charge

In 1990, the Committee became concerned that the AIP program would not be able to meet the future infrastructure needs of U.S. airports. Consequently, in 1990 airports were permitted to assess a fee on passengers. This is known as the passenger facility charge (PFC). PFCs are a local fee, with Federal approval, collected by the airlines and paid directly to the airport without going through the Federal treasury. They are intended to supplement AIP by providing more money for runways, taxiways, terminals, gates, and other airport improvements.

Initially the PFC was capped at $3 per passenger. In 2000, Congress raised the PFC cap to $4.50. No airport may charge a PFC of more than $4.50 per passenger and no passenger has to pay more than $18 in PFCs per round-trip regardless of the number of airports through which the passenger connects. No airport can charge a PFC until FAA approves it.

FAA has approved PFCs at 380 airports, of which 353 are actually collecting charges. The total approved collections are over $78 billion. In FY 2010, $2.70 billion was collected and $2.67 billion is expected to be collected in FY 2011.

If a medium or large hub airport charges a $3 PFC, it must forego up to 50 percent of its AIP passenger entitlement. If it charges more than $3, it must forego 75 percent of its AIP passenger entitlement. Of the foregone entitlements, 87.5 percent go into a special small airport fund to be distributed as follows:

- 57.1 percent to non-hub airports;
- 28.6 percent to non-commercial service airports; and
- 14.3 percent to small hub airports.

In fiscal year 2010, non-hubs received $285 million, non-commercial service airports received $142.5 million, and small hubs received $71.2 million from the small airport fund.

---

[14] 49 U.S.C 47134.
[15] VISION 100—Century of Aviation Reauthorization Act, P.L. 108-176 (2003).
[16] "Airport Improvement Program (AIP): Reauthorization Issues for Congress" Congressional Research Service Report, Robert S. Kirk (May 29, 2009).

Where the money goes

FAA has reported that in fiscal year 2010 AIP money was spent on the following types of projects:

- 55 percent for runways, taxiways, and aprons;
- 6 percent on noise control projects;
- 2 percent for land purchases;
- 9 percent on safety and security;
- 2 percent on buildings;
- 1 percent on airport roads; and
- The remainder on miscellaneous projects such as lighting and planning.

According to the FAA in FY 2010, AIP money was distributed by airport size, as follows:

- 16.8 percent to 28 large hub airports;
- 11.4 percent to 35 medium hub airports;
- 13.7 percent to 67 small hub airports;
- 21.8 percent to 218 non-hub airports;
- 25.7 percent to 1,231 general aviation airports.

It should be noted that a hub designation is determined by the number of passengers enplaned at an airport, not whether an airline uses the airport as a connecting facility.

FACILITIES AND EQUIPMENT

Unlike AIP, there are no facilities and equipment (F&E) grants. Rather the FAA uses the money in this program to purchase and install radars, computers, navigation aids, and other equipment that air traffic controllers use to guide planes through the air safely and efficiently.

NextGen

In the early eighties, the FAA embarked on an ambitious program to modernize air traffic control equipment. Over time, this program has had several names, but it is now known as the Next Generation Air Transportation System (NextGen). NextGen is the FAA's plan to modernize the National Airspace System (NAS) in the mid-term, defined as through 2018 and beyond through 2025. It was originally projected to cost $12 billion and be completed in 10 years. But now, 30 years later, it is projected to cost $40 billion with no set completion date. Although many of the projects started 20 years ago have been completed, others have not and new ones are being added. The FAA views air traffic control modernization as an ongoing effort.

One of the main reasons for the increase in costs is that FAA and its contractors under-estimated the complexity of the software development that will be needed.

ISSUES

In addition to the issues discussed above, the hearings may also touch on the following subjects:

- *Safety Oversight.* The U.S. commercial aviation system has an impressive safety record, but recent accidents, including the crash of Colgan Flight 3407 in Buffalo, NY in February 2009, are stark reminders that any accident is one too many. Aviation safety is reliant on excellent training, the sharing of safety critical data and information, and strong oversight. A safe civil aviation system is important to the overall U.S. economy, not just because of the millions of jobs it supports, but also because of the global nature of the marketplace and the need to transport people and goods safely and efficiently.

- *NextGen.* According to the Government Accountability Office (GAO), implementing the highest performance levels envisioned for NextGen for ground and aircraft capabilities by 2025 could increase NextGen's costs significantly beyond the current cost estimate of $40 billion (e.g., in some scenarios that require every aircraft to be equipped with extensive avionics in a shorter time frame, estimated costs can go as high as $160 billion).[17] If the highest performance levels are implemented over a longer period, by 2035, the cost estimates would be lower, but still would be considerably higher than $40 billion.[18] NextGen is vital. Not only will the U.S. realize true environmental benefits in terms of noise and emissions reductions, but operators will benefit from lower fuel burn and greater efficiencies in a much safer system.

- *Essential air service program.* This program was created in 1978 to ensure that no communities lost air service as a result of the Airline Deregulation Act. It provides subsidies to airlines to provide service to small communities where there are not enough passengers to operate profitably. The cost of this program has ballooned since its inception.

- *Consolidation and Realignment of FAA Facilities.* Many of the FAA facilities are 30, 40, even 50 years old. Additionally, the number and location of these facilities is based upon the capabilities and limitations of 1960's technology.[19] According to the Department of Transportation Inspector General Scovel (DOT IG), a major factor in both capital and operating costs for NextGen is the degree to which the Agency eliminates or consolidates FAA facilities.[20]

---

[17] "Integration of Current Implementation Efforts with Long-term Planning for the Next Generation Air Transportation System", GAO-11-132R (November 2010).

[18] Id.

[19] Statement of Bruce Johnson, Vice President of Terminal Services before the Committee on Transportation and Infrastructure, Subcommittee on Aviation, on FAA's Aging ATC Facilities: Investigating the Need to Improve Facilities and Worker Conditions, July 24, 2007.

[20] Statement of The Honorable Calvin L. Scovel III Inspector General U.S. Department of Transportation, before the Committee on Transportation and Infrastructure, Subcommittee on Aviation, on Challenges in Meeting FAA's Long-Term Goals for the Next Generation Air Transportation System, page 5, April 21, 2010

WITNESSES

The Subcommittee will hear testimony from the following witnesses:

February 8, 2011:

- The Honorable Randy Babbitt
  Administrator
  Federal Aviation Administration

February 9, 2011:

- Ms. Kelly Johnson
  Chairperson
  American Association of Airport Executives
- Mr. Nicholas E. Calio
  President and Chief Executive Officer
  Air Transport Association
- Mr. Craig Fuller
  President and CEO
  Aircraft Owners and Pilots Association
- Mr. Peter Bunce
  President and CEO
  General Aviation Manufacturers Association
- Ms. Marion Blakey
  President and CEO
  Aerospace Industries Association
- Mr. David Conley
  President
  FAA Manager's Association
- Mr. Paul Rinaldi
  President
  National Air Traffic Controllers Association

FEDERAL AVIATION ADMINISTRATION REAUTHORIZATION: FAA ADMINISTRATOR

Tuesday, February 8, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AVIATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The Subcommittee met, pursuant to call, at 2:03 p.m., in room 2167, Rayburn House Office Building, Hon. Thomas Petri [Chairman of the Subcommittee] presiding.

Mr. PETRI. I would like to welcome all members of the Subcommittee to our first hearing of the 112th Congress. We are meeting to address the issue of the reauthorization of the Federal Aviation Administration, a piece of legislation that is moving rapidly in the Senate, as we all know, as well. It is a critical task, since the last reauthorization was in 2003, when our full committee Chairman, John Mica, was Chairman of this Subcommittee. Since that time, although the House has passed reauthorization bills in the previous two Congresses, we have been unable to reach agreement with the Senate and send a final bill to the White House. Instead, 17 extensions have been passed in order to keep the FAA operating.

I am confident that this year we can enact a reauthorization bill that will enable the hardworking people at the FAA to continue the important job of overseeing the safe and efficient use of our Nation's airspace, improve our aviation infrastructure, and move NextGen forward to modernize our air traffic control system.

A reauthorization bill is a step toward ensuring that the United States continues to have the safest and most efficient aviation system on the globe, and to ensure the competitiveness of the U.S. civil aviation industry and to enhance it.

It goes without saying that the aviation industry is vital to our economy, contributing $1.2 trillion annually to the Nation's economy, and, directly or indirectly, generating over 10 million jobs. It is important that this industry's stability and its growth continue.

In addition, it is critical that we ensure that NextGen is delivered on time and on budget. NextGen is vital to the U.S. aviation industry's increasing efficiency and lowering costs.

I am pleased that we have today with us the Administrator of the Federal Aviation Administration, who has I think earned the respect of people in the industry as he has taken his position. Thank you for joining us today to offer your insights on the FAA reauthorization. Also, as part of this hearing, we would welcome your thoughts and suggestions on the legislation that is before us.

And we would welcome the thoughts and suggestions of all the members of the Subcommittee as well. We are looking forward to any ideas that would help us to improve the legislation as it moves forward.

Before I recognize Ranking Member Costello, I would like to say to Administrator Babbitt that I look forward to continue working with you over the coming months. I am confident we can work together to complete a reauthorization bill that cuts waste, streamlines and expedites Next Generation, creates jobs, keeps U.S. civil aviation competitive in the global marketplace.

With that, I recognize Mr. Costello, the senior Democrat on this committee, my colleague last session when he was Chairman of the Subcommittee.

Mr. COSTELLO. Mr. Chairman, I thank you and congratulate you on your selection as Chairman of the Subcommittee. I have been in this chair before and I have been in that chair, and I would much rather be in your chair than my chair. But let me say that I look forward to working with you. And we have always had a very good relationship as Chairman and when you were Ranking Member, and I expect that we will continue to have that relationship.

I also thank you for calling the hearing today on the Federal Aviation Administration reauthorization; the FAA Administrator, who is here with us, and we will hear from him.

Mr. Chairman, in the 110th and the 111th Congress the Aviation Subcommittee held 52 hearings, we spearheaded 39 bills and resolutions through the House, 25 of which were enacted. This Subcommittee made a valuable contribution to our Nation's economic recovery with enactment of the American Recovery and Reinvestment Act of 2009, which included $1.3 for aviation infrastructure.

I commend Administrator Babbitt and his agency for getting the money out the door quickly, investing in valuable job-producing infrastructure projects. Work has already been completed on 694 projects, and is underway on 77 more, representing 100 percent of the total aviation Recovery Act funds.

Mr. Chairman, in response to the February 2009 Colgan flight 3407 crash, we worked together to enact sweeping airline safety and pilot training reforms, the strongest piece of aviation safety legislation in decades. We have some members of the Colgan families today here with us, and I want to thank them for their steadfast support in getting our new safety law enacted.

Last month, I asked the Department of Transportation's Inspector General's Office to undertake a comprehensive review of the FAA's progress implementing the provisions of our new safety law, as well as the industry's responses to the FAA's call to action on voluntary safety programs. This Subcommittee must continue to provide vigorous oversight on safety issues. Last year, we also worked with the other body and got very close to delivering a strong, balanced, bipartisan FAA reauthorization bill. Based on the work we did last Congress, I believe we can complete a bipartisan bill very quickly. And I intend to work with you to produce a bill as soon as possible. However, we must ensure that the bill we produce continues moving the FAA forward, the aviation community and the Nation forward, and does not set us back. Commercial

and general aviation together contribute more than $1.3 trillion in output to the Nation's economy. Historically, members of this Subcommittee have fought to increase and guarantee infrastructure funding in each successive reauthorization bill. This Subcommittee has recognized that investing in our infrastructure will improve the economy, create jobs, and provide for the safe and efficient flow of commerce.

Some have suggested that for fiscal reasons we should go backwards, downsize the FAA, and even authorize lower capital funding levels for the FAA than what Congress provided in the last FAA reauthorization bill over 7 years ago. I am convinced that doing so will present major concerns for aviation safety. I agree that we need to reduce the Federal spending, but we cannot jeopardize the safety of the flying public in the process. The FAA indicates that if Congress reduces the FAA's funding level to 2008, key NextGen programs will be delayed or canceled, that funding cuts will stall the agency's facility consolidation efforts, efforts that otherwise would save billions of dollars and reduce the deficit in the long term. Funding cuts may also force the FAA Aviation Safety Office to furlough hundreds of safety personnel.

With that, Mr. Chairman, I look forward to hearing the testimony of Administrator Babbitt, and look forward to working with you.

Mr. PETRI. Thank you. I do as well.

I ask unanimous consent that the record be kept open for 2 weeks for additional statements. Without objection, so ordered. At this time, I recognize the Chairman of the full committee, John Mica.

Mr. MICA. Thank you, Mr. Petri and Mr. Costello. When you end up with responsibility over an important committee like ours, you try to set some priorities. And when asked what my top priority would be, there is no question that we have to do an FAA reauthorization. Not only is it important to ensure something we take for granted in this country, and that is safe flying and skies and the ability to get around like no one on the Earth has ever known. We take some of that for granted, but it does require our work as trustees of that responsibility to set the parameters and the policy. No question we have got to move forward. And I set this as the top priority.

I cannot tell you how pleased I am that Senator Reid and our colleagues in the Senate have already begun their work. My goal is to not have an 18th extension, and to have this bill on the President's desk before the current 17th extension expires. At a time when the country's hurting economically, I am told—and I have heard different accounts—that the aviation industry, when we were hit at 9/11, accounts for somewhere between 9 and 11 percent of our entire GDP. That is how big this industry is. And to not have in place the policy, the projects, the vision for the future that we craft in legislation, and are again supposed to be responsible trustees for the people, that is not right. So we need to correct that. We are going to get it done. We are going to work in rapid order.

Today we hear from the administration, and welcome Mr. Babbitt and his recommendations. And until the ink is dry on this, everyone's suggestions and input is welcome. Tomorrow we will hear

from some of the stakeholders. And I ask you this week to speak now or forever hold your peace. And I mean we do want to hear from you, any ideas that you have. Tomorrow, when we finish hearing from the stakeholders, I have invited all of the—I guess we call it the big four, whatever it is, guys and gals, and any other Members that would like to participate, particularly the staffs on both sides of the aisle, to sit down, and we will go through the pending issues tomorrow afternoon, as we are going to move with lightning speed and try to bring forth as soon as possible a very effective, I hope, piece of legislation, one that will be lean—we are in some lean times—but ensure, as I said, the safety of the flying public.

I also want to welcome today, and thank for their great work, we had problems beyond what anyone could imagine if you lost a loved one in an aviation tragedy, but the Colgan families have been just tremendous. We wouldn't have in place legislation to improve the commuter airlines' safety and effectiveness without your help. But now we have got this important responsibility. And we want to get it done as soon as possible, without further delay.

Let me just say a couple of things. I saw the Senate is working on a 2-year bill. I want a 4-year bill. I had no idea my bill would turn into what, a 7- or 8-year bill, Jerry, the one we crafted in 2003. But we need it longer, not shorter. Our challenge will be to do more with less. And I am still soliciting, right up until we get the final ink dry on whatever we do, NextGen suggestions. NextGen is our vision for the future. So I invite and welcome anyone's recommendation. I particularly want to hear from the Administrator on that.

So this again does set forth our policy, our projects, our funding, and our safety program for one of the most important activities in our economy. Again, it will be a full, open process, but it is also going to move forward with lightning speed.

With that, I thank you for yielding to me, and yield back the balance of my time.

Mr. PETRI. Thank you.

I recognize at this time for an opening statement our colleague from Texas, Eddie Bernice Johnson.

Ms. JOHNSON OF TEXAS. Thank you very much, Mr. Chairman. Let me thank the two leaders on this committee for the kind of professional work that we have done over the years together, notwithstanding what side is in the majority. And I want to especially point out that Mr. Costello made many efforts to move this bill. I hope, like the full Chairman, we don't have to go to the 18th extension.

Safety continues to be my number one concern. And I am hoping that we will produce a bill that provides a meaningful step in modernizing our air traffic control system, reducing congestion in our skies, and provide a needed boost to our Nation's airports. I look forward to working with my fellow committee members on both sides of the aisle, and hope we will be moving as quickly as the full Chairman wants us to move on this bill. Thank you.

Mr. PETRI. Thank you.

At this time, I recognize the Vice Chairman of the Subcommittee, our colleague from the Iron Range, northern Minnesota, Representative Cravaack.

Mr. CRAVAACK. Thank you, Chairman Petri, and Ranking Member Costello, for holding this important hearing today. Administrator Babbitt, welcome, Captain Babbitt, welcome, sir. I look forward to hearing your testimony today, and discussing ways to improve the FAA and to further implement NextGen.

As you know, the last FAA reauthorization bill was in 2003. And I think everyone in the room is in agreement that we need to pass an FAA reauthorization bill this year. However, I think there are several concerns that need be addressed before considering this legislation. Namely, I think it is incumbent upon the FAA to demonstrate that they can be trusted to properly administer taxpayer dollars. I specifically raise the issue in light of the FAA's contracts awarded to Raytheon and ITT. I look forward to hearing what steps the FAA has taken to improve the oversight and stewardship of the American taxpayer dollars.

Additionally, I am very concerned about the implementation of NextGen. It appears there are a number of factors that are stalling the implementation of critical NextGen programs. I hope you will address your agency's detailed plan for the implementation of NextGen. And I am particularly interested to hear about the NextGen implementation milestones that you intend to complete by the end of the year.

Thank you again, Administrator Babbitt, and I look forward to working with you during this session. I yield back, sir.

Mr. PETRI. At this time, I recognize for an opening statement our colleague from Missouri, Representative Carnahan.

Mr. CARNAHAN. Thank you, Mr. Chairman. And congratulations or your new role with the committee. To Ranking Member Costello, I really look forward to working with you in this next Congress and on this reauthorization of the FAA.

Passage of a multi year reauthorization of the FAA is long, long overdue so that we can make critical job-creating, business-expanding, and safety-enhancing investments in our aviation system to ensure it can properly accommodate the anticipated growth in travelers in the coming years.

During both the last two Congresses, the 111th and the 110th, the House has taken the lead to pass legislation to reauthorize the FAA that would have made these critical investments in our aviation system, from airport infrastructure to making critical investments in furthering NextGen. Unfortunately, the final conference report was not agreed to.

As we take up this debate anew, it is critical we recognize the level of investment needed to ensure that we can make critical investments in our aviation infrastructure. Funding for the Airport Improvement Program has not increased in 5 years. The passenger facility charges have not increased in over 10 years. During this time, construction costs have greatly increased, putting limitations on how AIP grants and PFCs can go to help airports meet their needs. Without greater investments, airports like Lambert-St. Louis International Airport in my home State cannot make the investments that are critical for their rebirth.

The last extension Congress passed made improvements to the safety of the U.S. airline operations that bring one level of safety to the traveling public on major and regional air carriers. Critical

to ensuring this one level of safety is sufficient funding to implement these safety measures.

I want to thank Administrator Babbitt for joining us here today. I look forward to hearing your testimony. I also want to acknowledge and recognize the Colgan families that are here today for your work on safety issues. Having lost a father and a brother in an aviation accident, it is very important that you are here and part of this debate. And we look forward to working with you. Thank you.

Mr. PETRI. Thank you.

Now I recognize for an opening statement the gentleman from North Carolina, Howard Coble.

Mr. COBLE. Mr. Chairman, I appreciate you scheduling this hearing on a very important subject matter, but I have no formal opening statement, and yield back.

Mr. PETRI. Thank you. Representative Lankford from Oklahoma for an opening statement.

Mr. LANKFORD. Thank you. Honored to be here. And thank you so much for both you coming, and for also your availability, as you made yourself available and your staff available for any questions that we have had leading up into this conversation. I am sure in the days to come we will have multiple more.

I will have a great interest in how we are handling NextGen. That has been a project that—I am 42 years old, and all of my life that I know of as an adult there has been a discussion about where we are going with NextGen and what is going to happen with air traffic control. But also, an additional thing is I am looking forward to hearing about discretionary spending from FAA, and how the decisions are made on where we spend. And then also how we handle the realignment of FAA facilities.

I have great interest on how FAA is making the decisions, the formula you have, and setting aside which area needs to be realigned and the timing of that realignment. So I look forward to those conversations, and thank you again for coming to be here.

Mr. PETRI. Thank you.

Are there any other Members who wish to make an opening statement? Representative Schmidt from Ohio.

Mrs. SCHMIDT. Thank you, Mr. Chairman. I just want to acknowledge all the families that are here in memory of their loved ones who have met tragedy in flight. You know, when Continental Flight 3407 met its tragedy in Buffalo, New York, a few years ago, my small community of Loveland, Ohio, was touched twice. And I know the Perry family is here. And I just want to thank all of those involved for advocating safety first, and making sure that all of us are on our toes. Thank you very much for all that you do. And my prayers go out to you each and every day. Thank you.

Mr. PETRI. Thank you. And at this time, Representative Hirono.

Mr. HIRONO. Thank you, Mr. Chairman. Good afternoon, Administrator Babbitt. I too am looking forward to the discussions that we will have regarding the FAA reauthorization. And I think that all of the provisions in that reauthorization really affect every single community.

And I would like to bring up one issue that is important to many communities in remote areas. There is a community in my district

called Kalaupapa, which is where Father Damien, now St. Damien, administered to the Hansen's disease patients. This is an area that is impacted by our EAS process. That essential air service is basically the only way that the people there can get to medical resources, as well as tourists who now are coming more frequently because of the connection of that area to St. Damien.

I know that you are probably in the process of reviewing EAS procedures. There may be people here who would like to totally eliminate the EAS because of the funding situation we find ourselves. But the real-life impact on remote areas and communities all across our country, and certainly to Kalaupapa, would be very extreme if we do not continue to support EAS and to make sure that that program works as it was intended. And that is to make sure that the people of our country are served, regardless of where they live.

So I look forward to working with you, Administrator Babbitt, to make sure that the EAS process is fair, that it is working in the way it is intended. And again, I look forward to hearing from you. Aloha. I yield back.

Mr. PETRI. Thank you.

Representative Hultgren from Illinois.

Mr. HULTGREN. Thank you very much, Mr. Chairman. I appreciate the opportunity to be here. Administrator, looking forward to working with you. I especially want to thank the families that are here from the Colgan flight, the tragedy there. Thank you for your input. Thank you for your involvement. And I want to join with you to make sure that air travel is safe, and every day that we are working to continue to increase the safety. And I know that is commitment of all of us here, along with the FAA. So thank you for your input, and thank you for turning this into something positive for future generations as well.

Also, it is very important for me, my district is just outside of Chicago, adjacent to O'Hare, and I have maybe the highest number of air traffic controllers that live in my district. So very interested in NextGen and how that will move forward. So, looking forward to this opportunity to be working together again for the good of all people here in America on making sure that air travel is as safe as it can possibly be.

So thank you, Mr. Chairman. I yield back the balance of my time.

Mr. PETRI. Representative Farenthold from Texas.

Mr. FARENTHOLD. Thank you very much, Mr. Chairman. As someone who was touched personally with the death of my grandfather in an aviation accident, this is near and dear to my heart. I did want to say that I am looking forward to working on this committee, with safety being our number one concern, but also keeping an important eye on the economic growth that the aviation industry and transportation in general provides to this country.

I will be particularly concerned with the FAA and all government agencies' stewardship of the taxpayers' money, and remain concerned at the length of time implementing new technologies like NextGen is taking, and how expensive that really is in the long run to both the industry and everyone in the American public in general.

That is all I have got right now. I yield back the remainder of my time. Thank you.

Mr. PETRI. Thank you.

And now Administrator Babbitt, we thank you for the work that went into your prepared statement, and I hope you will summarize it within 5 minutes or so, and answer questions.

TESTIMONY OF HON. RANDOLPH BABBITT, ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION

Mr. BABBITT. Thank you very much, Chairman Petri, Ranking Member Costello, members of the entire Subcommittee. I really want to thank you for the opportunity to appear before you today to discuss the need for comprehensive reauthorization legislation for the Federal Aviation Administration's programs.

And before I begin my statement, I would like to acknowledge that I see a number of new faces on the Subcommittee. I have been able to meet with some of you. I look forward to meeting with the balance of you over time. Since I am a frequent guest of the committee, I am sure that I will get to know all of you over time here as we get together and discuss important aviation issues.

I think I heard you all summarize very well the fact that the FAA's mission is in fact to provide the safest, most efficient airspace system in the world. And we do it well. There wasn't a single passenger fatality in the commercial aviation system last year in the United States. That record is hard fought and we are very proud of it.

But as we move forward to meet the demands ahead, I know that we cannot be complacent. And I also recognize keenly that this Congress will be extremely disciplined about how it invests taxpayer dollars. I believe that every government agency should make the business case for each investment in any of its programs. And for our part, investment in aviation is critical to this country's economic prosperity and its ability to compete successfully in the global marketplace. Strategic investment in aviation reaps benefits. And we are concerned that a failure to invest may well result in negative consequences.

First and foremost, as you have noted, is always safety. And I know that some of the family members who lost loved ones in the Colgan accident 2 years ago are here today. I want to commend their continued vigilance to push Congress and to push the FAA to enact more stringent safety standards.

The FAA has been hard at work writing the regulations required by the legislation passed by this Congress last year. And while aviation is clearly the safest mode of transportation, we will never top striving to reach the next level of safety.

I again want to thank the family members here for their continued attention and focus on safety. Part of what will get us to the next level of safety is implementing, in fact, NextGen. NextGen programs and technologies will help us to be more proactive in how we analyze risk. And with advanced safety management techniques, we can then take the steps to prevent accidents.

One such technology, ADS–B, is a satellite-based surveillance system. Deploying it in the Gulf of Mexico opened up almost a

quarter of a million miles of new, positively controlled airspace, airspace that previously had no radar coverage.

NextGen will also reduce the harmful effects that aviation has on the environment, while enabling carriers to operate more efficiently. For example, Performance-Based Navigation, a term you will hear, and we call it PBN, saves fuel and reduces emission. It literally pays for itself while it helps the environment. Today, we have issued more than 900 of these highly efficient arrival and departure routes using the new technology. And we are working on a plan to further improve and streamline the approval process. More precise arrival and departure routes are a sound investment. Continuing to develop and deploy NextGen is central to our ability to meet the demands of the future.

Now, as we continue to focus on maintaining and enhancing aviation safety, we strive to do so in ways that facilitate U.S. business interests. Businesses rely on the FAA to certify their projects. And these projects range from the largest aircraft being built today to the smallest avionics box that goes in that airplane. Every improvement in aviation requires certification in order to ensure safety, and failure to invest in our ability to expedite certification could result in important safety initiatives taking longer to obtain certification, and therefore taking longer for products to get to market.

The FAA must be able to support the demands of the industry when they develop that next good idea. These ideas translate into jobs. So investment in these areas is extremely important.

Now, the FAA will never permit the safety of the existing system to ever be compromised. But if that priority consumes all of the agency's resources, then our ability to support industry innovation becomes affected.

And finally, it is critical that we invest in the airports to meet what I see as an anticipated and increasing aviation demand. The Airport Improvement Program, AIP, has been disrupted somewhat as a result of the short-term extensions that we have experienced over the past few years. Administrative and project costs therefore get increased due to the need to have multiple grants to be issued over and over again for a single project. All of the investment that we make in routes, procedures, and certification will never eliminate the need for a place to land the airplane.

We worked very hard to expand capacity at our Nation's airports over the past several years, and it is vital to our continued success that our investment dollars are optimized. And that can only happen through a long-term extension of the AIP program. We have worked for several years to get comprehensive legislation in place. Our 17th extension will expire at the end of March, and the need for stability and certainty has never been more important.

I think we all understand that the challenges of implementing NextGen, improving the safety and efficiency of aviation come at a time, unfortunately, when tough investment choices will have to be made. I plan to continue to make the case that investment in aviation is important not only to airlines and passengers and pilots and all the other airline employees and people that serve in this industry, but to the strength of the overall economy and the businesses around the country.

This committee in particular demands a lot of the FAA, and rightfully so. But meeting these demands will require an investment. And I think our case is compelling, and the return on our investment is one that no one can or should ignore.

That concludes my opening statement and remarks, and I would be happy to answer your questions, Mr. Chairman.

Mr. PETRI. Thank you.

I would just explore two areas briefly, and leave plenty of time for all the members to ask questions. I think I would be remiss if I didn't begin by asking a question about safety, because that is the number one priority, and your agency is to be commended for the remarkable record of the past year with no fatalities. There have been, though, as you know, a spike up in reports of near misses and a growing concern about that. We don't want to play "gotcha." We do want, though, to have people know that we are concerned and we are watching.

I wonder if you could discuss that whole subject and place it in context so we understand what we are talking about. Is it an improvement in reporting so it is apparent? Or just what is going on with the near-miss situation?

Mr. BABBITT. Sure. That is a fair question. We certainly have made some very serious changes. One of the things that we have been very open about in our approach to aviation safety is asking every person, every party involved, to be very open about what happens. And we have a number of reporting programs so that we can gather more information, and we have done just that. We have invited people to be open and confess the fact that they have seen an error so that we understand what went wrong, and can therefore implement a change in the system, and implement a change in the training, implement a change in procedures. But we have to know what happened first.

So, by implementing these programs, and some of them include abilities today to electronically track some of these operational incursions into what we would like to call safety zones or protected areas, we fully expected that we would get more reports. That was anticipated. And that is the good news.

What is even more important, though, is what we have done with that information. Three years ago we had no loopback mechanism. So when we found out a safety incident had happened, a near miss had happened, we acknowledged it. And at best we might go to the facility and speak about a particular procedure. Today, we take all of those instances, and when we see a pattern we change the training. That is something we weren't doing years ago.

So while this rise was certainly expected because we have better and more ways and more avenues of reporting, what we have taken from that is putting that information to good use with the goal being to make the system overall more safe.

Mr. PETRI. Well, we want to be kept in the loop, too, and fully informed, because we know that there is a lot of interest in this. And it is vital for everyone, both employees and the traveling public. And we may want to have further hearings to help explain different situations as they arise, and what steps are being taken to hopefully minimize the opportunities for them to happen again and the like.

Mr. BABBITT. I would be remiss if I also didn't acknowledge the great partnership that we are enjoying today with the members of PASS, which is one of our professional unions, as well as NATCA. Both of those unions have stepped up to the plate with their leadership and engaged in voluntary safety reporting programs with us, which was a courageous move on their part, and a huge step in safety for all of us.

Mr. PETRI. Mr. Secretary, I thought I would just spend a minute or two on—our Chairman mentioned, and it is my sense, I don't know if it is yours, that over the last year or two there has been a growing sense of momentum toward the movement toward deploying NextGen. More companies in the industry are beginning to voluntarily step forward and equip themselves.

I understand the industry is equipping a lot of the new planes being made with devices, or building them in such a way that they can easily be installed to minimize the costs of deploying the system. And you mentioned it in your opening testimony. We are looking forward to doing what we can in the reauthorization to give greater focus to the responsibility for deploying NextGen in our government and in the FAA, and also setting reasonable benchmarks for implementing it.

And we will be hopefully having a series of hearings and roundtable discussions to make it clear what is happening and also anything that we can do to help NextGen. And it is my understanding that this is not just some sort of—it is a technical thing, but it is also moving the industry to a whole new level. Just as we saw with high-definition TV and all of the cellular and so on and so forth, this is moving from analog, radar, to digital, satellite, transponder, expanding the capacity and safety of the system. And it certainly will help the environment. And it may mean you won't have to spend as much in physical expansion of the air because what we already have will operate more efficiently.

But I wonder if you could expand on your remarks in this regard. I understand Southwest is already using it and thinks it will pay itself back within a year or so for the investment they are making in equipment. UPS and FedEx, a number of other airlines, are using to the extent it is available, the new equipment that is being deployed. The savings for our country and for the environment are enormous. I just wonder if you could spend a bit more time talking about NextGen.

Mr. BABBITT. Yes, sir, Mr. Chairman. Just listening to you, you should be sitting down here. You have made my case. Thank you. You have absolutely summed it up very well. We are making a great deal of positive and forward motion here. And the momentum is clearly there. And I think we need to appreciate where that momentum comes from. That momentum comes from reaching critical mass in a number of areas.

Using your analogy of high-definition television, if we were to broadcast high-definition television all over the country but nobody had a television set that would receive it, we wouldn't really have achieved much. Conversely, if everyone had a television set that would receive it but we didn't broadcast it—well, that is the balance that we are seeking as we deploy more and more stations on the ground and equip more and more airports and airport areas

with the technology that ADS–B can be used in, and have operators that can utilize those new procedures, that is where we see the gains. That is where we see the efficiency.

And you were perfectly on track when you talked about the efficiency. The fact that we can more accurately see where aircraft are with the NextGen technology and them using NextGen procedures, we can use more efficient use of the airspace.

You mentioned Southwest. And that is a wonderful partner that we have. And we have several that we are doing different things. We have made partnerships with a variety of carriers so that they can utilize the equipment under a supervised basis; we get the information, they get the benefit of the improved efficiencies.

Southwest, by their own accord—I will let them announce the numbers they spent—but when fully deployed they expect to enjoy a gain of about $60 million a year, which means they will recapture their entire investment in a period of about 3 years. That is a remarkable investment. If you were a small business, you would ink up for something like that.

We see that same situation, we have partnerships with Alaska Airlines and the Green Skies Initiative up in Seattle. We have ADS–B fully active in several airports around the country—Philadelphia, and Louisville, Kentucky. I mentioned the Gulf of Mexico. People say, well, that is the Gulf of Mexico. I wasn't aware until we deployed it out there that on a daily basis, every day, we transport 10,000 people on and off oil rigs in the Gulf of Mexico. Every day. And we did it without radar. We did it with literally 1950s navigation until we employed NextGen. Today they fly direct routes. They are in positive controlled airspace. They see each other and we see them. These are enormous savings, and progress in safety as well.

Mr. PETRI. Thank you very much. I now recognize Mr. Costello.

Mr. COSTELLO. Mr. Chairman, thank you.

Administrator Babbitt, I read your testimony. We have, as you know, this Subcommittee has been pressing the FAA and the industry to implement NextGen and to move forward. We have made great progress, and I have commended you publicly for the progress that we have made. You detailed progress that we have made with the industry. I know that as you just spoke about Southwest Airlines, JetBlue, others are coming on board and moving forward.

However, we also know that as we are meeting here today in this hearing, that the Senate is debating an FAA reauthorization bill that would roll back funding levels to the 2008 level. I think that members of the Subcommittee and the public need to understand what the consequences of rolling back to the 2008 funding level would be on NextGen, on the number of safety inspectors that in fact inspect repair stations today, and other issues that you will have to deal with, rolling back to the 2008 levels.

So let me begin by asking you what specifically, as far as NextGen is concerned, what would be delayed and what would be canceled if in fact you end up with a budget at the 2008 level?

Mr. BABBITT. Well, let me sort of take a top-down approach to that, if I could. Obviously, we would protect the safety of the current system. And we would have to then prioritize and take a hard look at what moneys were left, the gap between what we have re-

quested in the President's budget that will come out next week and 2008. That gap would have to be realized somewhere.

And so, as I said in my opening statement, we certainly are going to protect the safety of the system. But I think I could give you in general terms a few areas. One of great concern to me, we have a number of people involved in the certification of new projects and new facilities. We are seeing a new facility—for example, Boeing wants to build a new plant, I believe, in South Carolina. We have Honda looking to build Honda jets in the central part of Florida. These all require certified inspectors. And if that staff was reduced, those types of projects would simply be approved more slowly. We would want them done, we would want them done right.

In the terms of safety oversight, we have a number of pieces of regulations that we have either been inspired to bring forward either from our own research, direction from the NTSB, or direction from this Congress. And we are diligently doing those. But we want those regulations written properly, we want them to do what they were asked to do. And it is a very time-consuming process. We simply would not have the staff do that at the pace we do it today. I know what we can do today. I don't know what time in concrete terms that we could.

NextGen would be in the third area. We know, and I am pleased to say, that we are on that pretty progressive schedule today. And I am happy to say we are meeting the benchmarks that we have reestablished. We did have some setbacks. But I am very proud of the way we have project oversight changes today. I am proud of the changes we have made to adopt acquisition strategies more in line with good business practices.

But given less money, then we certainly would have to again take a look at the priorities, work with you, and decide what is it that we can do with less of. And it certainly would slow down the deployment of NextGen.

The concern that I have in all of these is that it has a very direct and correlating impact on the economy. If we slow down NextGen—we are projected right now if we deploy NextGen on the schedule that we have, in the year 2018 we propose and we suggest—and people like JetBlue and Southwest Airlines and Alaska Airlines are proving our case—I have a sheet here that Southwest expected in their first month of operation was a 70 percent usage of NextGen. They actually realized 91 percent. It is better than they even hoped. But with those type of projections and what we would save en route, we would save 1.5 billion gallons of kerosene in the year 2018, and ongoing savings every year thereafter of a billion gallons of kerosene. That is a lot of carbon emissions, that is a lot of money. On average, if kerosene is $4 a barrel, we can all do the math, it is $4 billion a year. The system we are proposing to build, you would recapture that investment in 2 years. So I don't think we should think about being penny-wise and pound foolish. Yes, we could save the penny, but in the end it is going to cost more money over time to delay a lot of what we are proposing.

Mr. COSTELLO. Before my time is up, I have information here concerning one of the priorities of this Subcommittee, the agency. And in a bipartisan way, we have been pushing the agency to move forward with consolidation, because not only is it more efficient,

but it will save a lot of money over time. Tell me what would happen to the consolidation program at the FAA with 2008 funding levels.

Mr. BABBITT. Well, 2008 funding levels over what we have proposed would certainly slow that down. Again, you know, we would have to look at the moneys and decide what would be prioritized, and certainly work with this committee and others to make those determinations. But our consolidation adds to a great deal of efficiencies. And I would note for the record this is an agency that has sought efficiencies.

I wasn't here for all of it, but I can tell you in the last 5 years the Federal Aviation Administration has saved $560 million in efficiencies that we have found. We are projecting more going forward. I can talk about, with more time, some of the studies we are looking at. But we simply wouldn't be able to enjoy some of those consolidations.

Mr. COSTELLO. I am told that the consolidation program would be delayed until 2014, and that there would be no construction or implementation. Is that correct?

Mr. BABBITT. Well, if you looked at 2008 versus what we had proposed, I would have to have it in front of me, but that sounds reasonable.

Mr. COSTELLO. Thank you, Mr. Chairman.

Mr. PETRI. Thank you. Mr. Graves.

Mr. GRAVES. Thank you, Mr. Chairman.

I have more of a statement, I guess, rather than a question. I appreciate, Administrator Babbitt, you coming in. We have had numerous conversations about the FAA. And I would just suggest, and I know we put a lot of concentration today on the airlines and NextGen, which it obviously affects all of aviation; but let's not forget, too, about the flip side to this coin, and that is general aviation and the thousands upon thousands of GA pilots out there and aircraft out there that are also flying.

When you talk about going to that next plateau and always achieving that next plateau in safety, I think that is a good thing. But let's also remember that there is a point also where it becomes just far too restrictive to even in some cases do what people love to do in the case of flying and owning their aircraft. You can do the same thing, you can say the same thing about driving vehicles around or maritime or whatever the case may be.

But I would like to use a little common sense. We talked about that, and I am not going to get into the specifics of it here today. But you know over the years FAA has become very much a regulatory agency, and advocacy for aviation has been dropped from your mission statement. But I would hope that regardless if it is in your mission statement or not, and I know you care deeply about it, but I hope that we remember that and continue to talk about the greatness of aviation and how it is so safe, or why it is so safe, and just how important it is to this economy.

That is really all I had to say. Just a suggestion, Mr. Chairman. I appreciate the opportunity.

Mr. PETRI. Thank you.

Representative Johnson from Texas.

Ms. JOHNSON OF TEXAS. Thank you very much. And thank you for appearing before us today.

Let me first compliment you on the efficiencies which you have shown. And one of my questions has just been answered by Mr. Costello on the cutbacks. The other one is the expansion of intermodal projects involving aviation as we craft this bill. Do you have any suggestions?

Mr. BABBITT. Specific suggestions on?

Ms. JOHNSON OF TEXAS. The intermodal process involving much more connectivity between the areas of transportation.

Mr. BABBITT. Oh, intermodal side. Well, I think one of the key ingredients, while we focus primarily on the airports themselves, and of course the safety when you leave the airport, I think more and more of the country in general is looking at the connectivity so that we can be efficient.

One of the things that I think we could learn from some of our European counterparts is the way they have connected a rail system so that people can go from the city to the airport efficiently, maximize air travel when possible, and have the alternative modes.

We certainly have had discussions within the Department of Transportation. The Secretary has an intermodal council where we discuss these things so that whether it is light rail, whether it is transit systems, whether it is even port adoptability for cargo, all of those get discussed at the DOT level. So we are certainly aware of it, and we would be certainly willing to work with you and this committee for specifics.

Ms. JOHNSON OF TEXAS. Thank you very much. Let me say that the people present who have lost loved ones, this won't make their pain any lighter, but there were no death loss in aviation last year. And I am very proud of that. So thank you.

Mr. BABBITT. Thank you.

Mr. PETRI. Representative Schmidt.

Mrs. SCHMIDT. Thank you, Mr. Chairman. And thank you, Mr. Babbitt, for coming. I understand that the FAA has some discretion to amend the ATP license requirements on training hours and that this is currently under review.

Sir, do you believe that classroom hours should count toward the 1,500-hour requirement? And does the FAA have a position on how much time pilots should have in the cockpit of an aircraft? And if you don't believe 1,500 hours of cockpit time is required, do you believe there is a minimum number of hours that should be required?

Mr. BABBITT. Well, let me tell you that we are, based upon some direction from the last Congress and this Subcommittee, we are in the process, it is in executive review right now, a proposed new rule. And that proposed new rule was based upon the formation of an aviation rulemaking committee, which included a variety of sources and inputs. They have put together several of the points that they wanted to see and thought were appropriate.

We have that, and along with being consistent with the direction and legislation that was here, have put what we gathered and created as a proposed regulation. That will be put out as a new proposed rulemaking shortly. People will be available to comment. I think it does incorporate—I saw the drafts—it incorporates all those levels that you talked about. And it is consistent with the

legislation direction that you should provide some acknowledgment for two things. Number one, 1,500 hours I think was the direction of this committee. It also said you should acknowledge that if classroom time is deemed to be replacement on an equal basis, people will be able to comment. Additionally, military service should play a role in that. That the people out defending us in combat zones come back and have a thousand hours of combat time shouldn't have to go get another—they have been defending the country, carrying our troops and doing those things; that time should be acknowledged, and that level of skill should be acknowledged. So those will be all contained within the notice of proposed rulemaking.

Mrs. SCHMIDT. Thank you so much. Because you know, the concerns that have been brought to my attention, especially with Continental Flight 3407, really exemplify the fact that there is no substitute for training. That is so paramount with safety. And I really appreciate your input. Thank you.

Mr. BABBITT. Well, thank you. And I think you may recall that we put forward an advanced notice of proposed rulemaking before this ever became an issue. We sought to raise the minimum number of hours.

Mr. PETRI. Representative Carnahan.

Mr. CARNAHAN. Thank you, Mr. Chairman. And thank you again, Administrator Babbitt, for being here.

I wanted to ask about the Safety Management Systems proposed rulemaking for the part 139 airport areas. And while it is critical, I agree, to have these industry-wide safety standards, I have specific concerns that the proposed rule does not propose to protect safety data that is gathered. This seems to stand in conflict to data protections that are in place for air traffic and airline safety.

What steps is the FAA taking to ensure this data is protected so that we get to that goal of a strong industry-wide safety standard?

Mr. BABBITT. That is an excellent question. And we have had some issues with that in the past, as I think you are aware. One of the areas in specifically talking to this, oftentimes we put out a regulation for comment, a proposed notice of rulemaking, and I would acknowledge that sometimes we are not perfect. And sometimes we will get feedback, very positive and constructive feedback that says I think you overlooked something. And we take those into very serious consideration when we write the final rule. And while this is in that process, and I am not really at liberty to talk too much about it, one of the things we do is go back and see how we could mitigate that issue.

Now, as you are aware, when data comes to the FAA, then it is subject to discovery. And so sometimes we would approach you with finding ways to help us protect that data and do so with legislation, which you have done in the past. And if that is the case, there are two ways to solve that problem. One is, don't let us be the holder of the data, which is what most of our ASAP programs do with the carriers. So when a mechanic turns over something, he turns it over to the carrier. It is not in our hands. A safety committee looks at it, decides what is appropriate action, how it should be handled, what is the safety improvement. That is one solution. And we could possibly rewrite the guidance to say that, look, it is

OK that you have the data, we don't need it because it would be discoverable and therefore not protected.

The other alternative is we would come to you and say, you know, if we need this data, you need to make certain that the people that turn it over have immunity in their reporting. Because these voluntary reporting programs are wonderful sources of data. The reason that I think we have achieved the safety record we have achieved is programs like this spanning all of aviation, from mechanics, dispatchers, flight attendants, pilots, air traffic controllers. Everyone can put their hand up when they see something wrong and voluntarily report these things so that we can then take corrective action.

So it is really important that these people be immune, because otherwise they will go back to the way things were in the fifties. They will just hide them, and they won't tell us, and we will never know.

Mr. CARNAHAN. I think it is critical we have a free, nonpunitive sharing of this safety data. And I think we look forward to really creating a mechanism that works, but also to be sure that, as in my prior comments, that airports are not being left out of that process as well.

Mr. BABBITT. Yes, sir.

Mr. CARNAHAN. OK. Thank you. I yield back.

Mr. PETRI. Representative Reed.

Mr. REED. Thank you, Mr. Chairman.

Mr. Babbitt, I have a question concerning safety. I come from a rural district in western New York adjacent to the district where the tragedy happened over a year ago. Can you tell me exactly what the FAA is doing to achieve a one-level safety standard for regional airline safety, especially in the area of pilot experience and qualifications?

Mr. BABBITT. Well, as you are aware, the standards of part 121 are equal for all carriers, and so the standard itself is uniform. What we found post Colgan, the accident in Buffalo, was that we had people performing and performing better than. And so then the question became, well, why doesn't everyone perform to that?

We had a series of safety stand-downs around the Nation. The Secretary and I went around to 10 different cities, interviewed literally thousands of pilots and aircraft operators, people from air carriers, including regional and major airlines. We requested that the major airlines take every one of their co-chair partners and have meetings with them and have safety sharing programs.

The good news is we had wonderful compliance; and I am happy to sit here and tell you today that, as a result of those meetings, that every carrier, every co-chairing partner today has a focal program which is a flat operations quality assurance, which means they stream data from their airplanes so that it can be read so we can see the overall performance of that. We had less than 70 percent compliance prior to these meetings. The Aviation Safety Reporting Programs, the ASAPs, again every co-chairing regional carrier today has or is in the process of being approved one of those programs, which went from about 50 percent to where it is today. So these are dramatic improvements.

The carriers themselves, the major carriers, again to their credit, have stepped up and taken a very active duty role to make certain that they export as mentors of the larger carriers their good safety programs. And we ask them to demand the same safety standards of the regional carrier that they demand of themselves, and the compliance has been excellent.

One of the things that we say from time to time—this safety record we have achieved was not accidental. I hear people refer to all the time the miracle on the Hudson. It wasn't a miracle. The airplane that landed in the Hudson landed in the Hudson safely because it had a superbly trained crew in the cabin and in the cockpit, a first-class traffic control. Everybody was in coordination that were flying the airplane. It was well made and built to certain standards—obviously not enough to ingest half a flock of Canadian geese—but, nonetheless, that airplane landed safely because we have a system that over the years built every safety component that was utilized in that 30 seconds when that airplane hit the water.

Mr. REED. Excellent. So the regional airline carriers are bringing their standards up, in your opinion?

Mr. BABBITT. Yes, sir. Everything we have seen we have done. In addition to what I mentioned to you, every team had white glove or the equivalent of white glove inspections of those regional carriers, spot checks on their training programs.

Today, every carrier—to my knowledge, every carrier now requests all of the pilot training data. You may recall or may not, but one of the areas that we have had to work around was when you ask for a pilot's training records from the FAA—in other words, their history of taking flight checks from the FAA—well, when you turn that information over it is yours, and for someone else to request it they have to get your approval. We suggested to the carriers if you have an applicant who won't release their training records to you, that in itself ought to tell you something.

Mr. REED. Well, thank you very much. I appreciate that.

Mr. Babbitt. Yes, sir.

Mr. PETRI. Thank you.

Ms. Hirono.

Ms. HIRONO. Thank you, Mr. Chairman.

I was particularly interested in your testimony section on the airports improvement programs. Because aviation is in a global competitive environment, you see all these countries or places like Singapore, China where just wonderful state-of-the-art airports are being built. And then we come to our airports. And I know that certainly the Honolulu International Airport, I would say probably a mix of a lot of other airports in our country where we are falling behind in our AIP program.

And so you cite the real impact of the extension process that we have been using for reauthorization; and I would hope that with this Congress that we will be able to come up with a reasonable, fair, and forward-looking FAA reauthorization. However, short of that, is there something we can do to save money in this program? Because you have shown us that we are losing money, we are not being very smart about how we are proceeding with our AIP program in this environment of wanting to make sure that we get the

best bang for the buck. So I want to ask you, short of a reauthorization, what can we do to address the AIP issue that you have laid out for us?

Mr. BABBITT. Well, I think one of the important points that I made in the testimony, to answer the question, was the fact that 17 consecutive extensions and continuing resolutions have led to a lot of stopping and starting. When equipment has to come to a halt and taken off the field, it is expensive to bring it back. People will give you a much better bid if I know that I get the entire project.

If something, a runway extension, costs $100 million to build you 1,000 feet of runway, as we both know, it is going to cost a lot more to build it 100 feet at a time 10 times. And that is what we are running into with these constant short extensions.

Ms. HIRONO. You certainly made that case. So my question is, short of a long-term reauthorization—and I am hopeful that we will be able to get to that—is there something we can do to address the concern you raise—which I share, by the way.

Mr. BABBITT. Well, short of reauthorization, I am afraid we are going to have to simply have to live with the fact that we can't authorize people to do things with money we don't have access to, and therein lies the problem.

We certainly have tried, and under the Stimulus Act we did I think a wonderful job. We had close to slightly over $1 billion, and we got our money out the door. The advantage that we had, we had projects in the cue, they had been environmentally approved, and we were able to go right to the bidders and actually got a lot more leverage out of that. It was a tough time in the economy, and people were very aggressive with their bidding, which actually let us let more contracts. And I think we were very prudent with that money. And I think any scrutiny you would like to put us under says these were handled very efficiently and the taxpayers got a lot of benefit. The airports were better served, the projects were completed on time and, in many cases, under budget. So I think we do a pretty good job. Just the choke on us is the short-term process.

Ms. HIRONO. So we know that we are $1 trillion—at least $1 trillion behind in infrastructure projects all across our country. We are talking about harbors, highways, airports. So if we just were to hone in on the aviation part, would you support another infrastructure stimulus kind of a bill?

Mr. BABBITT. Could I give you an answer that if Secretary LaHood were sitting here would give you? I could say, yes, I would support it, but then they would fire me.

No, the administration has a budget that they are going to put forward, and I think you are going to see as it comes forward that there are a variety of infrastructure improvements, I think.

I certainly share this administration's view that infrastructure is one of the areas that we absolutely have to put resources into; and nothing highlights it more, in my opinion, than aviation. We can do all the improvements, we can land them with closer spacing, we can do everything in the world, but at the end of the day at La Guardia Airport when it is a one-runway operation you can still only land them once every 54 seconds.

Ms. HIRONO. I think I am on the same page with you.

Thank you. I yield back.

Mr. PETRI. Mr. Hultgren.

Mr. HULTGREN. Thank you so much, Mr. Chairman; and, Administrator Babbitt, thank you so much.

And I want to thank the FAA and the pilot and the crew and the flight folks that all helped all us get here safely this week. I felt it today. With a very windy day up there, I was thankful for the well-trained pilot and I think a pretty difficult airport, maybe, to land in, Reagan Airport there, but glad to be here safely and thankful for the hard work that you are doing.

I do recognize, as others, that this coming Saturday is the 2-year anniversary of the crash of Flight 3407. Independent of having passed safety legislation, do you personally feel that it is safer today to get on a regional airline than it would have been 2 years ago when the crash of 3407 crashed?

Mr. BABBITT. Well, we certainly have implemented and gotten a lot of response. We have implemented a number of safety changes. We have put out safety bulletins, advisories and gotten a lot of compliance. Those were areas that I think needed addressing, and I am appreciative of the compliance that we got from those. So if those safety programs themselves brought us to a higher level, then the answer is yes.

We certainly have a lot of people—we have raised the awareness. We have got self-reporting now, which helps us to understand where shortcomings are happening. Even in the best of intentions, procedures move and technology changes and you have to find out where things are not working well and get people to report it so you can change it. And with those changes that we have in the system today, not only in the regional world but elsewhere, air traffic control, large carriers, a lot of procedures have changed and a constant strive to be ever safer.

Mr. HULTGREN. Thank you.

One other quick question here. There are people here whose family members were victims of the crash, obviously are passionate about continuing that safety and making sure that we do all we can as a Subcommittee and as a Congress, along with the FAA, to make air traffic as safe as possible. What do you see or what would you to suggest to them today are ways that they could be helpful to the FAA? How could they provide input? What are things that they could come alongside? Obviously, they have shown their commitment by being here today. But what would you suggest to them to help us in this process, again, to make sure that we continue to have at least another 2 years or many, many more years beyond that without a fatality?

Mr. BABBITT. Sure. Well, I have applauded them publicly and privately. I probably—and you can confirm this with them—have had the opportunity to meet with them a number of times, and what I am extremely appreciative of is the very positive attitude. They suffered a horrible tragedy. I have lost crew members professionally, people I have known, friends I worked with, people I learned to fly with, I have lost them, and I understand. But never will I understand like the loss of a family member.

And I have to say that the positive attitude that they have carried that they want to do something, we will never do anything to bring their loved ones back, but what they will enjoy is the legacy

of saying the contributions that we made, the positive positions that we took, the positive steps and the focus that they kept on all of us, has been and will bring changes to the aviation system of improvement and safety that will be felt forever. So I applaud them for that, and I think they have made an enormous impact, and they have done so in a positive, constructive fashion.

Mr. HULTGREN. Thank you, and we all thank you as well for the work that you have done and ask for your continued input.

One last thing, and then I will be done.

I mentioned that my district is just adjacent to O'Hare, obviously a very busy airport. But just a question of how quickly—shifting gears to the NextGen—how quickly you see some of the beneficial impact of the work that is being done and what the plan is to have an impact with some of the busiest airports, say 35 busiest airports, what your plan is to have that so we start seeing that impact.

Mr. BABBITT. Sure. Well, we have—and I would love to come back and perhaps have a meeting with you and your staff or some other members to lay out a little more clearly—but we have a very expansive plan that talks about that.

But let me use O'Hare as a specific. We are already seeing some benefits there. You have two airports that we consider a metroplex up there. We have Midway on the one side and O'Hare on the other. Five years ago, that was one massive airspace. So, at Midway, we are landing 20 airports an hour of its capability of 45. But if O'Hare was saturated, Midway suffered. Because those two airports in that airspace is interlinked.

Today, using RMP technology, we can very accurately navigate into Midway with aircraft and never touch O'Hare's airspace, so we make them independent of each other.

Think of a lot of areas. Think of the New York metropolitan area. We have to sometimes—unfortunately, GA sometimes suffers. We have to literally close Teeterboro so that the three airports of Newark, La Guardia, and Kennedy can operate with large volumes of traffic. But using, again, RMP procedures we can delink those airports so it doesn't matter to someone going into Teeterboro what is going on in Newark. And we can do that with more accurate—and we are doing that today.

So we are seeing that type of delinkage in a number of airports around the country. That is just one example.

Some of the optimized profile descents that we are using today, dramatic savings in fuel. Alaska Airlines cites 60 gallons per approach, 60 gallons of kerosene every time they land coming down from Alaska, their high-altitude approaches. They literally glide all the way in. I mean, those are tremendous savings. It is savings in fuel, savings in emissions, noise. The noise footprint of people doing optimized profile descents, we can show you what goes on in Louisville, Kentucky, it is dramatic.

So as we roll these out it is not just a schematic anymore. These are real, live operations. We deploy them as people get equipped, and we get the procedures and training in place. And, as someone mentioned, the momentum and the pace is there; and it will continue to accelerate.

Mr. HULTGREN. Well, thank you very much, Administrator. I do look forward to having that time where we can talk more directly, and I want to thank the Chairman and yield back.

Mr. PETRI. Mr. Capuano.

Mr. CAPUANO. Thank you, Mr. Chairman.

Thank you Mr. Administrator. I think you are doing a great job. I think you have the right priorities, and you are the right man for this job, and I appreciate what you have done.

I want to talk specifically about what you can do. Correct me if I am wrong, but my math indicates that if you roll back to 2008 levels from today's operating levels it is a little over $1 billion worth of cuts. Is that a rough ballpark figure that sounds right?

Mr. BABBITT. Yes, sir, that is accurate.

Mr. CAPUANO. So with a $1 billion left you will clearly not be able to do—or less—you clearly will not be able to do what you are doing right this very minute, is that fair?

Mr. BABBITT. Yes, sir, that is correct.

Mr. CAPUANO. Have you made the decisions yet as to what specific programs would be cut out if you lose $1 billion?

Mr. BABBITT. No, sir. We certainly would want to step back and reprioritize. I mean, we would have to protect the safety of the system as we know it today. So then we would look at, well, now what is left. So we would have to move some of the assets over to protect the safety and integrity of our system today. Then we would look back and then prioritize and certainly work with constituents to say, well, we are going to have to slow this down, that down.

Mr. CAPUANO. That is why I appreciate—I mean, first of all, your priority is 100 percent correct. But we agree then that after safety is taken care of you would still have some discretionary funds within which you have to make tough decisions.

I would strongly suggest—Mr. Administrator, you are the first person I talked to in the administration since the new Congress. I would strongly suggest that you have those cuts prepared now. I think it is only fair.

I represent Logan, as you know. I fly into DCA all the time. If one of those airports is getting cut and can't do whatever it might be, I think it is only fair that my constituents and the constituents who fly into both those airports know what is not going to be done. What if it is O'Hare? What if it is somebody else? I mean, they should know what this means. As opposed to a $1 billion cut, which is a nice round number, I can't count that high. I am not sure exactly how many zeros there are. But if you tell me that the taxiway at Logan is not being done, I have a better idea what that means. It means something specific to me and my constituents.

And I would strongly suggest that you and actually the entire administration go through this. This is not a new number. This 2008 magic candle item has been talked about now for months. It is coming. You know it is coming. And I think it is only fair to be putting faces and names and specific projects to thoughtful—not political but thoughtful decisions as to what will be done with $1 billion less. So that when I go to the well and defend the FAA and other agencies that I know specifically what I am talking about. Otherwise, it is just a number.

Plus, I think it is important for the people who want to advocate these cuts to look to their constituents and say, my constituents have to take a cut, whatever it might be. We are not going to be getting NextGen quite as quickly as we had hoped, or whatever it might be.

So I would strongly suggest to put real names, real items, on this list thoughtfully, independently, as you would do if these cuts come through, so that we in Congress and so that our constituents will know what we are talking about.

And I would, finally, just to say, as you do, some of that money is discretionary, things like which noise abatement plans get done next. I would also strongly suggest you remember who was with you when the time comes to make those discretionary commentary. It has always bothered me, always bothered me—and you just said I believe the FAA got close to $2 billion in stimulus funds—of that $2 billion I am willing to bet that a fair amount of it went discretionarily to people who voted against that money. I respect their vote. I do not respect the hypocrisy, and I do not respect the administration for not noticing that.

So I would say the same thing here. When the time comes, after safety—safety is safety, safety off the table—when it comes to non-discretionary items like noise abatement, they all have to be done. Which one goes first? Cut out the ones of the people who aren't willing to pay for it and be honest about it, not trying to play games. Be honest and open about it.

There is a cost to an effective FAA. And for those who don't want to pay for it, I respect that position, but you can't have it both ways.

So, Mr. Administrator, again, I think you have done a great job. I hope that you don't have to go through these cuts because I think NextGen and other items you are doing are critically important. At the same time, if you do, I hope that you help us make the case to the American people of what they are actually suffering through these cuts.

Thank you very much. I yield back.

Mr. PETRI. Thank you.

Mr. Cravaack.

Mr. CRAVAACK. Thank you, Mr. Chairman.

I had to smile when you were talking about going across the Gulf. As a new "nugget" pilot flying an old aircraft with steam gauges, following a very weak ADS signal that we had finally lost halfway across the pond and notifying ATC we lost our navigation, he says, take a look up 2:00 high. Do you see contrails? And I said, yes, we do. Follow him. That was our navigation.

So your safety record, obviously, is to be applauded, sir. Thank you very much for that.

But, as you know, this year the reauthorization bill could authorize the spending of billions of American taxpayer dollars to operate the FAA and related aviation programs. After reviewing several Department of Transportation Inspector General reports, I am troubled by the FAA's repeated failure to provide basic contract oversight in management.

Today, I specifically would like to focus on the 2008 contract the FAA awarded to Raytheon for air traffic controller trainer and the

2007 contract awarded to ITT to deploy the ADS–B infrastructure system. In regards to Raytheon contract, in the first year, this contract exceeded baseline cost estimates by 35 percent, or $28 million. In the second year, the contract exceeded planned expenses by 20 percent, or $18 million. During the first year of the contract, in 11 separate invoices, Raytheon billed the FAA for $45 million, but the FAA did not have the controls or the metrics in place to verify that the government received the services it was being billed for.

Perhaps most troubling is the FAA allowed Raytheon to determine the performance measures and the data used in determining how the contractor could earn award fees. Inspector General Gazetti said the proper award fee and incentive fee structure alone could have prevented the misuse of 22.6 million taxpayer dollars.

Inspector General Lou Dixon on October 12, 2010—I understand that the contract for ITT was not on your watch, but the report was. The report of the FAA's contract with ITT Inspector General Dixon stated the FAA did not conduct a comprehensive financial analysis before deciding that a service-based contract would save the government more than the traditional method of owning and operating the system. The FAA's data showed that if the agency had owned a system through the first phase of ADS–B the government could have saved over $600 million in the contract's initial phase alone. That is $600 million.

I realize this contract, again, was not awarded under your tenure as the FAA administrator. However, the FAA employees failed to conduct proper oversight and perform due diligence to fix an established pattern of FAA irresponsibility in administering Federal contracts. I ask that you provide my staff with the names of the presently employed FAA personnel that were charged with mismanagement of this oversight in the 2007 ITT contract and the 2008 Raytheon contract.

Was Inspector General Dixon wrong in his assessment that the government could have saved $600 million by not entering in a service-based contract for the initial phase of the ADS–B infrastructure?

Mr. BABBITT. You have touched a number of things there.

First, I appreciate and should acknowledge it is super to have someone with your background on the committee. I know that as a professional pilot and a military pilot as well you have got a lot of understanding, so I appreciate it and the focus that you have.

One of the things that—and let me sort of get to the answer here through a couple of steps. Oftentimes, the IG, based on a report, will go out and make a series of statements in a report which we are allowed to then respond to. And I find I have sat here in this very seat and testified to things that have either been repaired or we objected to, but it doesn't change what the initial report said. We have said, and, by the way, you didn't realize that we did this; and they were, oh, golly, you are right. We didn't. That is the second half of the page.

So there is a number of things that you cited in the initial reports that we simply did not concur with and have supporting evidence of why we didn't, and that is the other side of the story. So I want to have the opportunity to share with you some of those instances.

We did have certainly an increase in the training costs, but at that same period of time that wasn't a static time in the environment. The controller workforce had an enormous spike. Like four times what was predicted in normal retirements spiked, and we had to undertake one of the most massive trainings in that period of time.

And, yes, it did in fact lead to—these were the people in charge of training, and so they had to respond with additional and were authorized to.

You make a good point on some of our oversight capability. I welcome the opportunity to spend a little more time and show you what we are doing to sort of upgrade ourselves to what corporate America would expect of a well-run company in terms of project oversight, acquisitions from the beginning. There were acquisitions that I have now on my watch that were made that I would never enter under the same rules and circumstances. We know better today, and we would manage the acquisition itself better today.

With regard to the ITT, that is a subject—we are under discussion. But one of the things I think that people should appreciate, the difference between—this will be a corporate decision. If you and I were sitting on the board of an airline and someone said, should we lease the airplane or should we buy it? And we can lease it for $300,000 a month or we can buy it, if we had the $50 million it would take. Well, we don't have the $50 million. Therein lies the ITT contract.

Yes, it would be operationally less expensive to have bought all that equipment, but what wasn't noticed was how many billions of dollars it would have cost to acquire the equipment to avoid it. In a company, you would make that decision. You would decide do you want to go out and borrow that money, put it in place, and save the operational costs over time, or do you go ahead and lease? I mean, it is the classic argument buy versus lease. And so we have to make those decisions, and we are having an ongoing discussion with the IG on some of those.

Mr. CRAVAACK. Have you done a cost analysis between the traditional method versus the fee for service? Have you completed it?

Mr. BABBITT. Well, no, we haven't in the sense that—appreciate that we don't get to depreciate equipment like the private sector does. So there is no depreciation allowance and no recapture for us. But we certainly try in our acquisitions and certainly going forward will do a better job of letting out the differences.

Mr. CRAVAACK. I yield back, sir. Thank you.

Mr. PETRI. Thank you.

Mr. Long.

Mr. LONG. Thank you, Mr. Chairman; and thank you, Administrator Babbitt, for being here today.

There has been a lot of talk today about NextGen, and there will be in the future. I am more concerned about today's Gen, and I want to go back to I think the Chairman's original question to you about the dramatic rise in near midair collisions and air traffic controllers' operational errors that are up the past year, both nationally and here in the Washington, D.C., area. And I believe, if I understood your answer, it was because of this new voluntary reporting system.

However, in the Washington Post there was an article December 31, about 5 weeks ago, and the FAA and the controller union have admitted that the self-reported errors from this new nonpunitive error reporting system are not included in the official count. Therefore, I don't see how that could be the reason for the rise in the official published errors. Is that a correct statement?

Mr. BABBITT. It is correct in the sense—remember, we are changing the overall environment. We are also asking people in this partnership for safety to admit things that might not be an infraction. So they don't need immunity. They are just telling us about them, not under that system.

We have a much more open culture today than we did 5 years ago, 4, or even 2 years ago. And so they don't necessarily use ADSAP to report errors. They are free to report anything. They will—if they think voluntary reporting might indicate their exposure to something and they are looking to have some—not immunity but certainly coverage of disclosing this publicly, then they will file it under the ADSAP program.

But we are getting a lot more reports from all corners simply because we have a partnership for safety that we have engaged in. We also have better electronic observations in places where we deploy ADS–B. Remember, ADS–B reports full time, all the time, not every 12 seconds in a sweep. So we can more accurately track operational areas.

Mr. LONG. So you think that it is more due to the increased reporting, wherever it comes from, than actual issues that we are having?

Mr. BABBITT. We actually expected—as each of these comes on line, each of these enhanced capabilities, we actually expect to get more reports. Maybe not a good analogy but the one I use often is the difference between we have an intersection and for years we have been writing one or two red light tickets a week. Somebody is running the red light. We put a traffic camera up, and we got 40 one week. Did 40 people run the light that week? No, we just caught all the ones that did.

And, remember, operational errors do not necessarily mean we had a dangerous lapse in safety. What it means is we have an established safety margin that we want to be respected.

An airplane, for example, in the terminal area we like to keep them three miles apart. An airplane in front of you slows down a little bit, unbeknownst to anyone else. The following aircraft moves in to 2.9 miles. That is an operational error. All of a sudden the controller realizes he has got a 2.9 mile separation instead of three because somebody slowed down and didn't tell him. That is an operational error. He has to slow the airplane down or give a turn or something. That is an operational error. Those are the things we want to understand how they happen, how to train so they don't happen again.

Mr. LONG. OK. One other question about—just curious about what your reaction is to today's revelations about the unprofessional behavior in New York, the air traffic controllers there, and do you plan disciplinary action for them?

Mr. BABBITT. Well, first, we are going to get the facts. We have sent a team up there. People make allegations from time to time,

and just like everybody in the country we want to look into this and get the actual facts of what is going on up there.

That is a very complex series of airspace. We move traffic through it in a day than some countries move. So it is a very intense traffic area.

I read some of the allegations. But the bottom line is we have got a team up there, and the controllers have been very open. They will work with us as well, and we will get to the bottom of this. And if in fact some of those allegations are correct, obviously, we will take disciplinary action.

Mr. LONG. OK. And, again, I thank you for being here.

I got routed through Dallas yesterday, DFW, after the Super Bowl. Normally, I think on a Monday they have 19,000 passengers. At National they had 50 and moved very fluidly.

So I thank you for all your work, and I yield back.

Mr. BABBITT. Thank you, sir.

Mr. PETRI. Thank you.

Representative Meehan.

Mr. MEEHAN. Thank you, Mr. Chairman; and thank you, Mr. Babbitt, for your appearance here before us today.

I have some specific questions, and I am glad that you opened the door to the issue of New York being a very sort of intense airspace region. I am just below that, representing a district that includes the Philadelphia airport, my county, and you may be familiar with some of the issues with regard to that.

But one of the—I just finished a GAO study that looked at congested areas, and their conclusion was that regional airport planning could help address congestion if the plans were integrated with FAA and airport decision making, realizing not just a class B like Philadelphia, but there are other—Lehigh Valley, Atlantic City—other airports that may be able to handle overflow from the main hub. What is your opinion with respect to the importance of the essential nature of regional planning as we deal with the issue of congestion?

Mr. BABBITT. Well, I think there is certainly a place for regional planning, especially in these metropolitan areas.

One of the things that we certainly take into consideration, reliever airports that are near major airports, that they can help unburden some of the traffic that is going into a metropolitan airport. That is a good thing.

The other side of that coin, of course, is the commercial reality of the carriers operating in those big airports and the connectivity of their traffic. Someone who wants to go through, for example, Newark, land in Newark and then go somewhere else isn't going to be well served by going to Atlantic City or an airport not too close by. So the connectivity plays into that.

But to the extent these airports add to the overall improvement of the national air space system we certainly consider that, and it is not unique that you have regional planning authorities that do take into consideration, and we certainly consider them when we talk about adding airport improvement funds.

Mr. MEEHAN. Well, in reviewing this study, I was concerned about some of the language. If I can, it was that the airport officials in Philadelphia International stated that the airport does its

own planning without input from regional planners. This is the language of the GAO study. And another one. Airport officials in Philadelphia stated that regional airport planning has little influence on the decisions made by the City of Philadelphia or Philadelphia International Airport.

And then I see a concluding paragraph, a major hindrance is the differing interests of airports in the region. Their language, airport officials in Philadelphia told us they do not want to support Federal efforts, including regional airport planning, that could—because the City of Philadelphia which owns Philadelphia International does not want to lose revenue generated at its airports to other airports. Is it a revenue question or is it an efficiency question?

Mr. BABBITT. Well, the decision that is made by the Federal Government whether or not to support a request by an airport authority, an airport sponsor—and remember that most of the airports in this country are owned by the cities, the counties, in some cases, the State, and they make their own independent decisions. They would then request improvements. They would—using forecasts. And, of course, we do the same thing. If those forecasts indicate to us that we would improve the overall transportation flow, we grant those requests. But they are on a very solid foundation of a very thoughtful overall contribution to the national airspace system.

But what an individual airport does, whether it wants to build a hangar on the north side of the field or the south side, a new terminal wing and so forth, those are airport local decisions and not subject to our approval.

Mr. MEEHAN. I concur with the idea of the airport local decisions, but I am concerned about one issue that respects the Philadelphia situation. Because they do have great autonomy, and they have proposed extending an airstrip to accommodate congestion. Are you aware that in the context of that 78 homes are going to be taken by purported eminent domain?

Mr. BABBITT. I am aware of that, yes, sir.

Mr. MEEHAN. Well, sir, the power of eminent domain does not come from them locally. It is your power of eminent domain that they are stepping into. So they are making their own independent decisions. They are not using any kind of regional association because they choose not to—by their words, not ours—because of revenue streams, and yet your power of eminent domain is what they are using to take these homes. Is that fair to those homeowners that they are not looking at what the GAO suggests may well be an alternative to dealing with congestion?

Mr. BABBITT. Well, I think the gap in what you and I are discussing is captured in our ability to force them to join in any type of regional planning authority. We simply don't have that authority, nor could we compel them or restrict them from that.

We went through a record of decision process. They made their plan, which did in fact include capturing some land. And in the interest of expanding the overall flow and contribution to the system it is a reasonable plan. It met all of our criteria, federally established criteria, and a decision was based on that.

Mr. MEEHAN. It only looked at two things. It only looked at two separate entrances and the status quo. It did not consider the op-

portunity to perhaps lay off flights into other airports, including its own northeast Philadelphia airport in a city less than 10 miles away from Philadelphia International.

Mr. BABBITT. Well, again, the amount of—one of the things that you would look at in that case if you were Philadelphia is how much originating and departing traffic is yours and yours uniquely, as opposed to connecting traffic. And if an airport has a high volume of connecting traffic realize this is a commercial discussion outside of the authority of the FAA.

Mr. MEEHAN. But, Mr. Babbitt, they are using your authority to take those properties. And—I am sorry—may I just ask one quick question?

Mr. PETRI. Sure.

Mr. MEEHAN. One last issue is, in addition to this, there has been noise abatement that has been used for some of those properties. I am sure you may be aware there are 78 properties that are potentially affected. Yet at the same time the airport and the FAA have done noise abatement on some 27 of those properties which are slated to be taken at a cost of—I understand it is close to $1.2 million. Who is making that decision?

Mr. BABBITT. Well, that would be part of the record of decision, as I understand the process. That the overall airport plan goes through a very high-intensity, robust review which includes environmental protection. Certainly the noise levels forecast, all of those come into play. In some cases, you can mitigate the noise levels. When traffic picks up in an airport, we have some criteria. The EPA through the NEPA has a baseline criteria, and when that is exceeded we have an obligation and do often go out and provide mitigation by soundproofing homes, giving them money because the situation has changed.

But in this case the record of decision obviously was a little stronger than that and said if you are going to make this extension we need this land and therefore you take this next step.

Mr. MEEHAN. But they are mitigating homes that they are going to take.

Look, may I just ask if your staff can answer these questions?

Mr. PETRI. I am afraid—you can ask someone next to you to yield time for you to be recognized.

Mr. MEEHAN. Mr. Chairman, I will submit a question to Mr. Babbitt.

Mr. BABBITT. Congressman, we would be more than happy to come over with a team and meet with you and your staff. I would be more than happy to do that and discuss that at length, yes, sir.

Mr. MEEHAN. Thank you. Thank you, Mr. Chairman.

Mr. PETRI. Mr. Lankford.

Mr. LANKFORD. Thank you. Thank you, Mr. Chairman.

And thanks for coming over and spending time with us today.

Let me run through just a couple quick questions. Is there a ballpark figure that you are dealing with at this point for NextGeneration, what it has cost to date to implement and what you anticipate it will cost to complete the process? And I know there are multiple elements. NextGen is this large broad term, and there are a lot of other random pieces. Give us a round figure what it has cost to date and what you think it will cost to complete.

Mr. BABBITT. Well, there is a number. That is a difficult question to answer. And I could probably give you a more accurate and better answer by pulling all these figures together, but it is in the multiple billions.

Mr. LANKFORD. Right. It is a figure that I have been looking for and have not been able to find it. That is why I am asking, to say if there is a way to be able to pull those figures together, to just give us a number, to say here is what it has cost to date, here is what it will cost to complete, that would be very helpful. Because the numbers seem to be all over the board.

Mr. BABBITT. Sure. And then, too, what complicates it, Congressman Lankford, is the fact that some of these components are NextGen itself. In other words, if we define NextGen as the ability to communicate with the aircraft, navigate the aircraft, surveil the aircraft, and the technology that surrounds that, does it also include training for the, for example, the controllers? How about the digital communication? How about the facilities that we may have to build? How about a need to modernization and so forth?

So all of these things support NextGen. We can break that down for you and say, this is direct NextGen, this is supportive of NextGen, this will be desirable to accelerate NextGen.

Mr. LANKFORD. That would be terrific.

Tell me about the interaction between us and Europe. We have got the two most frequently used airspaces in the world, and I know they are implementing their own process. How is that communication going relating to their process which is different than our process?

Mr. BABBITT. Right. They are looking to have their own NextGen system, SESI, which is the Single European Skies Initiative. They are far more in the drawing board stages. We actually use it today; they don't. It is simply a discussion item with them. But we are in very close communication with them.

For that matter, we are working with all of our international partners. It would be foolish for us to have a system that was not interoperable. We want an airplane to go from anywhere in the world owned by anyone in the world to any other place in the world and use the technology to the fullest extent.

Mr. LANKFORD. So you feel confident at this point once we are implementing NextGen it is going to be interoperable with whatever is being constructed in Europe and the relationship is already there?

Mr. BABBITT. Yes.

Mr. LANKFORD. What I don't want is our commercial aircraft to have to have two different systems to be able to cross.

Mr. BABBITT. No. And nor do they. We have had good dialogue with them.

I would say we are very, very far ahead of them. I mean, we actually have, as I noted, a number of cities, areas. The whole—the area on the east coast of Florida in the Melbourne area completely equipped. All the training aircraft use NextGen today. It is a wonderful system. We have it deployed a lot of places.

Mr. LANKFORD. Just relationship again, not to get off the European conversation here. I am hearing lots of conversation about a taxation, a cap-and-trade-type implementation that is happening

on a commercial airline basis and an increased tax possibly coming to fly into European space. Are you aware of that and can you bring me up to speed with what is happening with that?

Mr. BABBITT. Yes, sir. We like to address those as a country. We have used ICAO as the vehicle to address these. We don't think it is appropriate for any individual country to stake out on their own so we have our standards and anyone coming in here would have to live by our standards. So we have very much been active participants in ICAO. We are very supportive.

Certainly as the FAA, this administration and this country, in coming up with a uniform worldwide trade or—I am sorry—system that would acknowledge what we want to do for the environment and work on something that, if you comply, you will be invited to participate and fly into any airspace anywhere in the world. We think that is the way to go.

Mr. LANKFORD. Terrific.

A couple more quick questions on it. One is dealing with the alternative fuels. There is, again, a lot of chatter about moving to alternative fuels. There is some research projects that have been put into previous versions that obviously did not pass through at this point. What are alternative fuels that you would look at and say in this authorization I would like to see this in there, or are there any?

Mr. BABBITT. Well, we have—you should be aware of a couple of initiatives that we have. We have a CLEEN program, which is Continuous Low Energy, Emissions, and Noise, which we have a great partnership with people in the community. We have five different engine manufacturers involved.

The airframe manufacturers are working together with other parts of the industry to develop technologies that burn less fuel. We are ahead of our goal of reducing fuel consumption 2 percent annually. We are ahead of that thanks to the partnership we have.

Alternative fuels fall into that same area. We have got a couple of kinds of considerations. One is the quest for renewable fuels. So biofuels, areas like that.

We also have the problem of existing fuels that are going to be phased out. The EPA wants to eliminate lead from all fuels. We have a 100 low lead octane that we burn in a number of our general aviation aircraft.

I just recently signed an aviation rulemaking committee to put an arc together, this committee, to find a suitable drop in replaceable fuel as quickly as possible so that we can move to this fuel. The issue is that we don't want to have lead additives outlawed before we have the alternative fuel to replace it with, and I am pretty comfortable that working with the industry and our constituents we will find it.

We have a number of fuels today. One of the problems, without getting too technical, lead in and of itself is a lubricant and so you can replace it with nickle and get the same octane. The trouble is the engine life is cut in half, and nobody wants that.

Also, we need these fuels to be drop-in. You need to be able to put it in the same tank, pump it through the same hose, through the same carburetors, and not have some unintended consequence come from corrosion or leakage or things like that.

Mr. LANKFORD. Terrific. Thank you.

Could I just ask one thing? If I could get a formula from the FAA for how they make decisions on consolidation. If that is in print somewhere, just to be able to go through and review some sort of metric to say this is how we decide when we consolidate TRACON facilities or whatever it may be, this is our plan on how we make that strategy.

Mr. BABBITT. Yes, sir. We have a pretty thoughtful analysis that we use, and we look at the geography. If we find an area where it seems—

Think about it in simple terms. If we had within, say, a 200-mile range, we had four or five TRACONs, each one of those has back-up facilities, back-up generators, back-up IT, all of that, could we consolidate that efficiently into one area?

One of the things that I am real pleased that we have been able to do recently is to get with our colleagues, whether it is the members of PAS or NATCA, and sit down and say, look, this is the business case. We want to sit down. Does this make sense to you? And I am pleased to say that we have enjoyed pretty good success. We recently consolidated eight different facilities to achieve savings and did it with a consensual agreement, so it is working.

Mr. LANKFORD. Thank you.

My time is expired. Thank you, Mr. Chairman.

Mr. PETRI. Mr. Southerland.

Mr. SOUTHERLAND. Thank you, Mr. Chairman.

Mr. Babbitt, thank you very much for coming today. I was here—my plane came in a little later, and so I wasn't able to be here for the whole time.

Mr. BABBITT. I hope it wasn't our fault.

Mr. SOUTHERLAND. No. Actually, it was on time. It was just I couldn't get one out of Panama City earlier.

I was reading through your comments that you had shared earlier and some very impressive numbers. I want to commend you. It talks about approximately 750 million people through the system on an annual basis, and 50,000 flights are operated on any given day. That is an enormous success, and I commend you and your staff for working to create that record.

I want to ask—I was born and raised in a home where mom always taught us that an ounce of prevention is better than a pound of cure, and that saying sticks with me the older I get. I want to ask some questions regarding—as far as your controllers, and really in light of what I have seen and just the general public. So the questions that I ask are questions—just my own curiosity. I do not come from an aviation background, so I just want to ask some questions.

How many air traffic controllers does the FAA employ throughout your entire system?

Mr. BABBITT. Well, right now, we employ, in round numbers, about 15,500 air traffic controllers.

Mr. SOUTHERLAND. So, obviously, in order to do the numbers that you stated in your comments, I am sure the majority of them are blowing and going and doing a great job.

In light of what we saw in the papers—and, again, you made reference to sending a team up to New York, and I commend you. You

are going to do your due diligence and gather all the facts, as anyone in your position would do. I am just wondering what kind of scenario as far as the disciplinary action if your findings are that what we read about is true, that people were away from their stations, that they had responsibilities, one person was carrying on the workload of three. What do you—I mean, under what condition is there a zero tolerance? I mean, we have got to be ahead of the curve to make sure that that wonderful success ratio continues going forward. I mean, is there a zero tolerance because their position is so critical to the safety record?

Mr. BABBITT. Yes, sir. We have taken some pretty severe actions in cases where the people have not performed to what they should have been doing. And the relationship we enjoy today with NATCA, more often than not they agree. They are no more tolerant of unprofessional behavior than we are. They have their own professional standards, and that is an improving area for them. I applaud them for it.

Professional airline pilots have a very similar type program. We are seeing that coming out in mechanics where you discipline with your peers. We can't watch everything. They can.

Mr. SOUTHERLAND. You know, everyone seems to be talking about the need to get a dollar out of a dime. I mean, obviously, the fiscal mess that we are in as a country it is going to take everyone rowing and everyone doing their part. As far as going forward, are air traffic controllers—are they subject to the President's pay freeze that is in place for all Federal employees?

Mr. BABBITT. Well, they are subject in the sense that if we had an open agreement with them, yes, we would have to live by it. What the controllers have in place was a contract that was negotiated several years ago, and by obligation by both contract law and statutory requirement we are obliged to live up to that agreement.

Mr. SOUTHERLAND. Are there any other employees in your agency that are under any current labor contracts that the pay freeze stated by the President would not apply to?

Mr. BABBITT. Well, we entered a new agreement with another section, the noncontroller section of NATCA. But because the pay freeze was in effect we limited them to no more than anybody under the pay freeze would get, and they have agreed to that. That is the difference. This was negotiated in an earlier time prior to and therefore is immune from.

Interestingly, the actual—without getting into details, what was proposed for them in terms of a series of step raises was somewhere in the ballpark of what government employees would be getting anyway. So it wasn't like it was dramatically different than what a standard person under the GS scale would have gotten.

Mr. SOUTHERLAND. And, again, I know it is going take everyone to row to get us out of this mess we are in, OK, because we are in a mess, and financially. So I guess my question—and not to pick on them, or I am just saying going forward I would say that someone in your position you want to make sure that it is fair and equitable and that everyone is doing their part. So that is really the angle I was coming at.

Mr. BABBITT. Sure. And I appreciate it. I mean, we have billions of dollars of contracts with contractors, too. I would love to go back

to them and say, have you heard about the President's pay freeze? But I don't think they would be any more receptive than the rest of the world.

Mr. SOUTHERLAND. Mr. Chairman, I yield the balance of my time. Thank you, sir.

Mr. PETRI. Thank you.

Thank you all. It has been a good hearing, and we appreciate the participation of all of the members of the Subcommittee.

Just one quick question. I would be remiss basically if I didn't ask if you could comment briefly on any of the opportunities and challenges for the general aviation community of the NextGen deployment.

Mr. BABBITT. Sure. Well, I think that is one of the areas that I think we have to do a better job of explaining the advantages.

But one of the things that we really look forward to is the opportunity for people in general aviation to absorb information on board the aircraft that would otherwise never be available to them. We broadcast weather information that would give them a depiction of whether it is better than you would get with airborne weather radar, textural information that they simply could not achieve.

But the most important, we have tens of—not tens of but thousands of airports around the country where general aviation operations go in and out every day. Those airports don't have the volume of traffic that could justify putting in an instrument landing system, a VAR approach or anything like that. We would have to maintain the ground equipment to do it. But with NextGen all we need to do is design the approach once, there is nothing to maintain, and we can give literally thousands of airports guidance, both vertical and horizontal guidance, to make safer approaches for a very, very minimum cost.

So we are talking about the smallest airports. We are talking about airports that are just below the size that could command that. Where someone with a business jet who won't keep their airplane there or might have to go there to deliver parts or something now has an approach to that airport. They can provide services to that town that they otherwise couldn't, and they will get that with NextGen.

The ability to—the helicopter example is a great one. They can fly and see the other helicopters out over the Gulf. They had no ability to do that before. And so they can sequence themselves visually with digital help. So all of these things are great aids for general aviation.

A good example is what goes on down at Embry-Riddle. All of those aircraft safety training areas are very complicated for us in general aviation, where you have students literally sometimes 30 and 40 aircraft into a training area and they are maintaining separation visually and they are doing maneuvers. That is very complicated. With NextGen they have on board, they can see where the other airplanes are. A tremendous improvement in safety for them.

And that is just the tip of the iceberg. There is a lot of safety enhancements that come from general aviation, and I think as time goes on they are seeing more and more the benefits. Our obligation is to explain it to them better, and I think once they appreciate all

the benefits they are going to appreciate the acceleration a lot more.

Mr. PETRI. Well, again, thank you very much. I will be holding another hearing tomorrow.

This hearing is adjourned.

[Whereupon, at 3:58 p.m., the Subcommittee was adjourned.]

[Prepared statements supplied for the record follow:]

STATEMENT OF
THE HONORABLE JERRY F. COSTELLO
SUBCOMMITTEE ON AVIATION HEARING ON
"FEDERAL AVIATION ADMINISTRATION REAUTHORIZATION: FAA ADMINISTRATOR"
FEBRUARY 8, 2011

- I want to first congratulate Mr. Petri on his selection as the Chairman of the Aviation Subcommittee. I want to thank Chairman Petri for calling today's hearing on the "Federal Aviation Administration Reauthorization: FAA Administrator."

- Mr. Chairman, in the 110th and 111th Congresses, the Aviation Subcommittee held 52 hearings, spearheaded 39 bills and resolutions through the House; 25 of which were enacted. This Subcommittee made a valuable contribution to our nation's economic recovery with enactment of the *American Recovery and Reinvestment Act of 2009*, which included $1.3 billion for aviation infrastructure.

- I commend Administrator Babbitt and his agency for getting the money out quickly and investing in valuable, job-producing infrastructure projects. Work has already been completed on 694 projects, and is underway on 77 more, representing 100 percent of the total aviation Recovery Act funds.

- Mr. Chairman, in response to the February 2009 Colgan Flight 3407 crash, we worked together to enact sweeping airline safety and pilot training reforms – the strongest piece of airline safety legislation in decades. We have some members of the Colgan Flight 3407 Families with us today, and I want to thank them again for their steadfast support in getting our new safety law enacted. Last month, I asked the Department of Transportation Inspector's General's office to undertake a comprehensive review of the FAA's progress implementing the provisions of

our new safety law, as well as the industry's responses to the FAA's Call to Action on voluntary safety programs. This Subcommittee must continue to provide vigorous oversight on safety issues.

- Last year, we also worked diligently with the other body and got very close to delivering a strong, balanced, bipartisan FAA reauthorization bill. Based on the work we did last Congress, I believe we can complete a bipartisan bill very quickly, and I intend to work with you to produce a bill as soon as possible. However, we must ensure that the bill we produce continues moving the FAA, the aviation community and the nation forward - and does not set us back.

- Commercial and general aviation together contribute more than $1.3 trillion in output to the nation's economy. Historically, Members of this Subcommittee have fought to increase and guarantee infrastructure funding in each successive reauthorization bill. This Subcommittee has recognized that investing in our infrastructure will improve the economy, create jobs and provide for the safe and efficient flow of commerce.

- Some have suggested that for fiscal reasons, we should go backwards now, downsize the FAA, and even authorize lower capital funding levels for the FAA than what Congress provided in the last FAA reauthorization bill over seven years ago. I am convinced that doing so would present major concerns for aviation safety. I agree that we need to reduce federal spending but we cannot jeopardize the safety of the flying public in the process.

- Recent budgetary analysis provided by the FAA indicates that if Congress reduces FAA's funding to 2008 levels, key NextGen programs will be delayed or cancelled.

- Moreover, funding cuts will stall the agency's facility consolidation efforts, efforts that would otherwise save billions of dollars and reduce the deficit in the long term. I am also concerned that funding cuts could adversely impact safety, causing the FAA's Aviation Safety office to furlough hundreds of safety personnel.

- Thank you Mr. Chairman. I look forward to hearing from Administrator Babbitt on these issues.

SENIOR DEMOCRATIC WHIP

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
CHAIRWOMAN, SUBCOMMITTEE ON WATER RESOURCES & ENVIRONMENT
SUBCOMMITTEE ON AVIATION
SUBCOMMITTEE ON RAILROADS

COMMITTEE ON SCIENCE AND TECHNOLOGY
SUBCOMMITTEE ON RESEARCH AND SCIENCE EDUCATION
SUBCOMMITTEE ON ENERGY AND ENVIRONMENT

DEMOCRATIC STEERING AND POLICY COMMITTEE

CONGRESSIONAL BLACK CAUCUS
CHAIR, 107TH CONGRESS

Eddie Bernice Johnson
Congress of the United States
30th District, Texas

PLEASE RESPOND TO:
WASHINGTON OFFICE:
1511 LONGWORTH BUILDING
WASHINGTON, DC 20515-4330
(202) 225-8885

DALLAS OFFICE:
3102 MAPLE AVENUE
SUITE 600
DALLAS, TX 75201
(214) 922-8885

WWW.HOUSE.GOV/EBJOHNSON/
REP.E.B.JOHNSON@MAIL.HOUSE.GOV

STATEMENT OF CONGRESSWOMAN

EDDIE BERNICE JOHNSON

Subcommittee on Aviation

Hearing on

Federal Aviation Administration Reauthorization: FAA Administrator

February 8, 2011

Chairman Petri, thank you for holding the first of two hearings on reauthorization of the Federal Aviation Administration.

I want to thank our Subcommittee Chair, Mr. Petri and our Ranking Member, Mr. Costello for making FAA Reauthorization a priority early in this Congress. And, this year it appears that our counterparts in the other body are also attempting to move forward.

As we all know, the previously enacted FAA Reauthorization bill is currently in its 17th extension and we must move quickly to ensure there are no further extensions of that legislation.

It is my hope that we will produce a bill that provides a meaningful step in modernizing our air traffic control system, reduces congestion in our skies, and provides a needed boost to our nation's airports.

I look forward to working with my fellow Committee members on both sides of the aisle to quickly advance a bipartisan FAA Reauthorization bill.

STATEMENT OF
REP. THOMAS E. PETRI, Chairman
SUBCOMMITTEE ON AVIATION
Hearing on FAA Reauthorization
Tuesday, February 8, 2011, 2:00 PM
2167 RHOB

I would like to welcome all members of the subcommittee to our first hearing of the 112th Congress.

We are meeting this afternoon to address the issue of the reauthorization of the Federal Aviation Administration.

This is a critical task since the last reauthorization was in 2003, under Chairman Mica's guidance. Since that time, although the House has passed reauthorization bills in the previous two Congresses, we have been unable to reach agreement with the Senate and send a final bill to the White House.

Instead 17 extensions have been passed in order to keep the FAA operating.

I am confident that this year we can enact a reauthorization bill that will enable the hard-working people at the FAA to continue the important job of overseeing the safe and efficient use of our nation's airspace, improve our aviation infrastructure, and move forward NextGen to modernize our air traffic control system.

A reauthorization bill is a step toward ensuring that the United States continues to have the safest and most efficient aviation system in the world, and the competitiveness of the U.S. civil aviation industry is protected and ensured.

It goes without saying that the aviation industry is vital to the U.S. economy, contributing 1.2 trillion dollars annually to the economy, and directly or indirectly generates over 10 million jobs. It is

important that this industry's stability and growth continue.

In addition, it is critical that we ensure that NextGen is delivered on time and on budget. NextGen is vital to the U.S. aviation increasing efficiency and lowering cost.

I am pleased to have with us today the Administrator of the Federal Aviation Administration, the Honorable Randy Babbitt. Thank you joining us today to offer your insights on the FAA reauthorization. I welcome your thoughts and suggestions on such an important piece of legislation.

As we move forward in writing a reauthorization bill, I welcome the thoughts and suggestions of members of the subcommittee. I am open to creative solutions to address the challenges we face.

Before I recognize Ranking Member Costello, I would like to say to Administrator Babbitt that I look forward to continuing to work with you in the coming

months. I am confident we can work together to complete a reauthorization bill that cuts waste, streamlines and expedites NextGen, creates jobs and keeps U.S. civil aviation competitive in the global market place.

I now recognize our ranking member--Rep. Jerry Costello of Illinois.

STATEMENT OF THE HONORABLE RANDOLPH BABBITT, ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION, BEFORE THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON AVIATION, ON REAUTHORIZATION OF THE FEDERAL AVIATION ADMINISTRATION PROGRAMS, FEBRUARY 8, 2011.

Chairman Petri, Congressman Costello, Members of the Subcommittee:

Thank you for the opportunity to appear before you today to discuss the need to pass comprehensive reauthorization legislation for the Federal Aviation Administration's (FAA) programs. Before I begin my statement, I would like to acknowledge the many changes that have occurred to this Committee and Subcommittee since I last appeared before you. The Committee has many new Members whom I look forward to getting to know. Since I am a frequent guest of this Committee, I am sure I will get to know those of you who are new to the process and I look forward to working with all of you.

FAA's mission is to provide the safest, most efficient aerospace system in the world. We make sure the planes are safe. We make sure runways are safe. We make sure that aircraft in the National Airspace System (NAS) operate safely and efficiently. While this sounds simple, I can assure you it is not. Approximately 50,000 flights are operated on any given day. We move approximately 750 million people through the system on an annual basis. Yet, even as the number of passengers and flights increase, the accident rate continues to decrease. In calendar year 2010, there were zero commercial passenger fatalities in the United States. In the past four years, we have had only one fatal passenger accident. During that time, 42 million passenger flights were operated safely.

Every fatality is a failure and we continue to strive to make those failures even rarer than they are today, but we are proud of the strides we've made.

As the sheer volume of the traffic indicates, aviation is critical to the way we live our lives and run our businesses. The aviation industry alone directly employs 1.1 million people and supports more than 11 million jobs in related industries and through spending by direct aviation employees. Altogether, this represents 6% of the Gross Domestic Product (GDP). Consequently, long term authorization of FAA's programs is extremely important.

For some of you who may not know the long history of the reauthorization effort, there have been 17 extensions of FAA's programs since the last comprehensive legislation expired in 2007. There are many reasons why we are at this point, but the bottom line is that the failure to enact long term, comprehensive aviation legislation has had troubling impacts. While there has not been a gap in the authorization of FAA's programs, there is always uncertainty about the passage of the next extension. Many of the extensions have been for relatively short periods of time, which has made managing our programs, particularly our airport grant program, extremely difficult. In addition, there are many legislative provisions that direct the agency's action in certain areas. Some of these provisions would require the FAA to redirect resources or modify strategic decisions. Passage of long term legislation would provide needed clarity. Uncertainty about how Congress may act in certain areas makes moving forward in those areas more complicated. If we make a strategic decision that the legislation requires us to change, it

could be costly and inefficient. We can no longer afford to operate in a continued state of uncertainty.

The program that has sustained the most profound effects of the short term extensions is the Airport Improvement Program (AIP). Airports and their contractors have been forced to divide construction projects into smaller components so that they can be funded by the money made available by a particular extension. Airport sponsors cannot risk embarking on a project for which the funds are not available in their entirety because of lack of a long term authorization. Some airports have chosen to delay important safety and capacity projects until a more certain funding source is in place. This has caused a major increase in the amount of entitlement funding being carried over each year. For several years before the expiration of our authorization, the average amount of funding carried over each year was approximately $400 million. Due to the serial extensions, the average amount carried over each year has consistently stayed in the $500-$600 million range, an indicator that the available funding is not being used in the best or most efficient way.

Administrative and project costs have increased due to the need for multiple grants to be issued for a single project. The number of AIP grants issued in 2008 through 2010 increased 35% over the three year period prior to the expiration of the last reauthorization in 2007. Such cost increases and project inefficiencies cannot be justified.

During my tenure as Administrator, I have not had the luxury of guiding the agency under a comprehensive, long term authorization. But I want to assure the Subcommittee

that the agency has not been idle while awaiting passage of comprehensive authorization. This is a dynamic time in an extremely dynamic industry. NextGen will transform the way we fly and do business. It will move us from radar to satellite, from radio to data communications, from traditional airways to streamlined routes. Knowing what the future holds, it is imperative that we transform our national aviation system and the FAA over the next 15 years. Our goal is to work closely with industry to implement new technologies and procedures that are sustainable and to work with our international partners to establish uniform standards around the globe.

Last year, we asked an outside group to help us evaluate how we could effect change to better support the upcoming challenges. Representatives spent five months talking with employees and other stakeholders and surveying opinions. The review team talked with more than 100 executives, former FAA employees, and representatives from the Department of Transportation. Twenty-five hundred managers were surveyed, across the agency. The results showed that FAA's culture is highly operational, tactical and safety-oriented. FAA employees are committed to and proud of our safety mission. However, the findings also indicated that, as an organization, we need to take a hard look at how we operate. We need to make sure we are structured to effectively implement the Next Generation Air Transportation System, or "NextGen," deliver shared services and reach out and engage our stakeholders.

Based on the information obtained and evaluated, we are implementing recommendations for change in a variety of areas that will help us reach our long term goals and increase

our effectiveness. One such recommendation is to avoid duplication of effort and streamline similar functions as much as possible. In addition, we need to improve our capabilities in areas such as hiring, promoting and retaining employees, so that we have the world class workforce necessary to support NextGen. This will require a more holistic approach with better collaboration across different parts of the organization. The agency is creating shared goals and metrics that all employees can work toward. Achieving these improvements will require strong leadership across the agency which can only happen if we improve the way we select and develop executives. Changes and streamlining in the agency will better position us to improve our flexibility and effectiveness, make the most of our resources, and meet the challenges presented by this dynamic period in aviation.

As it happens, this dynamic period in aviation coincides with a time of great economic challenges. That is why I feel very passionately that the FAA must demonstrate the strong business case for our major initiatives, and there is no greater example than NextGen. We need to demonstrate the operational and fiscal benefits to encourage widespread participation.

For example, we are moving forward with nationwide deployment of the satellite based surveillance system, Automatic Dependent Surveillance-Broadcast (ADS-B). In the Gulf of Mexico, we've installed ADS-B radio stations on oil platforms as part of an agreement with Helicopter Association International, oil and natural gas companies and helicopter operators. ADS-B equipped aircraft will receive air traffic services direct to the platform,

giving the users far greater flexibility than the restrictive grid system that was in place. We've opened up about a quarter of a million square miles of new, positively controlled airspace. In addition to the Gulf, ADS-B is up and running in Louisville, Philadelphia, and Alaska, all with very positive results. Just last week, we announced a partnership with JetBlue to demonstrate the benefits of ADS-B on flights between the Northeast and Florida.

NextGen is also helping us to improve efficiency and provide benefits through the deployment of Performance-based Navigation (PBN) procedures that save fuel and emissions of greenhouse gasses and other air pollutants. We are working in collaboration with Alaska Air Group on a program called "Greener Skies Over Seattle" to deliver reduced emissions and fuel burn through optimized descents and Required Navigation Performance approaches. Technical working groups are determining what FAA can do to make flights as environmentally friendly as possible. In the longer term, the FAA will explore the further leveraging of RNP to achieve even greater reductions in emissions and increases in efficiencies.

To date, we've published more than 900 Performance-based Navigation procedures, also known as Area Navigation (RNAV) and Required Navigation Performance (RNP) for precision arrival and departure routes and procedures. Again, making the business case, PBN pays for itself, having already saved millions of dollars in fuel at major U.S. airports. Southwest Airlines is a prime example. It is estimated that for every single minute of time saved on each flight, their annual savings quickly add up to 156,000

metric tons in emissions per year, which translates into a savings of $25 million in fuel costs. When commercial aircraft burn thousands of pounds of fuel per hour, seconds do count.

Surface management is another area where NextGen is making a difference. Airports need to manage, not only aircraft, but the many other types of vehicles that service the aircraft and airport, which can be challenging. We've deployed airport surface detection radar, ASDE-X, at 27 airports, with another eight scheduled to receive it by 2013. Initiatives at JFK and Memphis demonstrate that the technologies and procedures put in place reduced taxi times by about two to four minutes. Again, seconds count. But most importantly, ASDE-X provides another layer of safety by improving situational awareness for both operators and controllers.

Our NextGen goals include environmental and energy sustainability. As we implement NextGen operational capabilities, we will apply environmental management systems to improve environmental performance and streamline environmental reviews. We are also working to accelerate improvements in engine and airframe technologies to reduce noise, air pollution, and fuel burn through efforts such as FAA's Continuous Lower Energy, Emissions, and Noise (CLEEN) technology partnership with industry. Our Commercial Aviation Alternative Fuels Initiative (CAAFI) achieved a landmark in 2009 with the approval of a fuel specification that allows alternative fuels to be deployed as jet fuels. We seek to strengthen efforts to achieve affordable commercial scale production of sustainable alternative aviation fuels.

One final point of pride that I would like to share with you is the results of our Navigation (NAV) Procedures Project or NAV Lean. NAV Lean is a good example of how FAA listens to our stakeholders and works to address their concerns. Airlines that invested in equipping their aircraft with technology to take advantage of PBN are dependent upon the FAA to approve, certify, and publish RNAV and RNP arrival and departure procedures. The existing procedure development process accomplishes the desired production goals with the highest level of safety. However, the question was, could we do our work more efficiently? To answer this, we set up NAV Lean team to evaluate our current processes for developing all Instrument Flight Procedures, both performance-based and conventional, to determine where streamlining could occur. Our goal was to maximize customer value, while minimizing waste. The group worked to identify areas containing unnecessary redundancies, inefficiencies or delays, know as the "Lean Process." Obviously, the overarching goal is to ensure the safety and integrity of the process, procedures and training, but to do it in a smarter way.

The group worked for almost nine months. I am pleased to announce today that their report was recently issued. It contains 21 recommendations for streamlining the procedure development process which will result in up to a 40% reduction of the time it takes to develop and approve a requested procedure. A team is now working on our plan to implement the recommendations. We expect to complete our implementation plan for these recommendations by June 1. Not only will this mean users of the system will see the benefits of their navigation technology investments sooner, but the FAA will improve

the efficiency and utilization of the airspace and demonstrate our commitment to NextGen.

In conclusion, although FAA has continued to work to improve safety and efficiency in the absence of a long-term authorization, I strongly urge the Committee to act to pass this much needed legislation. We need the certainty and clarity such legislation would provide. We need to understand the direction in which Congress wants us to move in order to act in an efficient and effective manner. We need to be able to rely on stable funding for the agency. And we need for programmatic efficiencies to be restored.

I think we all understand that the challenges of implementing NextGen and improving the safety and efficiency of aviation come at a time when tough investment choices need to be made. I plan to continue to make the case that investment in aviation is important, not only to airlines, passengers and pilots, but to the strength of the overall economy and businesses around the country. In an industry like aviation, standing still or moving backward is not an option. This Committee, in particular, demands a lot of the FAA, and rightly so. But meeting these demands requires investment. I think our case is compelling and the return on investment is not one we can or should ignore.

I look forward to continuing to work with those of you I know and getting to know those of you I don't. We all have our work cut out for us.

This concludes my statement. I look forward to answering any questions you may have.

Statement of the
Association for Unmanned Vehicle Systems International
(AUVSI)

BEFORE THE HOUSE TRANSPORTATION AND INFRASTRUCTURE SUBCOMMITTEE ON AVIATION

The Honorable Thomas E. Petri, Chairman
The Honorable Jerry Costello, Ranking Member

February 8, 2011

Mr. Chairman and members of the subcommittee, thank you for this opportunity to provide testimony for the record. The Association for Unmanned Vehicle Systems International (AUVSI) is the world's largest non-profit organization devoted exclusively to advancing the unmanned systems community through communication, education, and leadership. AUVSI represents over 6,000 members from industry, government organizations, and academia.

The U.S. Unmanned Aircraft Systems (UAS) market is a promising segment in the aerospace industry. The Department of Defense (DoD) has successfully deployed unmanned aircraft to war zones around the world. These systems have received widespread attention for their increased use in Iraq and Afghanistan. In addition to military UAS acquisitions and operations, a new UAS sector is being driven by non-military government agencies and commercial entities that are interested in the new technology. This market is small in comparison to the billions of dollars spent annually by the U.S. military for unmanned aircraft, but the potential for future growth of the commercial and civilian UAS space is significant.

This growth, and the positive economic impact it will bring to the aerospace industry, hinges on development in UAS integration efforts into the National Airspace System (NAS). Currently, civilian and commercial organizations interested in operating unmanned aircraft are restricted from doing so due to regulatory barriers.

While the Federal Aviation Administration (FAA) has been tasked to begin the process of manned and unmanned aircraft integration via the Unmanned Aircraft Program Office (UAPO) and the issuance of UAS Certificates of Authorization (COAs) and airworthiness certificates, to date, UAS integration has been slow. Limited access to airspace is having a negative impact on the unmanned aviation community and many regions of the U.S. that are ready to support UAS industry growth.

UAS technology will continue to increase in the current U.S. regulatory environment; however, increased access to the airspace will allow the industry to grow more rapidly. The UAS industry needs access for research, development, testing, and evaluation flights. For this reason, AUVSI is in favor of legislation and FAA rulemaking that will establish aggressive, but realistic timelines for UAS integration into the NAS. Absent regulatory guidance and timelines, the United States risks falling behind other countries in the international marketplace in the development and use of UAS.

Needless to say, the wars in Iraq and Afghanistan have certainly driven demand for these systems; however, many Americans are unaware of the many other useful applications of UAS. In addition to military uses, UAS's can be used for

Border surveillance, civil unrest, search and rescue, law enforcement, port security, suspect tracking, traffic monitoring, emergency and disaster response, atmospheric and weather research, wildfire monitoring, aerial photography, pipe and power line surveillance, agriculture applications, freight transportation, flood mapping, and even sports event coverage, just to name a few.

AUVSI estimates that over the next decade, tens of thousands of UAS jobs could be created in the U.S. as the result of UAS integration into the NAS. These new jobs will include positions in industry, academia, federal government agencies and the civilian/commercial UAS end-user community.

New UAS-related employment opportunities could translate into more than $1.6 billion in wages over the next 15 years, or $106.6 million annually. Of the new jobs created via increased UAS access to airspace, many positions will be in the manufacturing sector. There will also be positions created for UAS pilots and operators, data analysts, maintenance personnel, and consultants. Universities and colleges are already preparing for the influx of students interested in filling these potential positions. Operator certification and maintenance programs are being created to accommodate students interested in UAS-related career fields. In some cases, four-year professional degrees are being offered.

Secondary employment positions will also be created in additional markets affected by the increased demand for UAS. For instance, sensor manufacturers, avionics providers, software developers and composites manufacturers will add manufacturing personnel and engineers to their work forces. Companies will also increase their support staffs by hiring accountants, sales associates, managers, human resources specialists and administrators to ensure business operations run smoothly.

Without a doubt, UAS integration will have a tremendous impact on the aerospace industry and aid in driving economic development in many regions across the country. How quickly new job creation and economic benefits become a reality, however, depends on the progress and timeliness of UAS integration efforts.

The UAS market is peaking as the result of ongoing operations in Iraq and Afghanistan. Once these deployed systems return home, the UAS industry will be at a crossroads. Access to airspace will be imperative not only to drive new markets and technological developments but also to ensure that the UAS community does not lose experienced personnel. Commercial and civilian operations represent a monumental opportunity for unmanned aircraft manufacturers, components providers, researchers and end users. However, without access to the NAS, the UAS community risks taking a step back and losing the progress it has made in the last decade.

Thank you again Mr. Chairman for allowing AUVSI to enter testimony for the record. If you have any questions, or need any additional information, please contact AUVSI's Executive Vice President, Gretchen West, at west@auvsi.org, or AUVSI's Government Relations Manager and General Counsel, Ben Gielow, at Gielow@auvsi.org.

FEDERAL AVIATION ADMINISTRATION REAUTHORIZATION: STAKEHOLDERS

Wednesday, February 9, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AVIATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:15 a.m. in 2167 Rayburn House Office Building, Hon. Thomas E. Petri [Chairman of the Subcommittee] presiding.

Mr. PETRI. Good morning. This morning we will continue with our hearings on the reauthorization of the Federal Aviation Administration.

Yesterday we heard from FAA Administrator Randy Babbitt on the Administration's perspective on the reauthorization effort, and today we will hear from various stakeholders representing commercial aviation, general aviation, the airports, and organized labor.

Each brings a unique viewpoint on aviation programs and policies, and we will benefit from their expertise and experience as we finalize a reauthorization bill for re-introduction in the next several days.

A reauthorization bill is critical to securing the economic prosperity, stability and global competitiveness of the Nation's aviation industry, including general aviation, ensuring the safety of the American flying public, the increased sufficiency of the air traffic control system, and reforming and streamlining FAA programs and policies to reduce waste and unnecessary costs.

As we move forward, I welcome the input of various stakeholders who may not be testifying in person at this hearing, but who nevertheless have important contributions to make to this reauthorization effort.

Your statements will be made a part of the hearing record, and I would ask unanimous consent for the opportunity of people to file comments and statements for the next two-week period.

I again want to thank the witnesses for appearing before us today. We welcome your input on such important legislation.

At this time, I yield to our Ranking Member, my colleague from Illinois, Jerry Costello, for his opening statement.

Mr. COSTELLO. Mr. Chairman, thank you. I thank you for calling this hearing today on the FAA reauthorization to hear from industry stakeholders.

Some have suggested, and in fact, there is an amendment pending in the Senate, that we reduce the FAA budget to fiscal year

2008 levels, and the amendment, of course, is being debated as we are meeting here today in the Senate.

I stated yesterday that I agree efforts must be made to be fiscally responsible, cut the Federal spending where it makes sense, given the size of the deficit.

However, based on information that I have received from the FAA, hundreds of workers will have to be furloughed, including safety personnel, who are responsible for making certain that airplanes that we and the American public fly on every day meet U.S. safety standards.

Therefore, I think we need to be very careful and to give careful thought as to how we make these cuts, and how they will affect safety and security of the American people and the flying public.

Last Congress, we held numerous oversight hearings on the status of NextGen, and we were moving in the right direction. As the administrator indicated yesterday, the FAA has made important progress on ADS–B, and his agency continues to work with industry stakeholders to identify and obtain near and mid-term benefits for airspace users.

I would like to hear from your witnesses on whether they believe the FAA bill, if we go back to 2008 funding levels, will affect NextGen. Will it move us in the right direction or will it hinder our progress and all the progress that has been made in the previous Congress?

In addition to understanding how cuts to the FAA's budget will impact NextGen, the latest national plan for integrated airport systems states that over the next five years, there will be $52.2 billion of airport improvement projects eligible for funding.

However, the AIP funding has been frozen at approximately $3.5 billion since 2005, and the PFC, the passenger facility charge, has not been increased since 2000.

At the same time, construction costs have risen by more than 50 percent in the past decade, eroding the purchasing power of the AIP and the PFC.

I look forward to hearing from some of our witnesses on freezing or reducing AIP funding, in addition to not lifting the $4.50 cap on the PFC, will affect airport infrastructure and the economy.

I also want to raise an issue that has been and will continue to be a top priority for me, and that is a fair labor dispute resolution process for the air traffic controllers.

In April 2006, the previous Administration declared an impasse on its negotiations with the National Air Traffic Controllers Association, and gave Congress 60 days to intervene before imposing its own contract terms on the controllers' workforce.

I hope that these types of personnel and salary issues are never again brought before the Congress in such a public and protracted manner. Therefore, I believe we must include in the FAA reauthorization bill a provision that requires the FAA and its bargaining units to resolve impasses through mediation and arbitration, or through a mutually agreed upon alternative process.

Several Democrats and Republicans on this committee supported that type of arbitration in the last FAA reauthorization bill that we passed, both in 2007 and 2009.

The compromise language we negotiated with the other body last year closely aligns with the language that the Senate approved on a vote of 93–0.

Enduring mediation and binding arbitration until an agreement is reached is not a partisan issue. We must provide the agency with a path forward on labor/management impasses.

Mr. Chairman, I strongly believe we must not go backwards on the progress that we have already made on labor/management relation in previous Congress' with the FAA, and I am hopeful that we can work on this together.

Finally, last December, the co-chairs of the Deficit Commission noted that from 2002 to 2005, the Federal Government experienced a marked increase in contractor services, and recommended that the Government reduce a number of these non-defense contractor contracts that the Government has entered into.

The Commission's findings and recommendations highlighted the impact of the contractors on the Federal budget deficit.

Going forward, as this Subcommittee identifies opportunities to streamline Federal processes and makes cuts in the FAA's budget, I am opposed to efforts that promote outsourcing of Government functions, particularly where we do not have strong evidence that doing so would be fiscally responsible or when these functions involve safety and security.

We all want a comprehensive longterm FAA reauthorization bill passed. I will work with you, Mr. Chairman, as I indicated yesterday, and members of this Subcommittee, so we can pass a strong, balanced bipartisan FAA reauthorization bill.

With that, Mr. Chairman, I look forward to hearing the witnesses before us today.

Mr. PETRI. Thank you. I now recognize for an opening statement the Vice Chairman of the Subcommittee, Chip Cravaack from Minnesota.

Mr. CRAVAACK. Thank you, Chairman Petri and Ranking Member Costello for continuation of holding this important hearing. I appreciate the opportunity to hear from aviation stakeholders before considering the FAA reauthorization bill.

I would like to welcome the witnesses to our panel. Thank you in advance for your testimony. I look forward to listening to your advice on matters regarding the FAA and the state of aviation in America.

As you are all aware, our country is in difficult economic fiscal straits. Consequently, as legislators, we are charged by our constituents to do more with less.

Given our present fiscal constraints, I look forward to hearing from you on ways we can cut Government waste and improve FAA efficiency.

In addition, I consider the oversight of NextGen implementation efforts as an important responsibility of this committee. As such, I hope to hear your recommendations on how the FAA could better implement NextGen programs.

Again, I thank you for your testimony and your time today. I yield back, sir.

Mr. PETRI. Thank you. I now recognize the Ranking Member for the full committee, my colleague from West Virginia, Nick Rahall.

Mr. RAHALL. Thank you, Mr. Chairman. I commend you and Ranking Member Costello for holding this hearing and for your commitment to passage of a longterm bill to reauthorize the FAA.

In a somewhat rare statement of commendation, I commend that other body. Yes, I am talking about the Senate, for moving forward already on a FAA reauthorization bill. Note I said "moving forward" only. They are not there yet. They are moving.

In my view, we must enact a bill that will not only modernize our aging air traffic control system and airport infrastructure, but also will create and provide jobs.

Last year's bipartisan work to get a bill done shows that we all share the common goal, the same goal, to keep modernization on time and of course, while creating and protecting jobs.

Congress came very close to enacting a job creating bipartisan bill last year that would have met that goal, and I have every confidence that working together, we will wind up this year with a bill that keeps our air transportation system and our economy moving forward.

I want to focus just very briefly on ensuring that Congress keeps a promise it made to our world communities in 1978 when it deregulated the airline industry. In the Airline Deregulation Act, we sent a message to people in those communities that the nation's aviation system was not just for part of America, but all of America, and Congress committed to fund Essential Air Service to maintain those communities' links to the larger aviation system.

My home State of West Virginia has four communities that are eligible for EAS this year. EAS links these communities to the global system of commerce. It carries their goods. It brings our families together, and it creates and sustains local jobs.

World communities have literally grown up around EAS, and Congress must ensure that the program remains viable and successful.

I was disappointed to learn last week that a member of that other body apparently wants to go back on Congress' promise to the people in small communities and repeal the EAS program.

Repeal of the program would cut a life line that helps sustain more than 150 small communities. Senator McCain's proposal would endanger local jobs, would harm the way of life in small towns that depend on the EAS program.

When a Government program works so well for so many people who depend on it and it delivers an efficient return on investment, we should work to preserve that program and ensure its continued success.

Yes, the old adage of if it ain't broke, don't fix it.

To reap the job sustaining benefits of EAS for rural America, we must maintain the program in a fiscally responsible manner.

I look forward to working with you, Mr. Chairman, and with the Ranking Member, to think creatively about improving the EAS program and providing robust EAS funding in this legislation. I look forward to Congress' unwavering bipartisan commitment to the EAS.

As I conclude, I do not invoke the names of Wilbur and Orville lightly, but I cannot help but wonder what they would think of the flying experience today. I think Wilbur and Orville would be

pleased with the progress we have made. I think they as innovators and inventors would challenge us to go further, to stay focused on how to modernize our system and keeping it running on time and on course.

Thank you, Mr. Chairman. I look forward to hearing from our witnesses.

Mr. PETRI. Thank you. We have gone a long way from the bicycle shop of the Wright Brothers.

The Chairman now recognizes our colleague from Chicago, Dan Lipinski, for an opening statement.

Mr. LIPINSKI. Thank you, Mr. Chairman. I want to thank you for holding today's Subcommittee hearing and your strong commitment to re-enacting a long-term FAA reauthorization.

I want to especially thank Chairman Petri and Chairman Mica for moving very quickly on this FAA reauthorization this year. We have gone through this process many times since I have been on this committee. We passed bipartisan legislation through the House several times, in 2007, 2009, 2010, and fought to engage the Senate in doing the same.

I know that at that time, Chairman Oberstar and Chairman Costello were very active in trying to get this done. I hope that finally we will get it done because it is very important for the future of aviation in our country, and being at the crossroads of America, with O'Hare Airport and Midway Airport in Chicago, we know how important it is that we get this bill done so that people will have to spend less time waiting, especially at O'Hare Airport.

When it comes to aviation in this country, we have been sitting at an important crossroad since 2007 when the last authorization, Vision 100 expired. Since then, Congress has passed 17 temporary extensions of the law, allowing the nation's aviation programs and longterm planning capabilities to simply hobble along.

Through the process when we have passed these bills in 2007 and 2009 in the House, I was especially pleased the work included a number of pro-consumer/pro-taxpayer provisions in the House version of the bill that helped boost R&D for gas and jet fuel alternatives, implement QBS on projects funded by the PFC so we can ensure the quality of projects.

Also, encourage recycling programs at airports and require GAO to study compensation for delayed passenger baggage.

I think it is important to keep our system running, make our system more efficient, and also protect consumers in the process.

As we consider the bill again, I look forward to working with my colleagues to retain these important provisions. In addition, I look forward to finding ways we can speed up implementation of NextGen, especially in light of the current budgetary climate.

I believe that NextGen is vital for the future of aviation in our nation and we must promote the roll out of these technologies and systems efficiently and effectively.

We all know NextGen cannot happen if planes do not have enhanced on-board avionics and equipage is not going to happen overnight by itself.

That is why I have been exploring proposals which utilize a mix of financing options, from grants to loan guarantees to innovative

private financing mechanisms, accompanied by enhanced performance metrics. to accelerate equipage adoption.

Doing so will help ensure we actually see efficiencies, safety and environmental benefits of NextGen and do so within this decade, and it can be done with a responsible eye to our budget and towards creating American jobs.

I look forward to hearing from our witnesses today, and with that, Mr. Chairman, I will yield back the balance of my time.

Mr. PETRI. Thank you. Representative Johnson, you have an opening statement?

Ms. JOHNSON OF TEXAS. Thank you, Mr. Chairman. I am going to ask unanimous consent to just put mine in the record so we can get to the witnesses. Thank you.

Mr. PETRI. Thank you. Representative Boswell?

Mr. BOSWELL. Thank you, Mr. Chairman. Just briefly, as I look over this panel and I recognize about everybody there, I trust and I hope that you will make it very clear—I think everybody that has been experienced on this committee will stand with the airlines, the airports, and all those things because of the economy—we have to keep making the point on general aviation, it is a major factor in the local economy, state economy, and our national economy.

We just have to continue the best we can to get that point out there. I see the right people here and you have a lot of support from some of us, and let's just keep on focus, keep on the message, and we will do our part, you do your part, and turn this economy around.

Those of you who are here representing the air traffic controllers, you have to keep us safe. You have to keep us timely. You have to keep us safe. You have to keep us timely. You have a big job, but I know you are committed to it.

Thank you. I yield back.

Mr. PETRI. Thank you. Now, we turn to our panel. Welcome, again. It consists of Ms. Kelly Johnson, First Vice Chair of the American Association of Airport Executives, a person who is a familiar face but in a new role, and welcome to what I am sure will not be your first and last but first of many appearances before this Subcommittee and committee as someone who is well known and respected in this town.

Nick Calio is the new President and Chief Executive Officer of the Air Transport Association.

Craig Fuller, President and CEO of Aircraft Owners and Pilots Association.

Mr. Peter Bunce, President and CEO of General Aviation Manufacturers Association.

Marion Blakey, President and CEO of Aerospace Industries Association.

Paul Rinaldi, President of National Air Traffic Controllers Association, and David Conley, President of FAA Managers Association.

We thank you all for the prepared statements that you have submitted, and invite you to summarize them in five minutes or so, and then we will follow with questions, starting with Ms. Johnson.

TESTIMONY OF KELLY L. JOHNSON, A.A.E., FIRST VICE CHAIR, AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES; NICHOLAS E. CALIO, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AIR TRANSPORT ASSOCIATION OF AMERICA, INC.; CRAIG FULLER, PRESIDENT AND CEO, AIRCRAFT OWNERS AND PILOTS ASSOCIATION; PETER J. BUNCE, PRESIDENT AND CEO, GENERAL AVIATION MANUFACTURERS ASSOCIATION; MARION C. BLAKEY, PRESIDENT AND CEO, AEROSPACE INDUSTRIES ASSOCIATION; PAUL M. RINALDI, PRESIDENT, NATIONAL AIR TRAFFIC CONTROLLERS ASSOCIATION; AND DAVID S. CONLEY, PRESIDENT, FAA MANAGERS ASSOCIATION, INC.

Ms. JOHNSON. Chairman Petri, Ranking Member Costello, and members of the Aviation Subcommittee, thank you for inviting me to participate in today's hearing about the FAA reauthorization bill. It is an honor for me to be here.

Airports appreciate the enormous pressure that you and your colleagues are under to reduce discretionary spending. I would like to highlight three ways that you can help airports finance critical infrastructure projects without relying on scarce general funds.

These recommendations will also improve aviation safety and stimulate the economy by creating and supporting jobs.

First, airports are urging Congress to remove the Federal cap on local passenger facility charges. The PFC cap has not been adjusted since the year 2000, when Congress raised the cap from $3.00 to $4.50.

Since then, construction costs have risen by 50 percent, severely eroding the purchasing power of the PFC. Meanwhile, airports need to begin building runways and capacity projects to be prepared for the influx of passengers to come.

It is time for the Federal Government to get out of the business of imposing an arbitrary Federal cap on locally generated funds. It is time to return decision making to the local level where it belongs.

State and local governments, not the Federal Government, should have the authority to determine what is best for them and the appropriate level of PFC at their respective airport facilities.

Some may try to argue that removing the PFC cap is akin to raising taxes. PFCs are not taxes. PFCs are local user fees. PFCs are not collected by the Federal Government, not spent by the Federal Government, and not deposited into the U.S. Treasury.

To the contrary, PFCs are collected by our airline partners and used by airports to finance critical safety, security, and capacity projects.

Paul Weyrich, a conservative political activist who co-founded The Heritage Foundation, urged this committee to remove the Federal cap on local PFCs more than ten years ago. He argued "It is good public policy to reduce the role of Federal Government in favor of more local autonomy whenever possible." Airports could not agree with that statement more.

We urge this committee to lift the Federal cap on PFCs once and for all.

Secondly, we encourage Congress to provide robust funding for the airport improvement program. Large and small airports rely on

the airport improvement program to pay for critical infrastructure projects.

It is important to note that AIP funding does not come from the U.S. Treasury. Instead, the airport program is supported entirely by users of the aviation system through the airport and airways trust fund.

The FAA bill that the House approved last year included $4.1 billion for AIP in fiscal year 2011 and $4.2 billion for AIP in fiscal year 2012. We appreciate the strong bipartisan support for AIP, and urge you to support those funding levels again this year.

Four billion dollars in AIP funding could stimulate the economy, supporting as many as 140,000 jobs annually. However, the reverse is also true. A $1 billion cut, as some are proposing, could negatively impact as many as 35,000 jobs each year.

Third, I urge the members of this panel to work with your colleagues on the Ways and Means Committee to provide tax relief for airports by permanently excluding airport private activity bonds from the alternative minimum tax.

A recent two-year reprieve saved airports more than $1 billion. A permanent fix would reduce airport financing costs and allow airports to issue more bonds, invest in more infrastructure projects, and support more jobs.

Mr. Chairman, during these challenging financial times, Congress can help airports by rejecting proposals that could dramatically increase infrastructure and operating costs.

Specifically, we urge you to oppose a proposal that could force airports to comply with National Fire Protection Association standards. This proposal could increase airport operating costs by as much as $1.5 billion annually, jeopardizing commercial air service to small communities without improving safety.

I described ways that airports could use self help mechanisms and some needed tax relief to finance critical infrastructure projects at their facilities.

However, small airports also encourage Congress to continue to invest in Essential Air Service, the small community airports program, and the contract tower programs. These programs help ensure that people who live in small communities and rural area have access to the nation's aviation system.

Having safe and reliable air service also helps small communities attract business and stimulate the economy, thus creating jobs.

Finally, I would point to my written testimony and urge you and the committee to carefully review a number of governmental actions that we believe constitute unfunded Federal mandates, and ask you to act to limit these regulatory activities or at a minimum, provide Federal funding sources so that airports are not unfairly required to shoulder the burdens of these mandates alone.

Mr. Chairman, thank you again for inviting me to participate in this hearing. I would be happy to answer your questions.

Mr. PETRI. Thank you.

Mr. Calio?

Mr. CALIO. Chairman Petri, Ranking Member Costello, Members of the Committee, thank you for the opportunity to testify here today.

As President of ATA for all of five weeks now, I am just learning the industry, and I am aware that I lack the expertise of my fellow panelists.

That said, I think my experience over 30 years in both the government and private sector, working on issues that have affected most of the major industries in the United States, along with what is an "immersion course" in aviation, albeit short, might permit some fresh-eyes observations.

At a time when the Nation is so intensely focused on how to grow the economy, this committee has the opportunity to turn FAA reauthorization into a jobs bill.

No other industry has such a powerful economic multiplier effect as commercial aviation. It provides the key connections that make the economy grow.

If we want to double the nation's exports over the next five years, you have to do it with commercial aviation. The facts are compelling.

Commercial aviation drives $1.2 trillion in economic activity every year. It is responsible for more than five percent of the United States' gross domestic product, and it directly supports nearly 11 million jobs.

The full economic potential of the industry needs to be maximized. Congress and the Administration should craft a cohesive national airline strategy, a major component of which should be the accelerated deployment of NextGen.

As I have been learning the industry and its players, I have been struck by how broad and deep the agreement is that NextGen needs to be deployed now, and what the drivers to that conclusion are.

Everyone understands that the deployment of NextGen is much larger than the airline industry. It is about the underlying strength of the U.S. economy and the ability of American industries to compete and to win on the global stage. The antiquated ground-based air traffic control system in place today is a major drag on productivity and jobs. According to the FAA, we lost $31 billion due to flight delays alone in 2007.

Everyone also agrees that a modern satellite-based system would lead to the creation of over 150,000 jobs immediately and more over time, would increase the efficiency and reduce delays, and would cut fuel consumption by as much as 12 percent, benefitting the environment, reducing our dependence on foreign oil, and contributing to the long-term stability the airline industry needs to grow and maintain employment.

All that said, what I have really been struck by is how slow progress has been on NextGen. Hopefully, this committee and this FAA bill can help lead the way to getting something done now.

Unlike NextGen, intense global competition is a reality. China, India and Brazil, among other countries, are aggressively promoting their commercial aviation sectors as a way to transform their economies.

A few weeks ago, you probably saw that the Chinese Government announced plans to invest the equivalent of $228 billion into its commercial aviation sector over the next five years, including the

construction of 11 new airports and the addition of 290 planes this year alone.

Meanwhile, carriers in the United Arab Emirates are also benefitting from significant investments by their governments. Emirates and three other Middle East airlines have more wide-body seats on order today than the existing long-haul capability of all U.S. airlines combined. It is striking, and it does mean jobs.

In terms of promoting growth, jobs and international competitiveness, it is imperative that the tax burden on airlines and their customers be examined and adjusted. At a minimum, no further fees or taxes should be imposed.

Again, the facts are compelling. The industry's tax burden has rocketed from $3.7 billion in 1990 to $16 billion in 2010. That is not including the income or property taxes.

The tax burden on your typical $300 round-trip domestic ticket is $61. I did not know that five weeks ago. I find that amazing, really.

Commercial aviation has the distinction of being among the highest taxed industries in this country, along with alcohol and tobacco, ironically products that are taxed to discourage use, when we ought to be encouraging the use of commercial aviation to grow the economy.

My last point is safety. Flying is the safest way to travel in the United States. It is clearly the top priority of every conversation within the industry, and that commitment to safety will continue with sound, science-based solutions, which takes us right to the reauthorization bill.

Make NextGen a reality now. It is a little bit like the movie Groundhog Day, people keep talking about it, we ought to get it done. Thank you. We stand ready to work with the committee on any of these issues.

Mr. PETRI. Thank you.

Mr. Fuller?

Mr. FULLER. Thank you. Good morning, Mr. Chairman, Ranking Member Costello, and Members of the Committee. It is a real pleasure to be with you again, although I see there are obviously new members.

I wanted to take a moment and say that it is really my privilege to represent over 400,000 individual members who own and operate and fly private aircraft. They fly all sizes of private aircraft, I might add.

Indeed, I began flying back in 1967. I have been a member of AOPA since 1973, and have been an active pilot. I have the privilege and the freedom to log over 350 hours a year flying either my Bonanza or AOPA aircraft, which include a jet and a turbo prop plane. I am in the air system a great deal.

We certainly commend the work of the committee to move forward with the FAA reauthorization. This is something that might be an urgent matter.

We submitted a statement, and I would just like to touch upon and comment on a couple of points that were made in the opening remarks.

I say it is urgent because it really is terribly important to have the long-term funding and the knowledge of that funding for things like the airport improvement program. That was mentioned.

Indeed, one of the ways the FAA can spend money more wisely is to have the reauthorization bill pass so they are not living with the continuing extensions, 17, I think were mentioned. This bill was first passed in 2003 as a four year bill. We think a four year bill is important to give us that sort of security.

The airport improvement program is important. The research that FAA does on things like aviation gas is terribly important to us, and that is a long-term proposition for which they need some certainty with regard to funding.

The bill also describes and helps fund the FAA. Ranking Member Costello mentioned the question of cutting back the size of the FAA budget. I weighed into this carefully, but I would say we are very concerned, our members are very concerned, about fiscal policy, about energy policy. Both have a tremendous effect on us.

Sound fiscal policy is something I would certainly associate myself with. On the other hand, what you are about today in the FAA budget is a little bit of a different creature. Two-thirds of the money that the FAA spends actually comes from passengers and operators of aircraft, commercial operators, private operators.

In this legislation, we have continued to embrace an actual tax increase in aviation gas, both general aviation gas as well as jet fuel, something that probably not a lot of people come before the committee and say. A 65 percent increase in jet fuel, 25 percent tax increase in aviation gas.

We do that because we believe that is a far superior way to make the contribution necessary to adequately fund FAA than user fees. We have joined with others in the general aviation community to take and hold this position for the last few years. That is an important part of reauthorization.

NextGen has been discussed. I want to spend just a couple of my minutes on this topic, which is very complex. It is with some proud that the general aviation community early in the decade of the 1990s began adopting satellite-based GPS technology, and the pilots were carrying this technology into their aircraft.

It gave us better situational awareness. It gave us moving maps. It evolved through the decade of the 1990s so that by 2000, this equipment was installed in the airplanes, in general aviation airplanes.

Ten years later, this same equipment is much more sophisticated. It gives us weather information. It gives us traffic information. It sends text data to us on weather. Very sophisticated.

By the way, it is not just at the high end of the marketplace. Light sport aircraft today have glass cockpits with this sort of GPS technology.

At the heart of NextGen is taking the capability that we now have in our aircraft, with respect to the location of the airplane, and sending it to the air traffic controller. There are many benefits, many potential benefits for commercial aviation and for general aviation, and we are anxious and are working to support that.

The question of how can the FAA have oversight, I think the FAA, you should know, reaches out extensively to all of us, to de-

velop this path, but it is important we develop the path and stay on the path, and have certainty of certification and a program that we are all going to benefit from.

We look forward to continuing to work and interact with the committee on this and many other topics, and certainly, we will continue to interact and work closely with the FAA, and I thank you for the chance to be with you this morning.

Mr. PETRI. Thank you.

Mr. Bunce?

Mr. BUNCE. Chairman Petri, Ranking Member Costello, and other distinguished members of the Subcommittee, I represent over 70 of the world's leading air frame, engine and avionics manufacturers in the general aviation sector.

It is important to note that over half of our product that is produced in the U.S. goes overseas. It is a strong area of manufacturing export for this nation.

The economic downturn has been tough. We have lost over 20,000 jobs in our sector, but despite that hemorrhaging, our companies continue to invest in new product design and innovative ways to be able to use NextGen and SESAR over in Europe. Unique to our industry is the fact that we have to go through the FAA for virtually everything we do to get our products certified, and that is why the bill that you are all working on right now is so absolutely important to the manufacturing sector in this country.

I would like to emphasize a few main points in this bill that are very critical to the manufacturers. First of all is NextGen. Providing sufficient funding for NextGen to move forward is absolutely critical for general aviation, commercial aviation, and everyone in the sectors.

As Craig just mentioned, it is so critical to general aviation that we are willing to step up and say we will take an increase in our taxes if we can make sure that we can keep NextGen on track.

There are some innovative things that we can do with NextGen. We do not have to do approach overlays. We do not have to put this new way we design approaches right over the top of old ones, because that is not the way we are going to save fuel, reduce emissions and reduce noise.

We can easily draw new approaches, but we have to streamline the environmental impact process so that we can allow the FAA to work with industry and go ahead and get these new technologies out there and use them.

It is also important, as Mr. Lipinski pointed out, that we think of creative ways to be able to go and finance the equipage of this technology and the aircraft.

If we do not do that and we just wait for the mandatory equipage dates, we will all be retired before we really see the true benefits of NextGen, and there are innovative ways that we can help allow operators to pay for the infrastructure that we are moving from the ground up to the air. We very much would like to work with the committee to do that.

The second point I would like to emphasize is repair stations. Our general aviation manufacturers have to repair aircraft globally. That is where aircraft go. We have to be able to do that. We

currently have a very, very safe record of repair, but to be able to continue that safe record, we need the help of this committee.

We want the FAA to continue to take a risk-based approach, and that is what we would like help with from this committee, so they can continue to look at where the risk is on foreign repair stations, and not put a broad-brush blanket approach to it that basically increases their workload, requiring them to increase manning, and does not go to where the risk would be the greatest.

Take, for instance, Europe. They have a very, very strong safety record, a commensurate level of safety with what we have. We do not need to spend a lot of resources there. We can put it where the risk dictates.

On certification, Administrator Babbitt was here yesterday, and he talked about the importance that certification has. This committee has been extremely supportive to our industry way back to 2005 to be able to make our case with your colleagues on the Appropriations Committees to be able to increase the number of certification resources we have to be able to get product to market.

We thought we were almost going to get back to 2005 levels with the 2011 budget that was proposed last year. We are not going to get there. We are already 40 certification engineers short. If we cut that any more, we are going to be in a world of hurt because we already have a sequencing delay for each one of our manufacturers.

That is extremely important for us to be able to move forward, to keep those resources in there. That is not to say that we cannot do innovative ways to make it more efficient, and we would like to work with this committee to be able to figure out ways to streamline the processes, and if we can get an advisory committee of industry to work with the FAA, to be able to figure out ways to better certify product, it will definitely positively impact jobs.

The last thing I want to emphasize to you is consistency of regulatory interpretation. It is very important to note that the FAA—the regulatory burden they place on industry sometimes goes far and beyond what safety would dictate.

When there is no safety case, we particularly bristle when they do what we call "rulemaking by interpretation." They will sit there and issue policy. They will not go to rulemaking. That tremendously increases the burden on us.

Chairman Mica has recognized this. We applaud him for that. We want to work with him closely to be able to go and relieve that unnecessary regulatory burden on our industry.

We look forward to working with this committee and getting your questions.

Mr. PETRI. Thank you.

Ms. Blakey?

Ms. BLAKEY. Good morning, and it is a great pleasure to testify before you again, Chairman Petri, Ranking Member Costello, and all the distinguished Members of this Committee.

I have to tell you today is a very important point as we see it because the reauthorization of the FAA is absolutely critical, and you all hold the power to accomplish it.

I am here representing the Aerospace Industries Association, a group of over 300 member companies, 624,000 highly skilled, highly paid workers in this country, who make the aircraft, the avi-

onics, and the air traffic control equipment, essentially everything that flies.

We are very proud of our record in keeping a safe airspace.

The U.S. aerospace manufacturing industry represents the single largest contributor to the nation's balance of trade. We contributed last year $53.3 billion surplus to the balance of trade.

This is something from an economic standpoint I trust the committee will not overlook, particularly in considering points such as Pete just made about certification.

Our industry has employed the people, developed the technology, and we produced the products that have made the United States the absolute gold standard when it comes to aviation. But to remain so, we are going to have to bring our system into the 21st century.

Air service demand is going to come roaring back, and when it does, we will see gridlock. We can all bank on it. Which leads me to what AIA believes are the two most significant challenges the U.S. civil aviation industry faces: safely expanding the capacity of our national air system, and at the same time, addressing growing environmental and energy challenges.

Both of these two things are inextricably linked. Transformation of the air transportation system so that it can safely accommodate greater numbers of aircraft is vital to both reducing environmental impact and energy use in the national aerospace, and helping us as an industry reach a very ambitious goal, carbon neutral growth by 2020.

As Members of this Committee are well aware, the Next Generation Air Transportation System is really the nexus for accomplishing these goals, and maintaining the competitiveness of U.S. industry.

One of the larger challenges we face in our ability to reach the enormous benefits that others on the panel have been outlining for NextGen is that we have to have a sound business case for equipping airlines with NextGen compatible systems.

It is a long pole in the tent, and frankly, without equipage, there is no NextGen.

To that end, AIA particularly recommends to you legislation funding incentives for equipage, particularly ones which encourage private sector investment and linking that investment to Government guaranteed loan arrangements.

This allows for innovative ways to approach the retrofitting, which is very expensive, of commercial and general aviation aircraft, with NextGen avionics equipment.

The need for accountability in this is of course very critical. FAA is going to have to develop a set of progress metrics that Congress, the Administration, and all of us can judge whether they are making the operational improvements. Are they really delivering the capabilities that we all believe are necessary?

My full testimony addresses a number of other issues that are important to the committee's work. I particularly call your attention to the area of unmanned aircraft systems, very important to our growth in the future and our country's capabilities.

Commercialization of sustainable alternative fuels and of course, the issue that has already been touched on, and that is a sound system of repair station oversight.

I did want to mention one other issue in closing, if I might, and that is part of the full implementation of NextGen is this issue of terminal procedures, putting them in place, satellite-based procedures, which give us the environmental, the precision, the capacity benefits that we all look to have.

In order to get those procedures designed in a timely manner, we need to streamline the existing environmental review process, and here I am talking about NEPA, the National Environmental Policy Act. Not to undercut it but to shorten the process itself, so that we will really be able to see those procedures done in a timely way.

To that end, we recommend including NextGen related procedure development and certification in the Vision 100 aviation streamlining process that this committee and the Congress have used so effectively for airport improvements.

Thank you. I look forward to your questions.

Mr. PETRI. Thank you.

Mr. Rinaldi?

Mr. RINALDI. Good morning, Chairman Petri and Ranking Member Costello, and all the Members of this Committee, and thank you for the opportunity to testify in front of you today.

As President of the National Air Traffic Controllers Association, I represent over 18,000 members, of air traffic controllers and other aviation safety professionals.

Our membership is highly skilled, highly trained aviation professionals that work towards the unending pursuit of preserving and maintaining the safest, most efficient air traffic control system in the world, and improving it at the same time.

Two years ago when we testified in front of this same committee, then Congressman Vern Ehlers of Michigan, pointed right at NATCA and said listen, stop throwing the stones, get the job done, and get the job done correctly.

We are here today to tell you that is exactly what we are doing. We have built a collaborative relationship with the FAA. We are working collaboratively to get the job done and get it done correctly.

This is a philosophy Administrator Babbitt has embraced, along with the Secretary of Transportation, Ray LaHood.

We have airspace classes going on where we are trying to develop a collaborative process in every facility to work on safety initiatives and to work on enhancing the safety of the air traffic control system.

I would like to talk about four areas we are working on, especially when it comes to making the word "NextGen" become a reality in the air traffic control system.

ERAM, which is en route automation modernization, it is often said that it is a program. It is not a program. It is the platform and the backbone of the national airspace system. It is not easy.

ERAM is a project that we were not involved in for the first four years. When we were offered to get involved in January of 2010, it had over 200 critical elements that the program would not run longer than seven days without catastrophic failure.

We rolled up our sleeves and we have worked collaboratively, and we are happy to tell you that since October, we have been running in one facility 24/7, and we are currently running in another facility, up and running at this point.

ERAM technically is not part of NextGen, but all the technology that you heard about from this panel will not give us the opportunity to implement, if we do not get ERAM right.

Also, Metroplex. Metroplex is metropolitan areas that have very large airports close together, such as New York, Washington, D.C., Dallas, Southern California, Tracon. We are working together to look at the airspace from the top down to see if we can decouple the arrival and departure sectors and decouple their approaches, as we heard today, so that we an streamline fuel efficiencies and carbon emissions, and cut back on delays.

I would like to talk about how we are working collaboratively in realignments. Let me say first right in front of this panel, NATCA is not against consolidations and realignment of services. We just want to make sure we hold the integrity of the system for the safest, most efficient system in the world, and that we still provide the same service to those communities as we consolidate facilities across the country.

The last issue I would like to talk about is training. We could have the best equipment in the world, and we certainly could have the best procedures in the world, but if we do not train the air traffic controllers properly to use that equipment and those procedures, we have missed the boat on NextGen.

NextGen, to us, is an ever ending project. I know you do not want to hear that. While modern technology continues to advance and our cell phones are outdated one year after we buy them, in two years from now, we are talking about a new procedure and new equipment.

We must continue to have a collaborative process so that we work together in implementing NextGen.

We have taken on the philosophy that we will build a little, we will test a little, we will train a little, we will deploy a little, and then go back again, all at the same time of maintaining the safety and efficiency of the system, and modernizing the system.

I would like to take my remaining 30 seconds and make two points that we would like to see in the FAA reauthorization. Because this collaboration did not come easy, and because it is the philosophy of the current FAA Administrator, Randy Babbitt, we would like to see the FAA reauthorization bill talk about collaboration and stakeholders involved on a pre-decisional level, so that we are not wasting time and precious taxpayer dollars to improve a system on equipment that just will not be implemented properly without having the right people involved. ERAM is a perfect example of that.

The other thing we would like to say is that this collaboration has been fostered from a fair collective bargaining agreement which we received in 2009. That fair collective bargaining agreement had a process of meeting at the table, mediation, and binding arbitration.

Never again should this Congress or a committee have to deal with a labor dispute that is happening within the FAA.

I thank you for your time. I thank you for the opportunity.

I truly look forward to answering any questions.

Mr. PETRI. Thank you.

Mr. Conley?

Mr. CONLEY. Chairman Petri, Ranking Member Costello, Members of the Committee, on behalf of the members of the FAA Managers Association, I would like to thank you for giving us the opportunity to testify today.

In addition to being the President of this Association, I am also an active manager in the FAA. I am here representing the entire cross section of the FAA managers and operational supervisors around the United States and the globe, which includes the operational supervisors and managers who work and support our safety related occupations.

In particular, my Association represents the front line managers who train, oversee, and manage the nation's air traffic controllers.

Please note that I am here on annual leave, and my testimony does not reflect the positions or the views of the FAA.

Since September 30, 2007, there have been 17 continuing resolutions. With them, restrictions, leaving the FAA with a level of uncertainty that clouds over our strategic planning, like a descending fog bank.

This apprehension hinders the FAA's ability to move forward with concrete plans for the Next Generation Air Transportation System, and the FAA Managers Association deeply appreciates the efforts of this committee to finally address and to resolve the issues that have prevented our agency from receiving the funding necessary to address our rapidly changing climate.

My testimony here today focuses on three key areas, all three integral to the safe and efficient management of our nation's air traffic control system.

First, the number of supervisors necessary to safely and efficiently manage the workforce. Next, performance management issues associated with implementing the FAA's air traffic safety action program, or ATSAP. Finally, manager involvement in the development and implementation of the Next Generation Air Transportation System.

Thank you to this committee and to Congress for your support of increased numbers of supervisors in the air traffic control operation.

Studies have shown that as the numbers of supervisors increase, controller errors decrease. This was pointedly illustrated in Philadelphia a few short years ago when the agency immediately took action after a serious accident to address increasing errors.

Supervisory numbers were promptly increased from 5 to 11, and correspondingly, errors began to lower. Two years later, the Philadelphia operation was healthy, and the number of errors per year fell from 34 to 9.

Accordingly, we urge the inclusion of an in-depth study on supervisor staffing levels in the next FAA reauthorization bill to solidly guide the FAA's future staffing determinations, and to serve as a vehicle for keeping this committee and Congress informed.

While we are specifically addressing air traffic supervisory staff during this hearing, FAAMA supports using this activity as a

model for assessing supervisory numbers for all safety related occupations.

Our second key topic is the air traffic safety action program. Let me preface my statement by clearly stating that the FAA Managers Association supports the full implementation of ATSAP.

While this culture change takes flight, we believe it is important to remain as open to expressing our concerns about the program itself as we are open to discussion about safety concerns.

While the FAA Managers Association applauds and supports the efforts to improve transparency within an emerging safety culture, misperceptions about how managers should handle employee performance in conjunction with ATSAP in this new environment are prevalent.

We encourage the FAA to step up training for managers in this area so that managers are equipped and supported to provide timely skill enhancement for employees who need it.

Lastly, managerial involvement in the prompt and efficient introduction of NextGen. NextGen is not just about technology. It is about people. Intensive and active supervision during the implementation period is essential to the FAA's mission to provide the safest and most efficient airspace system in the world.

To this end, we recommend that the FAA return to its original practice of including supervisors and management in the development and implementation of NextGen technologies.

Yesterday, Administrator Babbitt mentioned the agency's partnerships with union organizations and industry stakeholders, which we believe is very important and we support, but we believe that partnership must first exist within the management team itself.

Likewise, the partnership with the controller management team is authentic in the operation, and it should be authentic in our planning for the future.

In conclusion, I would like to thank this committee for allowing me to testify today. Your staff has been gracious and have met patiently with my colleagues and me, and I am available for your questions, and as always, our Association is available as a resource.

Thank you.

Mr. PETRI. Thank you. Thank you all and your organizations for the work that was put into your full statements, and now we will turn to questions.

I have one for really everyone. Most people on the panel touched in one way or another on the subject of NextGen and the importance of moving forward in a sensible way.

At the same time, I think everyone in this town is familiar with the fact that we are going through budgeting rapids over the next couple of years because of the budgetary situation our economy and our Government is facing right now.

There are a number of ideas floating around about trying to figure out what is called "creative financing" or some way of leveraging the credit or some Federal guarantees or other ways, so it does not show up on the budget.

There may be some merit in that. We are starting as a committee, I suspect, and maybe even as a Congress, to start getting in over our heads. We have seen a number of areas where with the

best of intentions, people have ended up creating situations that have been taken advantage of by sophisticated financial people and the like.

If we get into this area, we really would appreciate help from stakeholders who have access to sophisticated advice on vetting some of this, and helping us come up with something that is responsible, and yet keeps NextGen forward, if we are going to be otherwise facing across the board cuts and the like.

I do not know if any of you would care to comment on that. I am especially interested, Mr. Calio, because the airline industry has their own funding problems as well as the Government's funding problems in terms of equipage.

We have been encouraged that some of the people in the industry have gone forward and have equipped themselves at least in part, and think they are going to get a very rapid rate of return, so it makes financial sense.

I do not know if you care to comment on any ideas or reactions to how we keep this important modernization of the air traffic control system going forward.

Mr. CALIO. Chairman Petri, we take the position currently at ATA that the ATC infrastructure largely sits on the ground where it is paid for by the Government using taxes and fees paid by the airline industry.

We think in moving it to the cockpit, the funding mechanism should be the same. That said, we are aware there are some creative proposals out there. We are looking at them right now, candidly. We have sent them to our Board. We would be happy to talk to the committee about them and work with the committee.

Particularly when it comes to vetting, given my former job, I might be able to find some people who would be very useful to the committee in looking at the proposals that are out there.

Mr. FULLER. Mr. Chairman, I would say this is something we are also looking at very closely. If we are going to see a recovery in the general aviation community, we need to make sure that general aviation aircraft are moving in and out of these Metroplexes and other places where aircraft travel, and we need to fully participate in NextGen in all ways.

We have seen an evolution of policy over the course of the last few years that has involved stimulus money, infrastructure money.

I agree with Nick Calio that there is now going to be as part of NextGen infrastructure, real infrastructure in the cockpit of the airplane.

Not all airplanes are equal. Not all airplanes go to the same place. Not all operators are going to invest in the same way, perhaps, but that infrastructure does have to exist if we are going to take advantage of being able to ensure the controllers see and manage these aircraft effectively.

There has been a proposal by the Administration to look at an infrastructure bank. That is an intriguing idea.

From my standpoint, if as a matter of public policy, you want to accelerate the adoption of the NextGen technology, and we certainly favor that and would recommend it, then the financing piece has to be addressed.

If the time does not allow for grants, maybe a bank works. Mr. Calio knows more about that. If the time is not right for that, there have been other ways where the Government has wanted to incent students to go to school, or even our transportation projects around the country, where guaranteeing a loan reduces the cost of money to those who have to invest, regardless of the size of aircraft they are flying, and I think by definition would accelerate it.

We are very much interested in participating in some of the creative financing. We, too, are studying it. I think we would recommend to the policy makers these kinds of approaches, because it is very important that we get that equipment in the plane.

Mr. BUNCE. Mr. Chairman, I would just add that we would ask the committee also to look at the responsibility of the Government that you would have in this process.

If Nick's members or Craig's members invest in the equipment that my members or Marion's members make, they should be pretty much assured that the FAA is going to deliver on time the services they say they are going to, because we have too many examples, the microwave landing system is just one of them, where we have said that fielding technology is going to happen, and all of a sudden, there is an investment made, and then it is not delivered upon.

There is a responsibility that the FAA has in here to make sure that we stay on track with a plan, so if we can devise this so that there is a sharing in that area. I think it is important to note that the Government is ultimately going to save money if we can switch to the satellite-based system.

There are radars out there that if we can get everybody to equip, we can start doing away with. There may be some creative ways that we can do different things with facilities out there so that we can ultimately save money.

Accelerating the whole system will ultimately benefit both the users and the Government's side.

Ms. BLAKEY. Let me also add one thing about the investment in infrastructure, because I do not think the regular terms of talking about spending really apply here in the same way.

I have been very encouraged by the fact that the estimates on what the system is going to cost have been moving in the right direction. The estimates that the FAA is now giving, by 2018, we are talking about somewhere between $12 to $15 billion. It was higher than that, as you all know. Between 5 to 7 in terms of industry costs.

Some of this assumes that we can accelerate this. Unit costs go down when you do it on an efficient basis. Everything becomes less expensive if you are doing it in volume and doing it relatively quickly.

We are completely behind the thought that FAA has to deliver the capabilities with a schedule in which we can see the return on investment, but remember, it is a return on a key investment for the entire public.

Mr. PETRI. Thank you. Mr. Costello?

Mr. COSTELLO. Thank you, Mr. Chairman. Let me follow up on Ms. Blakey's comments. You are exactly right as far as investment is concerned, and how we will see a return on our investment in

NextGen, if it is done right, done on time, and the investment is there both on the Federal Government's part and the equipage part on the industry.

I mentioned in my opening statement yesterday and I mentioned it again today, we are all concerned about the Federal deficit. I do not think there is any question about that.

I was on the Budget Committee in the 1990s. We were concerned about the deficit then. We came up with a plan, and in fact, balanced the Federal budget for the first time in many years. We are concerned.

You mentioned and I think Mr. Fuller mentioned about two-thirds or more of the revenue that the FAA operates with does not come from the general fund, it comes directly from the industry.

I think people need to understand that. A lot of investment has been made by Southwest Airlines, JetBlue, some of the other airlines. In the general aviation area, you are making investments now. Ms. Blakey's members are making investments.

My question to you is when we reduce the FAA's budget to 2008 levels, which is the direction that this Congress is moving in, there are consequences. I think we have to be honest with one another, and outline what those consequences are, so people understand, not only Members of Congress, but the flying public and the American people, what happens to NextGen, what happens to safety, what happens in your industry, Mr. Bunce, when you stated for the record you are 40 engineers short, how many more engineers do we lose.

We had the Administrator here yesterday. He testified that literally hundreds of people will have to be furloughed. Maybe some of those of those people need to be furloughed. I do not know.

My concern is that when you just say we are going to go back to the 2008 level, do we do that across the board, who gets laid off, does safety suffer, does the certification process suffer?

I would just ask you briefly, so that Members of this Committee and everybody understands, if we roll back to the 2008 levels—you testified, Ms. Johnson, about the cap, $4.50 for the PFC.

If we go back to the 2008 levels, there are consequences. I want to hear from each of you and your industry, the people that you represent, what does that mean to you, and does it move us forward, does it move us backwards, any suggestions you may have.

Each of you, please.

Ms. JOHNSON. Regarding the roll back to funding levels at 2008, unfortunately, AIP has been in a situation where we have had a pretty flat AIP program at $3.5 billion since the bill expired, since 2005.

From an AIP perspective, you look at that and you go well, it has been that way for a long time. I guess we have gotten by, we can get by some more. That is really not the case.

We are seeing our passengers coming back. The economy is beginning to turn around. We need to go ahead and get ahead of the capacity issues that we have headed our direction.

Mr. COSTELLO. I would agree with the statement that Ms. Blakey made, that you are going to see rapid development when demand is back, and it is coming back in the industry.

If you keep the PFC at $4.50, which is where the cap was ten years ago, it has a dramatic effect. When people begin to come back to flying and the industry comes back and gets stronger, airports need a mechanism to expand runways, tarmacs, and to make improvements.

If you do not increase the $4.50, you do not have the ability to make those improvements. Is that a correct statement?

Ms. JOHNSON. That is a very correct statement. We hit a brick wall, particularly from a small community perspective. We are a fairly new airport. We are 12 years old. We have $64 million in debt, that is pretty heady for a facility our size.

In this environment, for us to go out and find initial capital through the bond market, it is just not possible.

Mr. COSTELLO. Mr. Calio and Mr. Fuller, NextGen, will your airlines, Mr. Calio, continue as Southwest had, JetBlue is beginning to, and Alaska Airlines, and Mr. Fuller, will your owners and operators continue to invest in NextGen, if they know we are going back to the 2008 level or not?

Mr. CALIO. I think from our members' perspective, different members are approaching it in different ways, I think if they see performance metrics in the bill, they will take that as an assurance that the program can be in place, and they take the risk of investing in the program, and whatever the funding mechanism happens to be, that it will be worthwhile and they will get the benefit from it.

Mr. COSTELLO. I hope they look at the metrics and not the record of the past. Mr. Fuller?

Mr. FULLER. Mr. Costello, when I had the privilege in serving in Government, one of the things I always worried about—I think you are really asking this—was unintended consequences.

I do not think anybody is making proposals that want to stymie either safe travel or the operations we have today.

I do worry about the unintended consequences. If there is not money to extend runways at airports or put in towers at airports that are reliever airports, the congestion stays as great or greater as commercial service expands in some of our major airports. That is an unintended consequence.

It will both increase delays, and it really robs communities of the ability to take some of our aircraft that would otherwise use that facility.

The general aviation community, I think, has a pretty good record of investing in technology in their cockpits when they can use it. I think we are always looking for the relationship between the cost and the benefit.

There is a tremendous benefit. All three of the aircraft I mentioned, I can fly and land in Frederick, Maryland where we are based using nothing that is on the ground, using satellite-based technology, with approaches that deliver me to the end of the runway, right over the center line.

We invest in that technology because that system is in place. If by definition there is a slow down or inability to fund NextGen capabilities, we will slow down our investment.

Those are the kinds of unintended consequences that I think we would be weary of.

Mr. COSTELLO. Mr. Bunce, do you want to comment?

Mr. BUNCE. Mr. Costello, as I mentioned, if we are already short today, the workload starts to go up as we field the NextGen system, when we put this infrastructure in the aircraft, you have to do modifications to the aircraft.

Whether it is a commercial airliner or a general aviation aircraft that sits down for a while, it takes FAA involvement. There is no other way to do it. We have to go through the regulator, and there is intense oversight. The workload actually is going to go up from where it is today, and we are already short.

Mr. COSTELLO. Thank you. I will have other questions later. Thank you, Mr. Chairman.

Mr. PETRI. Thank you. Mr. Duncan?

Mr. DUNCAN. Thank you very much, Mr. Chairman, for bringing this distinguished panel together. I was very pleased to hear Mr. Bunce and Ms. Blakey talk about the environmental rules and regulations and red tape.

When I chaired the Aviation Subcommittee several years ago, we heard testimony that the main runway at the Atlanta Airport took 14 years from conception to completion. It took only 99 construction days. They did that in 33 days. They did 24 hour days. They were so relieved to get all the final approvals.

Four years ago, in the Highways and Transit Subcommittee, we had a hearing about either a 9 or 12 mile project in Southern California that took 17 years from conception to completion, from 1990 to 2007, and it was all because of the environmental delays.

I was glad to hear you bring those up, and I would appreciate it if you would send to me some examples of some of the problems that your companies have run into in that regard.

I have two questions, quickly, one for Mr. Calio. Would you tell me on the proposed flight and duty rules, what effect that will have on your members? Do you have any cost estimates or details about what your members have told you about the new proposed rule that the FAA has come out with on flight and duty regulations?

Mr. CALIO. Thank you, Mr. Duncan. I do believe we have a cost estimate of $19 billion over ten years. I would like to check that for you. You know better than I do, it is a very, very complex issue that we are trying to work with the FAA on.

We would like to work with the committee on it as well, and I would be happy to come up and bring experts so we could fully explain what the impact is, and why we think the rule does not actually address the objective it was intended to.

Mr. DUNCAN. That $19 billion, I assume, would be pretty difficult for your members, considering the other costs they are having and with the fuel prices expected to go up and so forth.

I remember several years ago, they testified and said each one penny increase in jet fuel cost the aviation industry a whole $200 million a year. I do not know how accurate those figures are now. I am seeing a head nodding that is still pretty accurate.

Mr. Fuller, ten states, including my home State of Tennessee, give control of their AIP funding for general aviation to state agencies.

Will you tell me, is that a good way to do it? How has that system worked in your opinion?

Mr. FULLER. Mr. Duncan, I think it works quite well because it takes the decision making with regard to priorities closer to the people, closer to the local level.

I have actually participated in some of the discussions about where AIP money should go in a specific state, sitting in and addressing and talking with the commission at the state level working on that.

I was very impressed. I think the Federal Government should be impressed that these projects are in the works often times for a few years before the money comes. In other words, they are on the books. It is one of the reasons that a number of projects occurred at airports with stimulus money, because they were technically shovel ready, and they had done the environmental work, they had done the design work.

I think the closer you get to the local decision makers, sometimes the better you get with respect to the prioritization of the projects.

Mr. DUNCAN. I will say this, I think general aviation sometimes gets overlooked or does not get quite the publicity that some other parts of the aviation industry get, but general aviation is very, very important to our overall economy.

Thank you very much, Mr. Chairman.

Mr. PETRI. Mr. Lipinski?

Mr. LIPINSKI. Thank you, Mr. Chairman. We have a great aviation system in our country, and all of you are a part of that. You all know that we cannot afford to fall behind.

Mr. Fuller, you probably know that your organization was kind enough to take me on a short trip in and out of Frederick Airport to show me the technology that is there and available if the plane is equipped. It is just great to see what we are able to if we make the investments, both on the ground and in the aircraft.

I look forward to working with the Chairman and Ranking Member and all of you on how to best most efficiently and quickly implement NextGen.

Something else that is very important that I wanted to ask Mr. Bunce about. Part of this is also ensuring that new products and new components of NextGen will be able to get to the market and on board aircraft in a reasonable amount of time. Part of that is the FAA certification process.

In your testimony, you emphasized it is especially challenging for manufacturers when we are talking about new components and technology being examined before going into service.

Mr. Bunce, as demand for certification increases, what is needed to adequately meet this demand? What can we do to streamline the process without compromising the integrity of the process? If we have a back up in certification, that is another thing that slows down the process.

What do you think needs to be done here?

Mr. BUNCE. Mr. Lipinski, as we certify product we give to our customers an aircraft, and say it has certain capability, and one part of the FAA blesses it and says it is perfectly capable of doing it, and then all of a sudden, we hand it to our operators, and then they have to go back and certify in a whole different chain within the FAA that the airplane can do something that the other chain in the FAA already said it could do.

The mountain of paperwork is tremendous. The amount of time, the effort that is done, because there are within the FAA differences between those who certify aircraft and those that manage the operation of the aircraft.

There are tremendous benefits that we can get from looking at the processes and being able to have industry work with the FAA.

Administrator Babbitt went to a system that industry uses, which is a Six Sigma process or a Lean, any time you talk manufacturing, you hear those terms, and applied it to a program that is called "NAV–LEAN." The reports on that are starting to come out now of success that he has had just by forcing the folks in the FAA to say let's look at how we do business, and be able to streamline it.

They dramatically cut the amount of time it takes just to get approval on some of these approaches. That can be done throughout the FAA, to be able to help industry, and industry has the expertise to be able to do that.

Anything that this committee can do to help us help the FAA get more streamlined and lean would absolutely help.

Mr. LIPINSKI. I think that is something we need to work on. Not cutting corners, but streamlining.

With the time I have left, I wanted to turn to Ms. Blakey. Like most of my constituents, we have been watching the price of gas at the gas pump grow at an alarming rate, but not many realize that jet fuel has gone up even faster, nearly doubling over the past two years.

That is not good for the aviation industry or our economy. I think it is critical that we invest in R&D to develop alternative domestically produced fuels.

The aviation needs are different than gasoline for cars, and the unique challenges to that.

I just wanted to ask, do you think there are any research areas that the CLEEN program should be addressing that it currently is not?

Ms. BLAKEY. I think it is an excellent program, and I think the corresponding program of the commercial alternative aviation fuels is also an excellent program.

Basically, the R&D that is going on, we just need to step up, I think that would be the way we would look at it. They are corroborating very effectively with NASA. The more we see of what is going on with alternative fuels and bio-fuels, the more we are giving credit for the kind of energy savings that we can get in the biofuel/alternative fuel arena.

It is amazing, and it is coming on much faster than any of us expected it would. It is a very good news story. I would simply say we need to see more intensity.

Mr. LIPINSKI. Thank you. I do not want to wear out my welcome so early on. Mr. Chairman, thank you.

Mr. PETRI. Thank you. Mr. Hultgren?

Mr. HULTGREN. Thank you, Mr. Chairman. Thank you all for being here. Ms. Blakey, a couple of questions, if that is OK, just following up on your testimony.

How do the AIA's FAA reauthorization priorities expressed in your testimony reduce FAA's operating costs and also create private sector jobs?

Ms. BLAKEY. Basically, what we are seeing here, of course, is that the move to NextGen creates jobs. We estimate, for example, that to adequately equip aircraft for the system, and therefore make it really alive and working, it is going to take—they say 5 to 7, we say $6 billion—pick a number like $6 billion. That represents 150,000 jobs.

Not only are those high skilled, high paid jobs, but also the U.S. being the leading edge in technology means we can export it, and then those jobs stay. It is not just a one-time shovel in the ground. It is going all around the world in terms of air traffic and other kinds of technologies.

Mr. HULTGREN. Just a follow up, having once served as FAA Administrator yourself, could you provide an estimate of what you think maybe the FAA could save in their budget, either direct savings or cost avoidance by leveraging third party developers in NextGen navigation procedures?

Ms. BLAKEY. You know, I will have to think about an actual dollar figure, but I can tell you we can step up the number of procedures dramatically, and that does have significant fuel savings.

What we are looking at here is something that the FAA estimates, and we take these figures as being pretty good ones, that if we can get NextGen in place by 2018, we are talking $22 billion worth of savings.

To go to Mr. Costello's question earlier, if we are seeing cutbacks to 2008 levels in the budget, ironically, the amount of money that would be cut from the FAA's budget is $1.3 billion. That is exactly what is being spent this year on NextGen.

It is very hard, I can tell you as a former administrator, to really reduce the operating costs. You have to make safety always first, the certification is critical, so then you look at where could you take that kind of cut.

The prospect is really devastating to jobs and to our future, if we really have to roll back and stop NextGen in its tracks.

Mr. HULTGREN. Thank you. If you do have further information on that or thoughts or estimates, ways we can find savings there or cost benefits by working together with third parties, please let us know. That would be great.

With my remaining couple of minutes, just one quick question for Mr. Rinaldi. I mentioned yesterday that I am privileged to represent the district adjacent to O'Hare, so I have many air traffic controllers in my district.

I am interested in from your conversations with your members, from your experience, how you think NextGen will practically affect the day to day work of air traffic controllers, and really the safety and ability for them to get their job done well.

Mr. RINALDI. There are many components to NextGen. The air traffic controllers see NextGen as the next step in modernizing the system. It will enhance safety as TCAS has in the past. It will enhance our ability to work more airplanes and hopefully streamline the airspace, especially around Chicago O'Hare Airport.

The controllers look forward to working with the modern technology, and look forward to more efficient ways to work airplanes inside and outside the airspace.

Mr. HULTGREN. Again, thank you all for being here. I look forward to working with you. I yield back the rest of my time. Thank you, Mr. Chairman.

Mr. PETRI. Thank you. Mr. Capuano?

Mr. CAPUANO. Thank you, Mr. Chairman. Thank you, ladies and gentlemen, for being here.

First of all, I want to thank Mr. Fuller and Mr. Bunce in particular. You both mentioned specifically that you understand that to move the ball forward, we might have to raise more revenue to do this. I just want to thank you for that honesty, and I do not think it is a difficult position, but some do. I just want to thank you for that.

Yesterday, as you all know, we had the Administrator here, and very simply, the number you just mentioned, Ms. Blakey, $1.3 billion of proposed cuts, I do not know how real that is, and I do not know if it is going to happen or not, we all know that for some reason I still do not understand, 2008 is the gold standard for all funding of Federal programs across the board. Fine. We will leave that for debate at another time.

Relative to what you do, relative to the FAA, that is all I want to talk about today, I would just like to ask each and every one of you, could you cut $1.3 billion from the FAA's budget and still provide the level of safety, as we all agree that safety is the primary function, the level of safety we would all demand and require and deserve, plus the commercial aspects, NextGen, and not just NextGen, there are other things as well, that we all do relative to aviation, could you do it and be proud of the FAA that you would have afterwards?

If you could do it, I would like specific cuts. I asked the Administrator yesterday to tell me, if he was told, I know he does not want to do it, you have to cut $1 billion, I think it is doing the American people a favor, the right thing, to specifically say hey, I do not like it, but if I have to cut $1 billion, I will do one, two, three, four, five, six, seven, eight, nine, ten.

Therefore, if you think we can, I would really like to know specifically what you think we can cut. I am not asking for difference in priorities, cut this and raise that. We all have that issue.

What would you cut and do without if you believed we can get to $1.3 billion, and Mr. Conley, just because we have been starting down this end, I figure I would start with you.

I am just looking for a simple answer. I am not looking for a 20 minute dissertation because I do not have 20 minutes.

Mr. CONLEY. Thank you. More with less in the operational environment is extremely challenging, and as Administrator Blakey just said——

Mr. CAPUANO. A simple question. Do you think we should cut $1.3 billion out of the FAA?

Mr. CONLEY. I do not think we should.

Mr. CAPUANO. Do you think if we did, we could provide the level of safety and the degree of commercial support and advancement that we would like to provide?

Mr. CONLEY. I do not think we could advance toward NextGen. I do not.

Mr. CAPUANO. Thank you. Mr. Rinaldi, what do you think about those issues?

Mr. RINALDI. I do not think you can cut a million (sic) out of the FAA budget and provide the service that we are providing today and look towards NextGen. It just cannot happen.

Mr. CAPUANO. Thank you. Ms. Blakey?

Ms. BLAKEY. No, it is false savings because in the long run, it will cost us a great deal more in many ways.

Mr. CAPUANO. Thank you. Mr. Bunce?

Mr. BUNCE. No, sir. You cannot do it.

Mr. CAPUANO. Thank you. Mr. Fuller?

Mr. FULLER. The short answer is no, you are working off a reauthorization passed in 2003 with 17 extensions. I do think they need the certainty of funding for all the reasons we have stated.

Mr. CAPUANO. Mr. Calio, welcome to the group.

Mr. CALIO. Thank you, Mr. Capuano. I think you know me well enough to know that I do not dodge many questions, but after five weeks, I cannot presume to know anything enough to answer the question.

Mr. CAPUANO. I will let you off this once.

Mr. CALIO. I know.

Mr. CAPUANO. Ms. Johnson?

Ms. JOHNSON. I have run through my head about all the programs that the FAA provides for us, and I see absolutely no way.

Mr. CAPUANO. Thank you. I appreciate your honesty and I appreciate your direct answers. Mr. Calio, I look forward to yours in a few more weeks.

I will tell you I think we are going to find this across the board in many different agencies, particularly in the agencies that are under the purview of this particular committee.

I think the cuts that are proposed are shortsighted. I think the cuts that were proposed are really going to hurt this country. The FAA being a microcosm of it, because I do not think anybody here—I know you like flying—I know you all probably drove here. You probably want safe bridges and on and on.

As we go forward, again, no one is looking to waste money. I am sure there are things in the FAA we could all agree on that maybe should be cut here and added there, but at the same time, as the debate advances, first of all, I thank those of you who stood up already, and I would call on the rest of you to stand up as well.

We are required to make these tough votes. I will make them with or without your support. The truth is the American public, I think, deserves your support, if you really want to get to the goals.

Mr. Fuller?

Mr. FULLER. I just wanted to say I think you should know that we all have a tremendous amount of confidence in the FAA Administrator. He has changed the culture there. It was a place that needed to see culture change, and he has brought it about. He has really gone through and found ways to save money, and we talk about that a good bit of time.

As I mentioned, the outreach is absolutely extraordinary. The NextGen recommendations out of Task Force 5 involved over 300

people from the industry, not quite 418, but over 300. That is the sort of interaction that goes on all the time.

Like I said, we are very committed to sound fiscal policy. If we can find places where there are savings, we will tell him, we will tell you, but we certainly do not want to set back some of these important investments.

Mr. CAPUANO. I think that is a fair and appropriate approach that I would like to think that everybody would take. Thank you, Mr. Fuller.

Thank you. I yield back the time that I do not have.

Mr. PETRI. Thank you. A couple of you had additional questions. We will take those. Mr. Boswell?

Mr. BOSWELL. I will be real short, Mr. Chairman. Again, I want to thank you for having this. This is a great panel. I had to step out because of a constituent situation.

You have to keep talking straight to us. Mr. Capuano, I have known him a long time, and he is right when he says if we are going to have to do this, what comes first. It is hard.

To give you a quick example, I do not know how it is going to turn out now, we will have to make changes, but myself and others have decided that we would go to the next farm bill, the agricultural industry, and say we do not know but we think, common sense tells us, we are going to have to draw this down. It is tough.

We went across the country and said tell us, producers and processors, what do you really have to have to be viable and so on. They did a good job. We were going to try to put the first draft bill out, I think it was July. The process changed and we understand why.

I think that same mentality works. I think that is what Mr. Capuano was trying to tell us. I am worried about it. I have been an user of the system for probably more than any of you. Fifty plus. Anybody got better than that? Raise your hand.

I had a commercial license all that time, multi-engine, helicopter, lot of military time. Never once have I called for a controller. Maybe a couple of times over in Southeast Asia when we did not have a lot of control. We were just mission oriented period. Never once have I got on that radio and asked for help.

It is getting very, very more complicated. You guys put those charts up that we have seen with how many airplanes are in the sky right now and other things. It is something to think about.

We are in a financial situation. I want to just join with Mike and say you go back and think about this. I expect everyone wants safety. What if we have to do some cutting? Where would it hurt the least? I am not going to ask you to answer. I want you to think about it.

You know this committee, and under their leadership on both sides of the aisle, they have tried very hard to move the bill. You know what has happened. I am not going to go back over that.

I think we are going to see some adjustments, where should they be? I would like to hear it from the users, producers and manufacturers and so on, and the airport people, the airlines, all of you at the table, if you can.

I will just leave it there, Mr. Chairman. Thank you very much. I yield back.

Mr. PETRI. Thank you. Mr. Cravaack?

Mr. CRAVAACK. I would like to thank everybody once again for being here, and it's a great segue into what I would like to discuss as well.

I lived through the 1990s in the military, and during that time period, we had to do more with less. We were charged with right sizing the military. We had severe budget cuts, but the thing about it was we were able to have input on where we would cut.

Cuts are coming. Our pockets are empty. The bank account is zero, and our credit line has been tapped.

NextGen is an excellent system. I would love to support it. Until the time that we have enough money, revenue, to do so, we cannot simply just throw money at the program. We have to streamline it as best we can.

I think the American people are taxed quite enough. Raising revenue more is not the answer. We have to streamline. We have to do more with less. We must be part of the solution instead of being part of the problem.

With that said, that is just a general statement, what I would like to do is just ask a couple of direct questions, if I may.

Mr. Calio, airspace users have legitimate concerns regarding the costs and equipment that are evolving with the ADS–B system. I have heard from many different sources that you are all correct, you do not have confidence that the FAA will be able to provide the infrastructure necessary to complete the program. I understand that.

As a matter of fact, on October 12, 2010, Inspector General Lou Dixon noted the FAA has not clearly defined the specific benefits in terms of enhancing capacity or reducing delays of equipping aircraft with ADS–B technology to users.

Is this still the case, Mr. Calio? I know you are just on board.

Mr. CALIO. I think it is still the case. We have talked to the FAA with whom we have a good collaborative relationship. We have a lot of respect for the Administrator. I think he is aware that metrics are needed. As I mentioned earlier, we think those metrics need to be there. We do have concerns about that.

Mr. CRAVAACK. I understand. What I would like to do with your different agencies, I would like you to take exactly what my colleague said, take a look at your agencies, define yourselves, produce to this body where you would cut, how you can streamline, how you can get mean and lean. Remember those days? That is where we are once again, so that is where we have to move forward.

Also, if you do not mind, I would like to ask Mr. Rinaldi, in regards to what do you think NATCA could be doing to work with the Administrator to reduce FA operating costs in particular?

I know we have to work together in making sure we define that right balance. Can you offer some immediate suggestions?

Mr. RINALDI. Actually, we are working very closely with the Administrator in trying to streamline a lot of the operations, and as far as saving costs, we are actually putting the proof in the pudding, so to speak.

When we had the imposed work rules, there were over 500,000 grievances that had to be adjudicated through an arbitration proc-

ess. Now, we have wheedled them down to less than 100 or so issues, and that is saving taxpayers a lot of money.

With the new contract, there is less than 100 grievances after a year and a half that are going to arbitration, and we work every day in a collaborative method to resolve those and try to save money in the labor relations arena.

As far as the operations arena, we are trying to streamline as much as we possibly can, but we also want to make sure that we have enough controllers on board to open the sectors properly, to run the amount of traffic that needs to be run, and ultimately, safety is number one.

Mr. CRAVAACK. Mr. Conley, you said in your written testimony that Congress should set a minimum of 2,060 air traffic front line managers. How did you arrive at that number? What were your metrics?

Mr. CONLEY. We went through a facility by facility analysis. Prior to the reductions in supervisory staffing back in the 1990s, as far back as 1994 and later deep cuts in 1998, there was some 2,500 air traffic control front line managers in the system.

At that time, we had a very steady predictable operational error rate per 100,000 operations, and when we saw the reduction in the supervisor numbers, that is when we saw the numbers of operational errors increase.

Mr. CRAVAACK. Thank you. I am out of time, and I yield back, sir.

Mr. PETRI. Thank you. Thank you all for your questions. Thank you for your participating in this hearing today.

Mr. Costello and I may have a question or two that we will submit for written response. Mr. Costello?

Mr. COSTELLO. Thank you, Mr. Chairman. I do have a few questions that I will submit to you. I want to thank all of you for being here today and testifying, and thank you for your candor as well.

In particular, Ms. Blakey as a former administrator, to talk about what the cuts would do and where they would come from. I think, like all of us, probably every agency can afford to have cuts in certain areas. We just want to make certain that they come in the areas that do not affect safety and security.

Also, Mr. Fuller, for your comments as well about the new Administrator. He is not new any more. I believe he is doing a very good job as well. One of the things that I think has been important is the collaboration that he has brought with all of the stakeholders.

There was a time when stakeholders were not welcome to the table. I think it has made a huge difference in morale at the FAA. I think the entire system has benefitted as well.

I appreciate your comments. I want to say to Mr. Hultgren, my colleague, and Mr. Boswell, I join them with saying, you know the FAA as well as anyone. There are areas that I am certain they can reduce outlays, and we will rely on you to make suggestions to us.

We want to make certain that as cuts are made, they are made in the right areas, and as I said, do not affect safety, and investments that we need to make in order to save money for the future.

Again, I thank you, and I thank you, Mr. Chairman, for calling the hearing today.

Mr. PETRI. Thank you. Let me just add, as long as we are making a comment or two, safety is very important. Obviously, operating the system is very important. Being internationally competitive and having a leadership role in aviation and having growth in the future is also very important.

We have seen other countries from China to Spain who in history turned in on themselves and waved goodbye to a future for a number of generations.

We need to figure out some way of getting our house in order, but not doing it by eliminating the seed corn and the future. That is why we are looking for you to help us make sure even if there are cuts, that we can figure out some way, if it is off-budget, the country, rather than the Government, somehow funding this very important technology for aviation and for the country.

Again, thank you all for participating. We look forward to working with you.

The hearing is adjourned.

[Whereupon, at 11:57 a.m., the Subcommittee was adjourned.]

[Prepared statements and submissions for the record follow:]

OPENING STATEMENT OF REP. STEVE COHEN

The Subcommittee on Aviation

"Federal Aviation Administration Reauthorization: Stakeholders"

February 9, 2011

I am pleased to be here today to receive testimony from aviation stakeholders that represent all aspects of the aviation industry.

As the Congressman of Memphis, Tennessee, I have the privilege of representing the Memphis International Airport, a Delta/Northwest hub and Pinnacle headquarters that provide world-class passenger service to more than seven million passengers a year. The airport is the home of the FedEx SuperHub and has been the largest cargo operations by volume airport in the world for the last eighteen years. With annual total aircraft operations of nearly 250,000 flights a year, few issues are as important to my district as the FAA reauthorization.

The Memphis International Airport and the corporate citizens headquartered in my district such as FedEx and Pinnacle are responsible for about 33 percent of the jobs in Memphis and are the economic engine of the Mid-South. However, this engine is stalling and Memphis is losing jobs because of Congress' inability to pass a FAA reauthorization that makes significant investment in our nation's crumbling aviation infrastructure and invests in NextGen. Passing a comprehensive FAA reauthorization will create thousands of jobs across the nation and increase our nation's economic competitiveness. I urge my colleagues to understand the immense value of aviation programs, and I encourage them to support timely passage of a comprehensive bill

I thank Chairman Mica and Chairman Petri for their leadership on the FAA Reauthorization and look forward to working with them in the coming months to pass legislation that invests in our nation's aviation infrastructure and invests in our nation's future.

SENIOR DEMOCRATIC WHIP

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
CHAIRWOMAN, SUBCOMMITTEE ON WATER RESOURCES & ENVIRONMENT
SUBCOMMITTEE ON AVIATION
SUBCOMMITTEE ON RAILROADS

COMMITTEE ON SCIENCE AND TECHNOLOGY
SUBCOMMITTEE ON RESEARCH AND SCIENCE EDUCATION
SUBCOMMITTEE ON ENERGY AND ENVIRONMENT

DEMOCRATIC STEERING AND POLICY COMMITTEE

CONGRESSIONAL BLACK CAUCUS
CHAIR, 107TH CONGRESS

Eddie Bernice Johnson
Congress of the United States
30th District, Texas

PLEASE RESPOND TO:
WASHINGTON OFFICE:
1511 LONGWORTH BUILDING
WASHINGTON, DC 20515-4330
(202) 225-8885

DALLAS OFFICE:
3102 MAPLE AVENUE
SUITE 600
DALLAS, TX 75201
(214) 922-8885

WWW.HOUSE.GOV/EBJOHNSON/
REP.E.B.JOHNSON@MAIL.HOUSE.GOV

STATEMENT OF CONGRESSWOMAN

EDDIE BERNICE JOHNSON

Subcommittee on Aviation

Hearing on

Federal Aviation Administration Reauthorization: Stakeholders
February 9, 2011

Chairman Petri, thank you for holding today's hearing on reauthorization of the Federal Aviation Administration, with a focus on stakeholders.

Yesterday we heard from FAA Administrator Babbitt and I look forward to hearing today from those who will be most impacted by legislation to reauthorize the FAA.

I want to reiterate my thanks to our Subcommittee Chair, Mr. Petri and our Ranking Member, Mr. Costello for making FAA Reauthorization a priority early in this Congress. And, despite the many other issues being raised on the Senate floor, I hope that they, too, can move swiftly on this vital legislation.

I believe this Committee can and will produce a bill that provides meaningful steps in modernizing our air traffic control system, reduces congestion in our skies, and provides a needed boost to our nation's airports.

I look forward to working with my Committee members on both sides of the aisle to quickly advance a bipartisan FAA Reauthorization bill.

STATEMENT OF
REP. THOMAS E. PETRI, Chairman
SUBCOMMITTEE ON AVIATION
Hearing on FAA Reauthorization
Wednesday February 9, 2011, 10:15 AM
2167 RHOB

This morning we continue with our hearings on the reauthorization of the Federal Aviation Administration.

Yesterday we heard from FAA Administrator Randy Babbitt on the Administration's perspective on the reauthorization effort. Today we will hear from various stakeholders representing commercial aviation, general aviation, airports and labor groups. Each brings a unique viewpoint on aviation programs and policies, and we will benefit from their expertise and experience as we finalize a reauthorization bill for reintroduction in the next several days.

A reauthorization bill is critical to securing the economic prosperity, stability, and global competitiveness of the aviation industry, including general aviation; ensuring the safety of the Americar flying public; the increased efficiency of the air traffic control system; and reforming and streamlining FAA programs and policies to reduce waste and unnecessary costs.

As we move forward, I welcome the input of various other stakeholders who may not be testifying in person at this hearing, but who nevertheless have important contributions to make to this reauthorization effort. Your statements will be made part of the hearing record.

I again want to thank the witnesses for appearing before us today. We welcome your input on such an important piece of legislation.

I now yield to our Ranking Member, Rep. Jerry Costello of Illinois, for his opening statement.

ATA TESTIMONY

FAA Reauthorization Legislation

Statement of the
Air Transport Association of America, Inc. (ATA)
before the
Subcommittee on Aviation
of the
House Transportation and Infrastructure Committee

February 9, 2011

AIR TRANSPORT ASSOCIATION

The FAA reauthorization legislation is an exceptional opportunity to enable the airline industry to contribute even more fully to the U.S. economy and our nation's number-one priority today: creating jobs. To do so, airlines and their employees, as well as the customers and communities that they serve, need public policies that

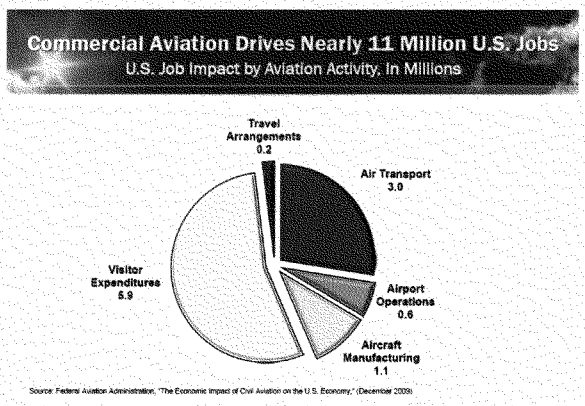
- provide a long-term, stable environment in which our already-outstanding safety record keeps improving;
- assure that government-imposed taxes and fees on airlines and their customers are fair and do not continue to suppress growth;
- accelerate investment in and deployment of the next-generation air traffic management system; and
- promote the global competitiveness of U.S. airlines and, in turn, U.S. industry.

If the U.S. airline industry is to add jobs to our nation's workforce, these policies – which require both sound legislative and regulatory judgments – must become reality. We cannot allow ourselves to be distracted by exhausted arguments about reauthorization: assuring a strong, financially viable U.S. airline industry must be a clear, overriding goal of the legislation. The Department of Transportation's recently concluded Future of Aviation Advisory Committee showed that there is broad recognition throughout the aviation community of the need to have such a blueprint.

GOVERNMENT POLICY MUST ENABLE AIRLINES TO BE JOB CREATORS

Commercial aviation is a linchpin of the U.S. economy. According to the Federal Aviation Administration (FAA), it drives approximately $1.2 trillion in annual economic activity in the United States and is responsible for 10.9 million U.S. jobs. This is roughly 5.2 percent of our Gross Domestic Product (GDP). Every $1 million of commercial aviation activity generates 24.6 jobs.

The airline industry is an integral part of this picture. In 2009, the last full year for which data are available, airlines enplaned more than 700 million passengers and operated more than 10.4 million flights. Exports by air that year topped $334 billion in value. This activity is a powerful creator of jobs throughout the economy. Every 100 airline jobs help support some 388 jobs outside of the airline industry.



The service that we provide is a bargain – and has been so literally for decades. Between 1978 and 2009, the consumer price index rose 229 percent while the price to fly a mile domestically rose only 42 percent. In contrast, during the same period, college tuition increased 788 percent, prescription drugs 535 percent and a single-family home 289 percent. Illustrating the consumer benefits to passengers in dollars and cents, Bureau of Transportation Statistics data indicate that a domestic round-trip ticket (airfare plus taxes) averaged $339.71 in the third quarter of 2010. If we compare that price to a hypothetical domestic ticket in the second quarter of 1995, it is $70.78 below the Consumer Price Index increase in that period ($410.49 versus $339.71). Consumer benefits are real and long-standing.

The magnitude of these contributions to our nation's well-being means that the airline industry must be counted as an indispensable sector as Congress and the administration consider ways to revitalize the economy. The industry's job- and wealth-creating potential needs to be realized through policies that are carefully focused on that potential. With the adoption of such policies, the industry can become an even greater driver of the economy.

Regulatory policies must also facilitate such an approach. Although not associated with the reauthorization legislation, the president's Jan. 18 executive order regarding improving regulations offers promise because it recognizes that the regulatory system "must take into account benefits and costs, both quantitative and qualitative." Executive Order 13563, 76 Fed. Reg. 3821 (Jan. 21, 2011). This principle must guide executive branch policy if the highly regulated airline industry is to expand and thereby facilitate job creation.

Several proposed Department of Transportation (DOT) rules would violate this principle. Two noteworthy examples of these ongoing rulemaking proceedings are:

- The FAA recently issued a proposed rule to completely rewrite pilot flight and duty time (FDT) regulations for flight crews. Air carriers have made specific proposals to change flight and duty time rules that would reduce pilot fatigue and increase scheduled rest opportunities. In contrast, in its proposal, the FAA failed to link specific regulatory changes to targeted improvements. It is

therefore unclear what benefit each proposal is meant to provide. Moreover, the regulation imposes a one-size-fits-all approach, which fails to account for the different business models of cargo and passenger carriers, ignores many of the Aviation Rulemaking Committee recommendations and fails to meet the cost-benefit requirement. Despite these shortcomings, we hope that a more sensible outcome can be achieved.

- In 2009, the FAA proposed to rewrite completely training regulations for pilots, flight attendants, flight engineers and dispatchers. Continuous improvement, rather than unnecessary and disruptive regulation, has consistently advanced training and safety for the airlines. Airlines do not object to data-driven proposals that directly relate to and target very specific concerns. Unfortunately, the FAA did not demonstrate in the proposal how these very costly and disruptive proposed changes would actually improve safety and prevent accidents. ATA estimates the cost of the FAA training regulation rewrite to be at least $3.3 billion over ten years. Thus, this proposal contradicts the executive order's admonition that "benefits and costs, both quantitative and qualitative" must be taken into account in any rulemaking.

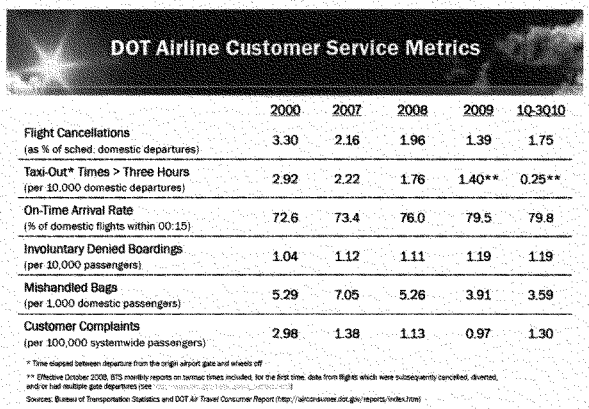
As legislative and regulatory policies are formulated, the unprecedented adversity that the U.S. airline industry experienced in the last decade must be kept in mind. Among the events that the industry experienced were 9/11; airline bankruptcies and subsequent restructurings; volatile and rising fuel costs – jet-fuel prices today are 4.5 times higher than their 1991-2000 average; the most severe economic downturn since the Great Depression; and worsening operational and air-travel experiences because of the increasingly obsolescent air traffic control system.

The results were devastating. The airline industry suffered an estimated $54 billion cumulative loss between 2001 and 2010. That hardship forced a painful, far-reaching streamlining of the U.S. airline industry. More than 160,000 full-time-equivalent jobs in the airline industry were lost in that period.

The U.S. airline industry's plight in the last decade is also evidenced by a precipitous drop in its share of GDP. From 1991 to 2000, domestic passenger revenue averaged 0.728 percent of GDP. In 2010, that proportion shrank to an estimated 0.497 percent. That decline translates into $34 billion in "lost" revenue.

This is not where we should be; no one should be comfortable with this situation. The airline industry is indispensable to the health and competitiveness of our nation's economy. Governmental policies must foster an environment that spurs growth in our sector of the economy if the wellbeing of the broader economy is to be revitalized.

And even in the face of this unprecedented adversity, DOT data reveal a steady improvement in customer service over the past decade.



DOT Airline Customer Service Metrics

	2000	2007	2008	2009	1Q-3Q10
Flight Cancellations (as % of sched. domestic departures)	3.30	2.16	1.96	1.39	1.75
Taxi-Out* Times > Three Hours (per 10,000 domestic departures)	2.92	2.22	1.76	1.40**	0.25**
On-Time Arrival Rate (% of domestic flights within 00:15)	72.6	73.4	76.0	79.5	79.8
Involuntary Denied Boardings (per 10,000 passengers)	1.04	1.12	1.11	1.19	1.19
Mishandled Bags (per 1,000 domestic passengers)	5.29	7.05	5.26	3.91	3.59
Customer Complaints (per 100,000 systemwide passengers)	2.98	1.38	1.13	0.97	1.30

* Time elapsed between departure from the origin airport gate and wheels off

** Effective October 2008, BTS monthly reports on taxiout times included, for the first time, data from flights which were subsequently cancelled, diverted, and/or had multiple gate departures (see [illegible])

Sources: Bureau of Transportation Statistics and DOT *Air Travel Consumer Report* (http://airconsumer.dot.gov/reports/index.htm)

Despite the hardships of the last decade, airlines have continued to invest in more fuel-efficient equipment and operations, thereby ameliorating the effects of rising fuel prices, and demonstrating their long-standing commitment to environmentally responsible operations. Over the past three decades, for example, combined passenger and cargo airline fuel efficiency (as measured in revenue ton miles per gallon) has more than doubled. To place this in broader perspective, airlines domestically produce 5 percent of economic activity but only 2 percent of man-made greenhouse gas emissions.

NEXTGEN WILL PROVIDE THE 21ST CENTURY ATC SYSTEM WE NEED

There is widespread agreement that the existing air traffic control system cannot provide the capacity and efficiency needed to meet the public's demand for convenient air transportation. This is underscored by a recently released, FAA-commissioned study that estimated that flight delays in 2007 cost passengers, airlines and the economy $31 billion. More than half of that figure is attributable to costs to passengers. This is intolerable but it is only a foretaste of what continued reliance on an antiquated Air Traffic Control (ATC) system will exact. NextGen is the solution to this predicament. We must accelerate the introduction of this new system in order to unlock the benefits to our nation and the economy.

NextGen, which will employ a number of new technologies in a satellite-based air traffic management system coupled with new operating policies and procedures that take advantage of these technologies, will provide tremendous improvements over the current system and will benefit all system users, the public in general and the U.S. economy. Benefits include improved operational efficiency, reduced fuel consumption and emissions, and lower operating costs for airlines. NextGen will respond to several critical needs:

- **Efficiency and Productivity.** NextGen will enable more efficient flying. The current system is inefficient in producing capacity. Today's ground radar system requires planes to fly over specific points on the ground to maintain radar and communications contact. Navigational aids, radar and controllers are all terrestrial. They are linked to form a complex network system that supports

airways, through which aircraft fly. Today's system also requires significant spacing to accommodate the time it takes for radar to detect objects. These characteristics are a recipe for inefficiency. Equally significant, today's ATC system cannot take full advantage of available technology or integrate and fully exploit emerging technology.

In contrast to today's ATC system, NextGen will enable optimized, direct routings between airports; reduced aircraft spacing; continuous descent arrivals; precise arrival and departure routings (known as RNAV and RNP procedures); and closely spaced approaches on parallel runways in instrument flight conditions.

These enhancements will significantly increase productivity, both in utilization of assets and personnel. That, in turn, will reduce operating costs, which will enable those savings to be plowed back into wages and benefits, as well as operating capital. In addition, airline customers should benefit from reduced and more reliable traveling and shipping times.

- **Environmental Benefits.** More efficient operations also will use less fuel, increasing aircraft fuel efficiency and reducing greenhouse gas and other emissions. Full implementation of NextGen is projected to reduce emissions by as much as12 percent. Early implementation of certain NextGen elements and other airline initiatives are providing some benefits already, but full implementation is needed. Improved fuel efficiency also will reduce operating costs and contribute to improved financial conditions that, like the productivity improvements discussed above, will benefit the public and employees and the airlines in a better position to continue to invest in new aircraft, alternative fuels and other operational improvements that bring environmental improvements.

- **Capacity.** The current ATC system is saturated in some areas and, therefore, in some locations, cannot provide the capacity to meet the public's demand for convenient, safe air transportation. This inhibits competition and industry growth today; this situation will worsen if not corrected. It also is the source of unnecessary congestion and delays that can quickly cascade through the system. NextGen will enable more precise spacing of aircraft and flight paths, which will allow the FAA to handle safely and efficiently the traffic growth that it forecasts.

- **Operational Integrity and Customer Satisfaction.** Closely linked to capacity, efficiency and productivity is operational integrity. By expanding capacity and enabling more efficient operations, NextGen will enable better on-time performance and improved customer satisfaction. Today's outdated ATC system contributes to delays and disruptions that will be reduced when NextGen is implemented. With improved operational integrity comes fewer delays, fewer missed connections, fewer misplaced checked bags and more satisfied customers.

- **Safety.** NextGen's satellite-based system will look and act much like a network to which aircraft and ATC are interconnected. It will provide more precise information to both controllers and pilots about aircraft locations, both in the air and on the ground, and will enable aircraft to constantly know one another's locations. This locational awareness and corresponding digital communications capability will provide critical real-time-flight status information typically not available today.

- **Scalability.** NextGen will be considerably more nimble than today's land-based facility and labor-intensive system. Accordingly, it will be much easier for the FAA to scale the system to meet demand from all aviation sectors, whether that demand is a steady growth curve or fluctuates from time to time. Automation and digital data communications will make it easier for the FAA to adjust the system as needed.

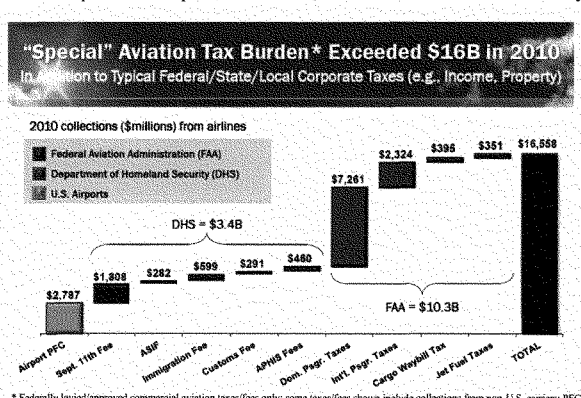
Reauthorization legislation that accelerates the delivery of satellite-based air traffic control services will improve the air traveler's experience and make air travel safer. It is indispensable if we are to avoid system gridlock and meet the expanding demands of passengers and shippers.

As compelling as the promise of these benefits is, system users must be presented with a complete business plan for NextGen that correlates its benefits and costs. The stakes are high. Implementation of NextGen will demand enormous resources. This means that the program must have meaningful performance metrics. Specific and measurable outcomes must be identified and achieved. Accountability must be a key principle because the program must deliver results that transform the ATC system. Incrementalism is unacceptable.

TODAY'S AVIATION TAXES AND FEES SUPPRESS GROWTH

The current tax burden on airlines and their customers is thwarting economic growth. It is a jobs killer. This situation is unacceptable.

The tax burden on a typical $300 domestic round-trip ticket has nearly tripled since 1972 from $22 to $61 today. The number of taxes and fees that U.S. airlines and their customers pay has also nearly tripled from 1990 to 2011. The result of this unchecked proliferation is breathtaking. The total amount of government-imposed taxes and fees paid has multiplied from $3.7 billion to more than $16 billion annually.



* Federally levied/approved commercial aviation taxes/fees only; some taxes/fees shown include collections from non-U.S. carriers; PFCs reflect FAA estimate as of Nov. 2010 Sources: Department of Homeland Security, FAA, Office of Management Budget, Transportation Security Administration, ATA

Raising the cost of air travel in this way has had the predictable harmful effects. First, this regressive tax policy is a drag on airline profitability and competitiveness. Second, it makes air services more expensive for those who rely on them: fewer business trips are taken, tourism suffers and shipping manufactured goods by air is more expensive. This was bad policy in the 20th century; allowing it to persist into the 21st century is baffling. Government today should be encouraging the use of air transportation because of its speed, efficiency and ability to generate jobs, not repeatedly weighing it down. New taxes on our already-overburdened industry must be rejected.

COMPETITION MUST BE ENHANCED IN INTERNATIONAL MARKETS

Enhancing the competitiveness of the U.S. airline industry throughout the world must be a key element in this initiative. More than ever, aviation is a global industry with tough, unrelenting competition. The days of "chosen instrument" airlines and the off-handed assumption of U.S. preeminence in international markets are long gone. Nostalgia is no match for our foreign-flag competitors, which strengthen themselves around the world and fly daily to our hubs.

What remains true, however, is the importance of international markets to the success of our industry. Indeed, it is truer than ever. Much of the U.S. airline industry's growth in recent years has occurred in international markets, often as a result of open-skies agreements that the U.S. government has negotiated. Substantial opportunities for growth remain, and we want to pursue them.

This means that reauthorization legislation should assure that these open-skies efforts proceed unabated. This focus is particularly important with respect to high-volume markets that remain subject to restrictive, old-style bilateral air-services agreements. Emerging markets should be the beneficiaries of modern aviation agreements – and we are prepared to compete in those markets.

Similarly, antitrust immunity for airline alliances must remain undisturbed and must continue to be available for new collaborative ventures. Today's alliances reflect the reality of limitations on the cross-border flow of capital. They enable the leveraging of U.S. and foreign airline networks to create benefits for the traveling and shipping public that, without immunity, could never occur. Immunized alliances, it should be remembered, require the DOT to find that they are in the public interest; they obviously are. Alliances produce expanded and highly integrated online service opportunities for passengers and shippers. This, in turn, fosters interalliance competition that provides more price and service options for the customer. For the airline, alliance membership strengthens its ability to compete, permits more efficient asset deployment and improves financial performance. Each of these results is indisputably in the public interest.

Aircraft maintenance is an often-overlooked example of the ongoing globalization of aviation. Maintenance facilities with highly skilled workers are available around the world, as well as in the United States.

Safety is our top priority in selecting such facilities. Maintenance at those facilities is subject to FAA and foreign regulatory oversight. The result, as the data show, is that our use of overseas maintenance facilities is extraordinarily safe. No ATA-member passenger fatality attributable to contract maintenance has occurred in more than three decades.

Restrictions on U.S. airlines' use of foreign maintenance facilities must be avoided for efficiency and operational reasons. For some aircraft, U.S. facilities do not have the capacity to meet demand. Furthermore, with U.S.-registered aircraft operating throughout the world, the ability to have maintenance performed at qualified overseas locations is crucial.

We also must recognize that legislatively restricting U.S. airline use of overseas maintenance facilities could trigger retaliatory action by foreign governments, which have shown considerable sensitivity about this issue. U.S. maintenance facilities work on both U.S.-registered and foreign-registered commercial and general aviation aircraft. Foreign retaliation against U.S. restrictions would jeopardize the some 200,000 employees of U.S. facilities, many of whom work on foreign aircraft.

AIR TRAFFIC CONTROL AND AIRPORT FUNDING PROGRAMS MUST BE FAIRLY FUNDED

U.S. airlines and their customers are unfairly subsidizing other users of the National Airspace System. This is government policy that unjustifiably distorts what should be a straightforward calculation – cost allocation – and, in so doing, financially disadvantages airlines and their customers.

Users fund the air traffic control system through fees and taxes. This funding mechanism has remained static since its creation even though system use has changed over time. As a result, the share that each user group pays does not correlate with its use of ATC services. For example, according to an FAA study, commercial aviation is estimated to drive 66 percent of air traffic control services but contributes more than 90 percent of the Airport and Airway Trust Fund revenues. The funding structure needs to be revised to reflect current use of the ATC system. Fairness and efficiency require no less.

Similarly, the Airport Improvement Program (AIP) has increasingly paid for projects that have no connection to commercial aviation. The top 66 U.S. airports account for nearly 90 percent of passenger enplanements but receive roughly only one-third of AIP funding. As the deficit commission stated in December, "The first place to look for savings must be wasteful spending, including subsidies that are poorly targeted or create perverse incentives…." The National Commission on Fiscal Responsibility and Reform, "The Moment of Truth" at 44 (December 2010). The AIP warrants such corrective action.

Finally, the passenger facility fee should not be increased from its current $4.50. Passenger Facility Charges (PFCs) are a direct tax on passengers and, like other taxes, increase the cost of air travel and reduce consumption of it. Moreover, no evidence indicates that necessary airport projects will go unfunded without an increase in the PFC. The FAA has approved virtually every PFC application since the inception of the program; consequently, there can be no concern that PFCs will not remain a viable funding source. In addition, although the credit markets have tightened over the last several years, airports enjoy high credit ratings – significantly higher on average than airline ratings – and have historically had access to those markets for critical projects.

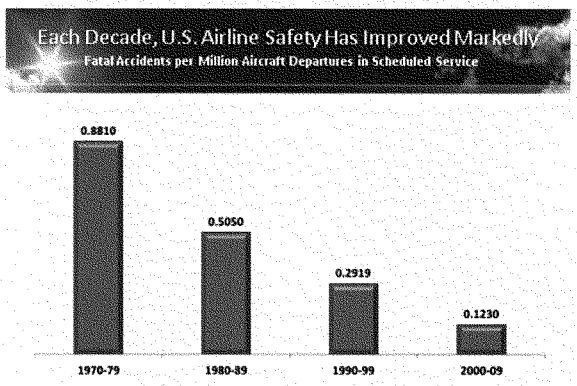
SAFETY IS *JOB ONE* FOR THE NATION'S AIRLINES

While the foregoing issues are of great importance, safety is the foundation on which our industry was built and remains our number-one priority. That is a shared commitment and we work closely with other members of the aviation community to achieve it. Together with the Federal Aviation Administration, the National Transportation Safety Board, manufacturers, labor unions and other interested parties, we have achieved an extraordinary safety record. That record has continuously improved for decades, as the chart below shows. This impressive accomplishment, however, does not mean that we are satisfied. Improving safety is work that is never done – America's airlines are committed to making the safest transportation system in the world even safer.

Commercial aviation has built this record through a disciplined and analytical approach. That methodical scrutiny includes benefiting from both experience and from a forward-looking search to identify emerging issues. The Commercial Aviation Safety Team (CAST), for example, brings together stakeholders to improve safety performance by applying data-driven analyses to flag issues before accidents occur, and to establish safety priorities. Increasing reliance on two industry-led safety programs, the Aviation Safety Action Program (ASAP), which encourages voluntary reporting of safety issues and events that come to the attention of employees of certain certificate holders, and the Flight Operational Quality Assurance (FOQA) program, which involves the collection and analysis of data recorded during flight, have also

added greatly to our knowledge. This empirical approach, coupled with the expertise and commitment of our front-line employees, provides the underpinning for industrywide safety efforts.

Participation in these programs underscores that the efforts of ATA members go well beyond compliance with governmental regulatory directives. This willingness to exceed minimum requirements is often overlooked. It is tightly woven into the safety culture of our members.



Source: ATA analysis of data from the National Transportation Safety Board

CONCLUSION

We are at a critical juncture in the relationship between the airline industry and the larger economy. The industry suffers from tax policies and an outmoded air traffic control system that harm airlines and their customers. The economy suffers from what has emerged as a chronic inability to produce jobs on the scale that our society needs. Airlines have the ability to generate jobs, both within the industry and throughout the economy. We ask that reauthorization lay down policies that not only improve the safety of air travel but also enable us to be an engine of job growth.

House Transportation and Infrastructure, Subcommittee on Aviation

Hearing on the Authorization of the Federal Aviation Administration

February 9, 2011

Marion C. Blakey, President and CEO

Aerospace Industries Association
1000 Wilson Boulevard, Suite 1700
Arlington, VA 22209
(703)358-1000

Introduction

Chairman Petri, Ranking Member Costello, distinguished members of the Subcommittee. It is a pleasure and an honor to be able to testify before you once again. I represent the Aerospace Industries Association (AIA)—we are an association of over 300 aerospace manufacturing companies and the 624,000 highly-skilled employees who make the aircraft that fly in our airspace system every day as well as the avionics and air navigation equipment that allow them to do so safely. I come before you today to discuss an issue that for too long has remained incomplete, the reauthorization of the Federal Aviation Administration.

Civil aviation underpins the world's social and economic infrastructure. As a vital component of the global transportation system and a major source of employment, civil aviation provides countless travelers and workers with a better way of life on a daily basis. Looking forward, such benefits will multiply dramatically as air transportation services respond to strengthening demand from around the world. However, creating an environment that fosters growth and employment, with all the benefits of a thriving aviation system, first requires addressing a number of key industry challenges. Safely expanding the capacity of our national airspace system and addressing growing environmental and energy concerns are the two most significant challenges facing the U.S. civil aviation industry today.

While both of these challenges pose unique technological, financial, regulatory and political hurdles, they are, in fact, inextricably linked. Transformation of our nation's air transportation system so it can safely and efficiently accommodate greater numbers of aircraft—both manned and, eventually, unmanned systems—is vital to reducing the environmental impact and energy use of civil aviation and critical to realizing industry's goal of carbon-neutral growth from 2020 and beyond (CNG 2020+). Indeed, growing pressure to reduce carbon dioxide (CO_2) emissions, oxides of nitrogen emissions and noise associated with aircraft operations is one of several compelling rationales for investing in air traffic management (ATM) modernization. The imperative to overcome capacity and environmental challenges could not be stronger for the U.S. civil aviation industry, a vital contributor to the nation's economy. In the most recent economic impact survey published in December 2009, the Federal Aviation Administration (FAA) found

that the sale of goods and services tied directly or indirectly to civil aviation constituted $1.3 trillion, or about 5.6 percent of the nation's total gross domestic product (GDP).

Moreover, the industry sustains nearly 11 million jobs, including many high-skilled, high-technology positions. The U.S. aviation manufacturing industry remains the single largest contributor to the nation's balance of trade, exporting $80.5B and importing $27.2B in relevant products in 2010, for a net surplus of $53.3B.[1]

As strategically important as the industry is to the United States now, it will become even more significant as demand for air travel increases and international competition intensifies. Despite flagging air travel in the wake of the 2008 financial crisis and a global recession that persisted throughout 2009, long-range forecasts from a wide spectrum of sources indicate robust demand for air travel over the next two decades. Some regions of the world will fare better than others, as changing wealth demographics and the build-out of aviation infrastructure in emerging markets make air travel more accessible to greater numbers of individuals. Even in mature markets like the United States and Europe, moderate but consistent growth in air travel demand is projected. These mature markets also have the persistent need to recapitalize aging fleets with newer, more fuel-efficient aircraft, generating replacement demand on top of growth for fleet expansion.

Worldwide growth in demand for aviation goods and services will not be limited to the large commercial transport sector. As the global economy recovers and a number of new aircraft models enter the market, demand for general aviation products—from the large-cabin, global business jet to the single-engine piston-powered aircraft—should slowly and steadily improve.

Regulatory policies and other initiatives that seek to address the substantial but surmountable hurdles posed by an aging, ground-based air traffic management system and increasingly stringent environmental standards will help foster the health and competitiveness of the U.S. civil aviation industry. This will ensure the nation can capitalize on projected growth in demand for aviation products and related services over the coming years.

[1] US Census Bureau, Merchandise Trade Exports/Imports Quarterly 2010.

Capacity and the Importance of NextGen

The United States' ability to safely and efficiently handle more aircraft of all types will not be achieved through incremental modernization but by a significant transformation of the U.S. National Airspace System (NAS). Under development for a number of years, and now entering the implementation phase, the FAA's Next Generation Air Transportation System (NextGen) will move the nation from reliance on an aging, radar-based system of air traffic control to a satellite-based system of air traffic management. By leveraging Global Positioning System (GPS) technology—along with breakthroughs in everything from weather forecasting to data networking to digital communications—the NextGen system will ultimately enable new procedures that will allow more aircraft to fly closer together on more direct routes. The safer, more efficient use of airspace through NextGen will reduce delays and provide significant economic and environmental benefits through reduced carbon emissions, fuel consumption and noise.

A fundamental enabling technology of NextGen is Automatic Dependent Surveillance-Broadcast (ADS-B), which uses GPS technology to pinpoint an aircraft's precise location and constantly broadcast that information and other critical data (altitude and air speed, for example) to nearby aircraft and air traffic controllers. With ADS-B, for the first time, both pilots and controllers will see the same real-time displays of air traffic. This breakthrough in the provision of common, situational awareness in the cockpit and the control tower will enhance safety and enable more efficient use of airspace. ADS-B is undergoing a phased implementation. Installation of 794 ADS-B ground-based transmitters—largely achieving coverage throughout the continental United States—has a contracted completion date of 2013. The project is currently on schedule and under budget. The operational system is being deployed on a limited basis around the nation, with four test sites in geographically diverse areas with unique airspace environments demonstrating the service.[2] Operators in these regions are already reporting significant, tangible benefits directly attributable to the system, including fuel cost savings and reduced delays. In order for the full benefits of ADS-B to be realized in a given area, however, a "critical mass" of operators must be equipped with the capability.[3] For example, proximate spacing is only possible if all aircraft have improved position

[2] Test sites located in Alaska, the Houston / Gulf of Mexico region, Louisville, KY, and Philadelphia, PA.
[3] Gerald L. Dillingham, Ph.D., Government Accountability Office (GAO), House Transportation and Infrastructure Subcommittee on Aviation. "Hearing on ATC Modernization and NextGen: Near-Term Achievable Goals." Testimony given May 20, 2009.

reporting, as an aircraft not equipped with ADS-B would be "invisible" to the traffic receiver of another aircraft. Not surprisingly, the timing and financing of the equipage of aircraft with ADS-B capability is a core concern of both the FAA and aircraft operators, including airlines and the general aviation community, as well as equipment manufacturers.

ADVANCING NEXTGEN—A NATIONAL IMPERATIVE

The Equipage Challenge

The FAA estimates its own costs associated with full implementation of the NextGen architecture by 2025 will total between $15B and $22B. While industry estimates vary, the agency also acknowledges that billions of dollars will likely be needed by the airlines and other users of the national airspace system (NAS) to retrofit their aircraft with NextGen compatible systems—essentially air traffic control equipment in the cockpit. This clearly represents a sizable investment for an airline industry that continues to struggle with severely weakened balance sheets, and for a general aviation community that counts individual aircraft owner-operators who fly recreationally among its core constituency. In the near-term, aircraft equipage for NextGen technologies will remain largely voluntary, with individual airlines and system users conducting internal cost-benefit analyses to support or reject the business case for investment.

AIA recommends legislation providing the FAA with authority to pursue innovative financing mechanisms to incentivize the retrofitting of commercial and general aviation aircraft with NextGen avionics equipment.

The closing of the business case for equipage depends on a simple relationship between two factors: the cost of equipage and benefits that are early enough and of sufficient magnitude to offset those costs of equipage.

Although the cost factor for NextGen equipage is quite significant, it can be improved through a combination of reducing the equipment unit costs, the borrowing costs, and the installation costs. It is important to understand that for air carriers with large fleets needing retrofit, the borrowing and installation costs can well exceed the equipment costs.

The benefits factor is more complicated since it is driven by both the magnitude of the benefit itself and the timing of when the benefit will be delivered. Both depend on actual ATC procedures that leverage the installed NextGen technologies into an operational improvement in the National Airspace System. Progress is being made in this area. An example of this is the work toward implementing ADS-B based interval management procedures that have been endorsed by the ADS-B In aviation rulemaking committee. However, other major benefit dependencies have never been addressed.

Studies have shown that unlocking many of the benefits of NextGen requires a large percentage of aircraft be equipped. This creates an early-adoption problem that is driven by two main time-related issues. First, time becomes a critical part of the business case because the investment dollars for equipage are largely borrowed. The carrier that equips first is subject to high debt-carrying costs well in advance of benefits—discouraging early equipage. This problem is made even worse when there are FAA implementation delays.

Secondly, the time element is also burdened by the air transport installation requirements where NextGen upgrades must be done during their scheduled heavy-maintenance cycles. This means that to achieve the level of equipage needed for benefits to flow in the defined mid-term time frame, the air carriers need to begin making near-term decisions to equip.

This is why government support for equipage—either through direct funding or by other more creative financial incentives—is welcomed by the majority of the user community. Innovative and careful structuring of government support to address these important cost and benefit factors can help resolve these obstacles to equipage. However, with the recognized need to address the growing federal deficit, it is important also to look at ways to leverage the available private-sector capital markets.

To this end, AIA recommends equipage funding incentive legislation that encourages participation of private-sector investment capital. FAA should have the authority to enter into government guaranteed loan arrangements that can be used in innovative ways to incentivize the retrofitting of commercial and general aviation aircraft with NextGen avionics equipment.

Any plan must link government (FAA) performance to user equipage obligations. The proposal would include the following broad principles:

- Measured FAA accountability for NextGen programs that includes appropriate financial risk-sharing among FAA and operators to close the business case for early equipage; and
- Government financial support structured in a way to attract private-sector capital to carry most of the costs of equipage.

Establish Clear Performance Metrics

A key message from industry throughout the FAA Reauthorization deliberations is the need for accountability for achieving progress. First, FAA needs to establish and empower a NextGen organization that clearly defines the budget, schedule, project organization, leadership and the specific transition/implementation steps needed to make NextGen a reality. Second, the FAA must establish a set of progress metrics so that the NextGen organization, the Administration, the Congress, industry stakeholders and the public can measure and track the operational improvement that is actually being achieved by the program. These metrics need to track performance outcomes, not just activity. It is imperative that industry and the regulators are capable of determining whether efforts are actually improving safety, capacity, efficiency, etc. For example, when implementing new Required Navigation Performance (RNP) and Area Navigation (RNAV) approaches and departures, quantity—total number of new procedures—means nothing if the quality of the procedures do not bring measurable benefits to the system.

Performance Based Navigation and Environmental Streamlining

FAA and industry have partnered on a number of innovative pilot programs to demonstrate the benefits of new operational procedures using NextGen avionics equipment. Both the RTCA Task Force 5 report and the Future of Aviation Advisory Committee (FAAC) recommend a procedures implementation schedule based on a comprehensive benefit analysis. Procedures should be developed and implemented where needed most. As these procedures are implemented and begin delivering measurable benefits, more operators will equip.

In addition, these operational and procedural changes will produce sizable fuel savings and emissions reductions. System-wide operational improvements ultimately afforded by NextGen will take emissions and noise reduction to a new lower level. FAA analyses indicate that full implementation of NextGen could reduce aircraft GHG emissions up to 12 percent by 2025—the equivalent of taking 2.2 million cars off the road for one year.[4]

The precision of performance-based navigation procedures (PBN)[5] enables flight routing along specific ground paths that minimize an aircraft's noise signature on takeoffs and descents. The environmental benefits of NextGen—including both reduced emissions and noise—are obvious and compelling, but require innovative policy solutions to embedded obstacles before those benefits can be fully realized. The redesign of terminal airspace by the FAA—which is necessary to accommodate CDAs, tailored arrivals and quieter RNP and area navigation (RNAV) arrivals and departures—requires compliance with the National Environmental Policy Act (NEPA). NEPA is effectively the nation's charter for considering potential environmental impacts before an action is implemented.

NEPA requires consideration of lower-impact alternatives and it stipulates disclosure of environmental information for all federal agency actions with the potential to impact the human or natural environment. Public and other government agency involvement is required in the process and concerns raised by the public or other agencies must be addressed prior to any federal agency reaching a decision on a proposed action.

The FAA has authority to determine that actions involving the establishment, modification or application of airspace and air traffic procedures fall under what is known as a "categorical exclusion," sometimes referred to as CATEX. With this authority, the FAA can determine—based on past experience with similar actions—that the airspace redesign in question does not have an adverse impact on the environment, thereby limiting the need for a more time-consuming environmental review as long as there are

[4] Figure cited by Dr. Gerald L. Dillingham in May 2008 testimony before the House Transportation and Infrastructure Subcommittee on Aviation.

[5] PBN is a framework for defining performance requirements in "navigation specifications." PBN framework can be applied to an air traffic route, instrument procedure, or defined airspace. PBN provides a basis for the design and implementation of automated flight paths as well as for airspace design and obstacle clearance. The two main components of PBN framework are Area Navigation (RNAV) and Required Navigation Performance (RNP). Once the required performance level is established, the aircraft's own capability determines whether it can safely achieve the specified performance and qualify for the operation [FAA Fact Sheet – NextGen Goal: Performance-Based Navigation, April 24, 2009].

no extraordinary circumstances. The FAA's experience with airspace redesigns indicates that, while there will be overall environmental benefits, there are typically potentially negative impacts to some areas that must be assessed.

AIA does not propose or endorse routine CATEX determinations. It is clear that in most cases, new terminal area procedures change the aircraft-generated noise signature, thus warranting review. It is also clear, however, that most new PBN procedures represent a significant *overall* reduction in noise and emissions.

More often than not, airspace redesigns require an Environmental Assessment (EA)—which applies to a project or proposal not initially thought to have the potential to cause significant environmental impact. EAs require reviews by other agencies, as well as public comment, but they are significantly less time-consuming and less costly than the lengthier environmental impact statement (EIS) associated with NEPA.

Based on 2009 data, the average duration of NEPA reviews for FAA actions involving EAs was 1.5 years. The duration for NEPA reviews involving EISs was four to five years. The costs of such reviews can also be substantial, depending on the type of NEPA review and the complexity of the proposal. The EA submitted for the Houston Area Air Traffic System redesign, for example, took 1.2 years for approval at a cost of roughly $1M. In contrast, the EIS required for the proposed New York/New Jersey/Philadelphia Metropolitan Airspace Redesign Project took eight years and cost $17M.[6] In some cases, congressional input can result in additional options to the proposed action being considered, thereby increasing the number of public meetings and extending the length of the review process.

While industry stakeholders in NextGen implementation agree on the importance of the NEPA process, many are frustrated with the time-consuming and costly nature of the reviews and consider it a major impediment to the timely rollout of the system. Given the volume of expected airspace redesigns required to maximize the benefits of the system, the fact that these new procedures are—by definition—quieter and more fuel efficient

AIA recommends including NextGen-related airspace redesigns in the Airport Streamlining Approval Process.

[6] Data provided by the Air Transport Action Group, May 2009.

and the strain these NextGen-related NEPA reviews put on FAA resources, AIA recommends including NextGen-related airspace redesigns in the Airport Streamlining Approval Process as defined in Sec 304 of Vision 100 and an FAA-EPA interagency review to produce a more streamlined process.

Provided the NEPA process is streamlined, NextGen implementation remains predicated on the installation of literally thousands of PBN procedures and the FAA lacks the resources to design and install these procedures in a timely fashion on its own therefore the agency recognized the need to enlist the support of third parties who specialize in the design and deployment of PBN procedures.

3rd Party Development of Performance Based Navigation Procedures

In September 2009, GE Naverus and Jeppesen—both leaders in the development and certification of PBN procedures around the world—were granted approval by the FAA to design and validate RNP flight paths under what is known as an Other Transaction Agreement (OTA). While the OTA does not allow the same latitude and responsibilities as an Organization Designation Authorization (ODA), it does effectively engage the private sector in the development of navigation procedures.

Under the ODA program, the FAA has the ability to delegate a number of its statutorily-authorized functions to qualified, third-party organizations. ODA status has been generally limited to aircraft and related equipment manufacturers, air carriers, repair stations and other maintenance organizations. However, the current ODA program does not extend to firms that design and install PBN procedures.

Even with the assistance of capable third parties, the FAA still faces a daunting task in installing thousands of PBN procedures needed throughout the nation for full NextGen implementation. For this reason, extending full ODA status to qualified companies is still a worthy policy objective. Although the existing OTA process allows the FAA to contract with individual providers, it is a lengthy process undertaken only on a case-by-case basis. For example, the FAA-GE Naverus OTA took three years to produce its first public RNP approach. As a matter of policy, the busiest corridors and airports should receive top priority when it comes to installing and certifying RNAV and PBN procedures—a seemingly obvious recommendation—but one that is still not strictly adhered to as the

build-out of the system moves forward. Finally, consistent with the recommendation above, contracting with third party PBN providers using discretionary Airport Improvement Program (AIP) or Passenger Facility Charge (PFC) funds should be permitted if an airport authority elects to do so.

Required Navigation Performance, Continuous Descent Arrivals and Ground-Based Augmentation Systems are three core technologies that have been shown to provide significant environmental benefits. AIA recommends the inclusion of proper resources for the FAA Office of Aviation Safety to certify and oversee performance based procedures developed by 3rd parties.

History tells us that huge improvements in efficiency—both economic and environmental—follow at airports that install PBN procedures. Technologies and procedures can be deployed to save fuel and reduce emissions. Congress should expand discretionary AIP grant eligibility to cover the development of RNAV, RNP and other NextGen technology-enabled approaches. AIP provides federal grants to airports, with funding typically limited to construction projects (runways, taxiways and aprons, for example) and expenditures on safety, emergency or snow removal equipment.

AIA recommends authorizing the FAA Office of Aviation Safety to more broadly certify and oversee performance based procedures developed by 3rd parties.

The FAA has also spent over $5B in AIP funds since 1982 on the study and implementation of noise compatibility projects, including home and business soundproofing, land acquisition and noise monitors.[7] This raises a potentially compelling economic argument for allowing AIP funds to cover the development of new approaches employing NextGen technologies and procedures, including RNAV, RNP and ground-based augmentation system (GBAS) approaches. Many of these procedures can be designed to avoid noise-sensitive areas and CDAs are significantly quieter than standard approaches. AIA does not recommend or endorse a policy whereby scarce AIP or PFC funds are denied or reduced in one category to subsidize another. In this case, using AIP funds for new approach development could reduce expenditures on physical noise

[7] Figures provided by the FAA and cover expenditures through December 2009.

mitigation projects, providing significant community benefits while simultaneously accelerating NextGen deployment.

As recommended by the Future of Aviation Advisory Council (FAAC),[8] enabling airports to partner with tenants to build more efficient approaches and departures will incentivize aircraft equipage and provide environmental benefits in the form of reduced noise and emissions. Further, efficient operational procedures have the potential to increase aircraft and passenger throughput, thereby generating additional revenue for the airport. The economic benefits of a more efficient, better served airport extend well beyond the airport perimeter to the broader community.

Whether a business is looking to relocate its corporate headquarters or an airline is seeking to expand its service, the efficiency of the airport in question plays a critical role in the decision. Therefore, AIA recommends the extension of Section 47133 of Airport Improvement Program (AIP) grant eligibility to include NextGen technology-enabled procedures.

UAS Integration

AIA, along with FAA, recognizes the growing importance of unmanned aircraft systems (UAS). These aircraft have tremendous potential to contribute to the economic, technological, and competitive well-being of the U.S. Integrating UAS into the NAS stands to create tens of thousands of new jobs and hundreds of millions in wages for the U.S.[9] To ensure continued U.S. leadership in this new, fast-growing field of aviation, top UAS manufacturers believe the safe and orderly integration of UAS into the NAS requires a UAS-specific strategic plan. This will lay the foundation for productive government-industry collaboration across the UAS industry.

AIA recommends the accelerated release of the small UAS standard (CFR 107), the inclusion of UAS in FAA Aerospace Forecast, in addition to finalizing a strategic plan for UAS national airspace integration.

[8] Federal Aviation Advisory Council Recommendation #8: Eligibility Criteria for Airport AIP and PFC Programs.
[9] *Unmanned Aircraft System Integration into the United States National Airspace System: An Assessment of the Impact on Job Creation in the U.S. Aerospace Industry*, pg. 3. (2010) Association for Unmanned Vehicle Systems International.

While FAA addresses restrictions on UAS flights for the long-term, the agency should not lose focus of the near-term hurdles such as the need to flight test non-military UAS, and the accelerated development of UAS-specific safety standards. Moving forward, AIA and industry support the development of a UAS research and development plan linking specific milestones and outcomes to current NASA, Defense Department and FAA research and flight trials.

AIA's member companies stand ready to contribute to any of these efforts and other activities including design, engineering and standards development through RTCA and other organizations.

CLEEN Technology and Alternative Fuels

Cooperation in fundamental R&D between relevant government agencies and industry has enabled significant breakthroughs in civil aviation dating back to the earliest days of flight. The government can augment industry's efforts to reach Carbon Neutral Growth by 2020 (CNG 2020+) by continuing to make targeted investments in the areas of aircraft engine design, airframe design and the development of sustainable alternatives to jet fuel.

The FAA's CLEEN program is an excellent example of such targeted investments, with industry partners advancing technology breakthroughs that could be incorporated in aircraft platforms in less than five years. Alternative fuel research is an area that seems especially promising for advancing industry's goal of CNG 2020+—given already impressive levels of cross-agency and government industry cooperation. The U.S. Air Force has been an important player in the development and use of alternative fuels and it has been a vital partner to the U.S. civil aviation industry in terms of advancing the commercial viability of biofuels. Although the Air Force is DOD's leading user of jet fuel, its annual consumption is dwarfed by that of the U.S. civil aviation industry, which consumes roughly 10 times that of the service. The Air Force is sharing its experience in alternative fuels—gleaned not just through recent demonstration flights, but through years of laboratory, rig and component testing—by closely cooperating with industry as part of the Commercial Aviation Alternative Fuels Initiative (CAAFI). CLEEN funds are critically important to help advance alternative aviation fuel certification work.

The ambitious goal of CNG 2020+ will only be achieved if government and industry can continue to work together, rationalizing financial investments and pooling technical expertise. The foundations for successful cooperation are already in place through programs like CLEEN and knowledge-sharing forums like CAAFI. Building upon these strong foundations will enable future technological breakthroughs—from revolutionary engine and airframe designs to commercially viable biofuels—that firmly establish the civil aviation industry as the global benchmark for safe, environmentally-responsible transportation.

AVIATION SAFETY—CONTINUING THE GOLD STANDARD

Certified Design Organizations

A wide range of aerospace products are poised to enter the market. These products are linked to a number of national and international goals—such as more efficient (greener) aircraft—and are key to adding jobs. However, as a regulated industry, part of bringing new products to the market includes FAA certification. Any restriction to FAA's ability to certify new products directly hampers U.S. aerospace industry growth and its positive impact on overall U.S. trade.

AIA believes there is a strong need for all FAA-recognized design organizations to have the ability to receive a design organization certificate for the activities they perform.

Certified Design Organizations (CDO) provide an ideal way for the FAA and manufacturers to leverage the experience and expertise of aviation design organizations to streamline the certification process. Such collaborative efforts allow FAA to focus more resources on safety critical items and overall system safety management rather than on arbitrary oversight regimes. CDOs are cost effective and optimize FAA's existing workforce. They allow FAA to shift its role from product auditor to process auditor without a compromise in safety. This enables the FAA to leverage manufacturing industry expertise and free up existing FAA resources to focus on primary safety objectives.

Prioritized Review and Application of Rulemaking

AIA supports the FAAC recommendation[10] to review existing FAA regulatory and safety initiatives and the criteria used to prioritize each. Key to this effort, and also included in the FAAC recommendation, is coordination with industry. The aerospace manufacturing industry has a proven record of effectively implementing safety improvements in a timely fashion—typically much quicker than today's rulemaking process supports. As pointed out in the FAAC recommendation, the rulemaking pipeline is full of mandates, not all of which are founded in data-driven analysis to ensure an overall improvement in either safety or system efficiency.

AIA recommends FAA undertake a balanced review of rulemaking priorities in response to FAAC recommendations.

There is nothing more difficult or more important than the prioritization of safety initiatives. AIA supports broadening the application of the proactive Commercial Aviation Safety Team (CAST) model as an alternative to reactive rulemaking. AIA, FAA and other government and non-government CAST members have a long history of safety accomplishments realized without congressional mandates or NTSB recommendations.

FAA Repair Station Oversight

Given the FY11 budget pressures, arbitrary Foreign Repair Station safety inspection regimes would strain FAA resources. Requiring the physical inspection of every FAA certificated repair station in the world twice annually without regard to a risk assessment is arbitrary. AIA recommends the U.S. and FAA honor existing bilateral and multilateral aviation safety agreements with regard to the certification and inspection of Foreign Repair Stations. AIA also recommends FAA employ a risk-based model for inspections in order to use its valuable personnel in the most efficient manner possible. A risk-based schedule is safer overall as it will force an evaluation of the safety records of repair stations around the world, detailing which stations need more and which stations need fewer inspections.

AIA supports a risk-based approach to repair station oversight currently utilized by the FAA rather than an arbitrary inspection regime.

[10] FAAC Recommendation #22, "Identification of Safety Priorities."

Conclusion

The civil aviation industry is an economic engine directly and indirectly contributing more than $1.3 trillion — or 5.6 percent of gross domestic product — to the U.S. economy. It supports nearly 11 million jobs with a payroll of $369 billion.[11] Civil aviation contributes positively to the U.S. trade balance, creates high paying jobs, keeps just-in-time business models viable and connects all Americans to friends, family and business opportunities. All of that economic activity is funneled through the nation's air traffic system. As long as the system can accommodate the demand for air travel and just-in-time express delivery, the growth of jobs and economic activity associated with civil aviation will continue. Full NextGen deployment requires the production and installation of hundreds of thousands of high-tech avionics products assembled by skilled workers in U.S. factories and maintenance stations in every state.

Implications on the trade front are also important. U.S. leadership in ATM technology and procedure development is being challenged in Europe and Canada. China and India will see the greatest growth in aviation travel for years to come. Both look to the United States or Europe for leadership as they develop their respective air traffic control systems. If the United States does not promptly deploy these technologies, opportunities for U.S. manufacturers and workers will be lost. The key to sustainable growth in the aviation sector is the accelerated implementation of NextGen. Without NextGen, our national airspace will remain cluttered and inefficient and undermine the economic benefits of America's commercial aviation industry.

As Congress continues the consideration of this important legislation, the Aerospace Industries Association stands ready to leverage knowledge and experience of approximately 624,000 aerospace employees to advance this NextGen initiative. Thank you once again for the opportunity to testify on this important issue and I am happy to answer any questions you may have.

[11] The Economic Impact of Civil Aviation on the U.S. Economy, FAA, Dec. 2009.

Testimony of Peter J. Bunce
President & CEO, General Aviation Manufacturers Association
Hearing on FAA Reauthorization
House Subcommittee on Aviation
Rayburn HOB Room 2167
February 9, 2011

Introduction

Chairman Petri, Ranking Member Costello, distinguished members of the Subcommittee; my name is Pete Bunce and I am the President and CEO of the General Aviation Manufacturers Association (GAMA). GAMA's seventy member companies are the world's leading manufacturers of general aviation airplanes, engines, avionics, and components. Our member companies also operate aircraft fleets, airport fixed-based operations, pilot training and maintenance facilities worldwide. On behalf of our members, I appreciate your convening this important hearing and providing me the opportunity to testify before the Subcommittee about the FAA reauthorization bill.

General aviation (GA) is an essential part of our transportation system that is especially critical for individuals and businesses that need to travel and move goods quickly and efficiently in today's just-in-time market. General aviation is also an important contributor to the U.S. economy, supporting over 1.2 million jobs, providing $150 billion[1] in economic activity and, in 2009, generating nearly $5 billion[2] in exports of domestically manufactured airplanes. We are one of the few remaining manufacturing industries that still provide a significant trade surplus for the United States.

Our industry, like others, is struggling in today's difficult economic situation. Due to the economic downturn, our member companies have seen more than 20,000 layoffs over the last two years. Our deliveries have declined significantly – by 45% between 2008 and 2009 and almost 15% between the first three quarters of 2010 as compared to the first three quarters of 2009.

Despite these tremendous economic challenges, our member companies have responded by continuing to innovate and invest in new products to take advantage of market opportunities as the recession ends. We believe the market is stabilizing as we see an increase in orders in some segments of our industry. The tax bill passed at the end of 2010 that extends the R&D tax credit and allows 100% expensing of capital investments like aircraft, avionics, engines and cabin equipment will also be very helpful to our industry.

---

[1] General Aviation Contribution to the US Economy, Merge Global 2006.
[2] 2009 General Aviation Statistical Databook and Industry Outlook, GAMA 2010.

FAA Reauthorization

Mr. Chairman, as you know, the last FAA reauthorization bill passed in 2003 and expired in 2007. Since then, Congress has passed 17 extensions of the bill to allow the FAA to continue to fund its programs and make expenditures from the Airport and Airway Trust Fund. The delay in passing a multi-year reauthorization bill has made it very difficult for the FAA to develop long-term financial plans and make progress on important programs. This in turn has created uncertainty about the future direction of our aviation system within the aviation community.

In our view, it is absolutely critical that Congress pass a robust, multi-year FAA reauthorization bill this year so that the framework for modernizing our aviation system, and building stability into FAA policies and processes is well grounded, and all of us can move together to continue to make changes that will increase safety and benefit aviation users. GAMA stands ready to support your efforts to craft a reauthorization bill and we look forward to working with you to get it passed expeditiously.

There are several issues of importance to our members in the FAA reauthorization process that I'd like to share with you today.

Funding Levels

We recognize that all government spending is being highly scrutinized as we struggle to regain control of our nation's fiscal situation. We stand ready to work with the Subcommittee to find savings and efficiencies where possible. Each agency will come before Congress in the coming months to argue that it is unique and should not face cuts. In FAA's case, the agency truly is unique since it not only makes airport grants and regulates industry but also controls the operations of the air traffic system and certification of new products and technologies. We recognize that you have a difficult task ahead, but care must be given to maintain our nation's strong safety record, our industry's long-term competitiveness, and our ability to provide good, well-paying jobs to manufacturing employees.

We are particularly concerned about potential cuts to the certification resources that are necessary to deliver new products to market, support new Next Generation Air Traffic System (NextGen) technology, and help the piston aircraft industry transition to unleaded aviation gas. Any reductions to an agency so critical to aviation safety and our nation's economic foundation must be carefully thought out. At the same time, GAMA believes we can leverage more efficiently our federal certification resources and I will suggest some ways later in my testimony.

In addition, we must continue as a nation to sufficiently fund critical capital investments in NextGen and airports. When this Subcommittee considers funding levels, it is important to focus on the fact that all capital investments are funded by aviation users and out of the Airport and Airways Trust Fund.

NextGen

GAMA has long supported air traffic control transformation and the NextGen program. We are active participants in several advisory and rulemaking committees that play an important role in modernization. From these experiences, we believe the FAA reauthorization bill must accomplish three main tasks. First, Congress must provide sufficient funding for the FAA programs designed to advance NextGen. The general aviation community believes so strongly in NextGen that it has been willing to accept a fuel tax increase to help pay for it. It is critical that the Committee provide authorization levels for NextGen that reflect this additional funding.

Secondly, the reauthorization bill should focus on initiatives so that the FAA will deliver equipment as well as new procedures, airspace redesign, and the environmental streamlining necessary to take advantage of new technologies. The inability of FAA to deliver these things in the past has resulted in aircraft operators spending money on equipment only to be told by FAA that they cannot use it. It is also important to support performance metrics in the legislation that hold FAA accountable and give the Subcommittee and the industry the ability to measure progress.

Environmental streamlining is an area where the Subcommittee should pay particular attention. In order to use NextGen properly and provide benefits to the public, the FAA will have to redesign airspace around dozens of metropolitan areas. In order for aircraft to fly more efficiently in the system, we need to change the path they fly today. Although this will have a net positive effect on noise and emissions, moving flight paths is complicated because they require review under the National Environmental Protection Act (NEPA). NEPA reviews, while important, are nonetheless a time consuming process that can take years. Unless the environmental review process is streamlined, it will be very difficult, if not impossible, to accelerate NextGen. This is a particularly critical area, and the air traffic control organization of the FAA has to be able to devote the resources necessary to carry out environmental reviews that expedite new procedures making flying safer and more efficient, and providing environmental benefits.

Thirdly, the Subcommittee must find ways to incentivize operators to equip their aircraft with NextGen technology earlier than the current federal mandates. A number of industry associations have outlined some general principles to judge any equipage proposal. The principles are:

1) Financial incentives must be available for both commercial and general aviation equipage
2) Private sector support may be leveraged for this effort
3) There must be accountability for the federal government to minimize risk for the aviation industry

4) The focus should be on core technologies including performance based navigation, automatic dependent surveillance - broadcast, ground based augmentation system, and data communications; and
5) The range of financial incentives must be flexible to match the different capabilities and technologies involved

This focus on equipage is necessary because the transformation of the air traffic control system means that the aviation infrastructure of the future will be built in the sky rather than on the ground. Instead of simply upgrading radars on the ground, individual aircraft will be equipped with navigation and surveillance capabilities. In the past, federal funding has been provided for ground surveillance and navigation infrastructure. Given the huge environmental, efficiency, and safety benefits, it will be self-defeating if federal funding for NextGen is limited simply because a major portion of the surveillance and navigation infrastructure is now transferred to the aircraft from the ground.

As these principles outline, the aviation industry stands ready to work with you in a public-private partnership to accelerate NextGen through aircraft equipage so that we can begin to accrue the benefits of NextGen as soon as possible. It needs to be a partnership because many of the benefits of equipping with this new technology accrue to the federal government or to the air traffic system as a whole. For an individual operator, the benefits of equipage are sometimes not realized from an individual cost-benefit perspective. This partnership is also necessary because even if operators equip, without FAA delivering on their commitments and promises under NextGen, the investment by commercial and general aviation operators will be wasted.

Finally, as an industry that has lost nearly 20,000 manufacturing jobs throughout the last year and a half, we want to put people back to work. This federal investment not only moves NextGen forward, but it will provide more Americans with the opportunity for good jobs in our nation's avionics companies and maintenance facilities while maintaining our global leadership in a key manufacturing sector.

Repair Stations

As I noted earlier, many GAMA member companies own and operate repair stations both in the U.S and abroad. General aviation manufacturing is a global business and it's essential that manufacturers have the ability to repair the products they sell around the world. This is especially true given the increasing role that exports play in our industry.

We believe that the maintenance performed at foreign repair stations is safe. The FAA has been certifying foreign repair stations to conduct maintenance on U.S. registered aircraft and components since 1988 and will not issue a certification unless that station meets comparable standards to those at domestic stations.

This Subcommittee has an important role to play in ensuring that work conducted at foreign repair stations remains safe. We believe that the best policy that Congress could support to help the FAA maintain the safety of foreign repair stations is a risk-based

system that gives the agency the discretion to inspect repair stations based, for example, on the complexity of work, the amount of N-registered aircraft serviced and inspection results. This is an important step to take especially as we work to use federal resources more effectively.

In the last Congress, the House reported a bill mandating two inspections for repair stations regardless of the risk involved. The FAA would have had to increase resources to meet this mandate with the result of either growing the FAA's budget or taking resources from other more pressing safety matters.

In addition, the two inspection provision would have nullified an important aviation safety bilateral agreement the U.S. signed with the EU in 2008 which calls for safety cooperation and reciprocal oversight of repair stations. This agreement allows U.S. repair station operators to work on European registered aircraft according to EU guidelines and repair stations in Europe to work on U.S. registered aircraft according to FAA guidelines.

The bilateral agreement, which is not yet ratified but has been accepted in practice for several years, provides U.S. repair station operators, many of which are manufacturers, with access to European customers. There are more than 1,200 U.S. repair stations that can now work on European aircraft and the U.S. enjoys a substantial trade surplus in maintenance with the EU. Nullifying this agreement through legislation would have a profoundly negative impact on U.S. businesses and could cost thousands of jobs.

To improve aviation safety, protect U.S. jobs, and use safety resources efficiently, we strongly urge the committee to include a risk based provision in its FAA reauthorization bill that helps the FAA meet its mission while at the same time protecting international agreements that enhance safety cooperation and effective use of safety resources.

Certification

As I mentioned earlier in my testimony, our companies have been investing in new products so they will be able to take advantage of global economic opportunities and maintain leadership in an extremely competitive marketplace. In order to get new products to market, the FAA must certify every aspect of the aircraft and all components and technologies. Despite the best efforts of FAA, there are more new certification projects than FAA can support so manufacturers go through a sequencing process with their products which can cause delays and threaten their competitiveness and even survival, particularly in the case of smaller businesses.

These certification challenges will become ever more daunting if government spending for certification resources is reduced. Not only do manufacturers rely upon FAA to certify products, but the ability for US manufacturers to export products to the global market also depends upon FAA's international certification activities and agreements with foreign civil aviation authorities. In addition, the certification needs of NextGen will also require FAA support. We can no longer do business as usual and we suggest the

FAA convene a committee of industry stakeholders to begin looking at ways to more effectively streamline the certification process such as more effective use of organization designation authorization programs. FAA will still need sufficient certification resources but together with efficiency improvements, we can hopefully find savings through improved processes. If we don't take this path, we are afraid that our ability to create and maintain jobs in this country will be severely impaired.

Consistency of Regulatory Interpretation

Last October, the Government Accountability Office released a report citing FAA's inconsistent interpretation of regulations as a leading challenge for the aviation industry. This report was requested by Chairman Mica and we appreciate his leadership in highlighting a critical problem for our manufacturers. FAA staff offices continuously develop new policy and guidance to support the broad range of new products and technologies which our companies develop. Unfortunately, this new policy and guidance sometimes changes long standing regulatory interpretation and has no safety justification. Consequently, the regulatory burden on industry is dramatically increased and the delivery of product negatively impacted.

Today, these issues are addressed on a case-by-case basis consuming significant resources across both industry and FAA. GAMA is proposing that FAA and industry establish a common understanding of the conditions and processes by which policy and guidance can and can not change the interpretation of regulatory requirements or acceptable methods of compliance. We know Chairman Mica remains very concerned about this issue and we look forward to working with him and other members to resolve it.

Conclusion

Mr. Chairman and Mr. Costello we want to work closely with you in crafting legislative solutions to the issues we have raised with you today. These are core issues for the aviation community which always keeps safety as our highest priority. However, the policy and implementation challenges for NextGen, aircraft certification and effective safety oversight are great. Thus, we not only need the FAA authorization bill to move forward, but we also will need your continued oversight of these measures to ensure progress. Thank you for the opportunity to present our views today.

Testimony of David S. Conley

President, FAA Managers Association, Inc.

Before the House Transportation and Infrastructure Committee

February 9, 2011

Chairman Petri and Ranking Member Costello and Members of the Committee, on behalf of the FAA Managers Association for whom I am the President, I thank you for the opportunity to testify today. I am an active manager within the Federal Aviation Administration and currently hold the position as the Manager of Tactical Operations for the Southwest United States. I began my career with the FAA as an air traffic controller. During the course of my 28-year FAA career, I served in various air traffic controller positions, specialist, and management positions at several major airport facilities, two air route traffic control centers, the FAA Technical Center, and NORAD working in six of the FAA's nine regions. For today, I am here representing the entire cross-section of FAA managers serving around the United States and around the globe. It should be noted that I am here on annual leave and that my testimony does not represent the positions and views of the FAA.

The FAA Managers Association's mission is to promote excellence in public service and to represent managers of all levels throughout the Agency. This includes the operational supervisors and managers who work and support our safety-related occupations and in particular, air traffic control facilities. Among our membership are the front line managers who train, oversee and manage the nation's air traffic controllers. One critical point I would like to stress is that in order to become an air traffic front line manager, the individual must have first certified and served successfully as an air traffic controller. This is a time of great change within the FAA. Since we last testified in front of this Committee on June 11, 2008, the FAA has entered into a new Collective Bargaining Agreement with the National Air Traffic Controllers Association and has worked diligently to achieve labor peace for our air traffic operation. We continue to witness structural changes within the Air Traffic Organization. We are changing our culture with regard to safety and performance management. The Next Generation Air Traffic Control system (known as NextGen) is finally beginning to take shape in the near term, but still

too loosely defined in the long term. At a time when senior employees and corporate knowledge are most important, the specter of the selective implementation of a pay freeze, the potential changes in benefits, and potential furloughs loom within the Agency. Most critical is the increasing challenges presented by the influx of new controllers that require training, mentoring, and guidance as they gain experience. The face of the aviation stakeholder community continues to change and the introduction of new flying vehicles, including unmanned vehicles, very light jets, new aircraft with satellite navigation capability and public sector commercial space projects bring new challenges. We recognize that since the last multi-year FAA authorization bill terminated on September 30, 2007, there have been over a dozen continuing resolutions, bringing with them restrictions which have left the FAA with a certain level of uncertainty and tentativeness that hovers over our strategic planning like a descending fog bank. This organizational apprehension directly hinders the FAA's ability to move forward and to form concrete plans for the Next Generation of Air Traffic System. The FAA Managers Association applauds the efforts of this Committee to finally address, and hopefully resolve, the issues that have prevented our Agency from receiving the funding necessary to address our rapidly changing climate.

In an effort to help, I would like to focus my testimony on three key areas, all of which are interwoven and are integral to the safe and efficient management of our Nation's Air Traffic Control System. First, I would like to address the number of air traffic supervisors necessary to safely and efficiently manage the new controller workforce; second, the implementation of the FAA's Air Traffic Safety Action Program (ATSAP), a non-punitive safety reporting system for air traffic controllers that is used to identify and resolve issues and trends to improve safety systems; and, finally, integration of NextGen into facilities across the country.

The FAA has and will continue to hire air traffic controllers in numbers not seen since the period after the August 1981 PATCO Strike in order to address retirements from an aging workforce and to handle the increasing numbers and variety of flight operations. We have a much younger and less experienced workforce than we did just five years ago. Some major facilities, such as Atlanta, have a high percentage of employees who are not yet fully certified professional controllers or have less than three years of experience. These are talented men and

women, but they require additional oversight and supervision from a dedicated, trained, and seasoned front line manager as they transition through the certification process and gain proficiency.

I want to thank this Committee, and more generally Congress, which has long supported increased numbers of supervisors. The FAA has responded to the repeated Congressional expressions of interest in supervisor staffing by increasing staffing numbers from about 1500 in 2003, to 1927 on June 30, 2010. DOT Inspector General Studies have repeatedly shown a correlation between the number of front line supervisors and the number of air traffic incidents, including operational errors and runway incursions. It is noteworthy that as the number of supervisors has increased, the errors have steadily fallen. As the air traffic system continues to change and evolve with new technology, and new challenges arise from stakeholders unknown to the system just a few short years ago, we believe that is essential to continue increasing the number of first level supervisors to maintain and improve this level of safety, especially in light of a less-experienced workforce. Accordingly, we strongly support the inclusion of an in depth study by the FAA on supervisor staffing in the next FAA Reauthorization Bill that will provide guidance to the FAA and keep Congress informed about the appropriate levels of supervisors and managers required to directly oversee day-to-day personnel working in safety related areas. It is our opinion that Congress should set a minimum of 2060 air traffic front line managers nationwide for the duration of the next reauthorization bill with a requirement to review this number and revise it appropriately through future legislation to address the changing role of supervision in the NextGen environment. Please note that while we are specifically addressing air traffic supervisory staff during this hearing, FAAMA is supportive of using this activity as a model for assessing supervisory numbers for all safety related occupations. We thank the committee for including this language in the current legislation, and hope and encourage that it remain in place throughout the legislative process until this bill becomes law.

The frontline manager serves as the liaison between safety and efficiency in the operational environment. The need for these key oversight positions has been demonstrated over and over again. For example, during a 5-year period from 1991 to 1996, the Operational Error (OE) rate per 100,000 operations averaged .51% and the annual average total was only 750

errors (1). In 1995 and 1996 as part of the "Reinventing Government" initiative, the FAA made the decision to reduce Area Managers positions by 300 and 140 front line manager positions. This FAA initiative went against its own internal "Air Traffic Evaluation study" that the need for 6.4 to 1 supervisor ratio was optimum. The FAA Managers Association is not in favor of using a ratio system to determine appropriate supervisory staffing levels. In 1998 we saw an immediate error rate increase of 10% (2). Additionally, in 1998, as a result of a new labor contract agreement, the FAA made the decision to eliminate an additional 600 frontline manager positions. Again in 1999 we saw another 10% increase in the error rate. This is one of the most commonly identified barriers by ATO middle managers to increasing FLM numbers. The need is acknowledged, but there is a sense of powerlessness because of the "cap."

Despite this committee's concern and directions to the FAA to restore supervisory positions, the FAA continued to reduce positions from over 2200 positions down to as low as 1565(4) positions. In a ten-year period from 1999 to 2008, we saw the number of Runway Incursions soar by 315% (2&3), Operational Error rates increase by 90%, total errors per year increase by 84% and the number of delays increased 49% (2&3). The numbers speak for themselves and demonstrate the need for close management oversight on the frontlines of air traffic control facilities to assure the continued safety of the air traffic system. Therefore we implore the FAA to take the needed steps to restore the frontline manager positions to the optimum safety levels of 2060. References: (1) FAA Fact book March 1998, (2) FAA Fact book January 2001, (3) FAA Fact book March 2010, (4) FAA Fact book March 2004

While the FAA has de-emphasized, and as they say "de-criminalized," operational errors with the introduction of a new safety reporting system called ATSAP, the significance of the numbers of operational error events should not be ignored and the resultant escalations in the operational error trend metric should still be analyzed and should still raise concerns.

Our second key topic is the Air Traffic Safety Action Program (ATSAP). This program encourages employees to identify events which according to the official website, "did or may lead to a breakdown in safety or increase risk to our operation." This program is intended to improve flight safety and service delivery through self-reporting, cooperative follow-up and

appropriate skill enhancement or system corrective action. The original ATSAP Memorandum of Understanding (MOU) with the National Air Traffic Controllers Association (NATCA) was signed in March 2008 and, more recently, a similar agreement was signed with the Professional Aviation Safety Specialists (PASS) union. Although the MOU was signed almost two years ago, it has only been within the last several months that the program was implemented across all the Air Traffic Organization's Service Areas.

ATSAP is modeled after two very successful safety-reporting programs. The first is the NASA Aviation Safety Reporting System (ASRS). ASRS' confidential reports identify deficiencies/discrepancies in the National Airspace System (NAS) and provide information to improve safety and reduce accidents. This program is considered important enough that current and previous NATCA Collective Bargaining Agreements contained an article specifically addressing this program. Historically, facility management handled performance deficiencies if they were identified through the post-accident or incident investigation of known safety events. Often, there was assistance provided through the Service Center or Headquarters for select events. If an employee performance deficiency was observed during these investigations, then skill enhancement could be assigned. ATSAP signifies the FAA's efforts to move from a "Blame Culture" into a "Just Culture," which is defined as an atmosphere of trust where employees are encouraged (even rewarded) for providing essential safety-related information. Unfortunately, accepted ATSAP safety reporting events are creating practical barriers for their use in the performance management process. In some instances, managers find their hands tied with process constraints that prevent them from using their experience and intuition to coach, mentor, and train controllers toward correcting deficiencies. Before managers can take action, they are instructed to wait for the recommendations of a committee whose members are evenly comprised of both labor and management participants.

During an ATSAP safety event, employees identify safety events without fear of reprisal, thus they have "immunity" from discipline if the safety event was reported via the ATSAP program. This new approach utilizes voluntary reporting by air traffic controllers to identify hazards within the aviation system. The ATSAP program creates a process requiring designated representatives from both the Agency and Labor to reach a consensus on how an event should be

addressed, if at all. This Event Review Committee (ERC) determines the recommended skill enhancement or system corrective action that must be taken to address the safety issue.

Managers working directly with these employees now have process barriers to providing timely skill enhancement training after an event where the employee files an ATSAP report. Our Association received a report in one case where an employee, a new public hire who certified on their first position after training for several months, was involved in a loss of separation nine (9) days after certifying and filed an ATSAP report. The manager requested skill enhancement training immediately after the event to correct the deficiency. Through the ATSAP process, the Event Review Committee (ERC), including representatives from each party, did not reach a consensus on what occurred and the skill enhancement training was denied. The employee involved in this safety incident received no training and no corrective action. This should be a concern for each of us.

This remains a highly controversial issue for front line managers and covers several issues. There is a lack of information flowing from the ERC's due to privacy agreements, as well as their low priority on communication. Misperceptions about what is permitted in performance management under ATSAP continue to be prevalent and we encourage the FAA to step up training for managers in this area. Poor field training, and in some cases, attitudes, have resulted in a victim mentality where some managers yielded all their tools because one effort to address performance became constrained.

The FAA Managers Association applauds and supports the effort to improve transparency within the safety culture. We are, however, concerned about the potential erosion of personal accountability if there are not limits on a controller or technician's ability to file multiple ATSAP reports without some form of consequence. The airline industry's safety program called Aviation Safety Program (ASAP), after which the FAA's ATSAP was modeled, has these appropriate limits.

During a NTSB conference in March 2010, in the forum's keynote presentation, Tony Kern, CEO and senior partner of Convergent Performance, suggested that the pendulum in safety

theory has swung too far in accepting human error as uncontrollable, and has diminished personal accountability. He continued, "If you believe the researchers, hundreds — maybe thousands — of mistakes and casual noncompliance [instances occur] without a single negative outcome," Kern said, "is it any wonder that we have a slight erosion [of personal responsibility] in an industry that has highly repetitive, highly automated systems where everything goes right nearly all the time, right up to the moment when it doesn't?" Aviation professionals have to be inspired and motivated to practice introspection, self-management and ethical behavior along with training to master technical systems, procedures, tactical skills and information. In light of breakdowns in professionalism cited by the NTSB, issues of behavior represent "the last big challenge in aviation safety now onto the future," said Mr. Kern.

Perfection is an unrealistic expectation for human endeavor. Safety is achieved by combining highly functional system design and highly resilient human systems, such as persistent performance management, not just a skill enhancement package after a bad outcome. Culture is at the heart of resilience – individuals who have accepted the role of a safety professional in a "hearts and minds" manner. Such a transformation comes from better understanding of cultural norms and leadership's influence on that culture.

To keep the public trust, as FAA Managers and FAA employees, we believe that we have a responsibility to maintain personal accountability and professionalism. Past evidence has shown when aviation professionals deviate from their training and procedures, errors occur. While we believe the Agency is going in the right direction on changing the safety culture, under the ATSAP program, individual controller performance management has become difficult to manage. In some cases, the front line manager's span of observation and control is being widened beyond capability. No manager can see and hear everything that happens in an operational environment. The additional workload on managers should be closely considered as part of creating an effective operational culture. Therefore, we urge the FAA to examine whether additional managerial resources are needed to manage ATSAP amidst an increasingly complex operational environment.

Specifically, the FAA in concert with the National Air Traffic Controllers Association (NATCA), created a confidential, non-punitive voluntary system. It is our concern that as the comfort level with the ATSAP Program grows among the controller workforce, it could be used as a way to avoid perceived punitive action as opposed to meeting its goals of pointing out vulnerabilities in the system, followed by appropriate corrective action. In spite of the FAA efforts to change our culture, upper management constantly challenge field managers as to why operational errors are climbing within their facilities. Media outlets, the Office of Inspector General (OIG), and even Congressional inquiries ask the FAA to explain safety incidents within the managers area of responsibility, which then in turn applies pressure on facility managers to create management action plans (MAP) to reduce the steady increase in safety events. Former Vice President of the ATO Office of Safety Bob Tarter stated that " the ATSAP group is receiving an average of 250 reports a week, reflecting the increase in facilities who have employees now eligible to file ATSAP reports." We are pleased to see this steady reporting. We want to continue to encourage more reporting in a non-punitive culture. At the same time, the FAA Managers Association received a report on a Supervisor who was alleged not to have reported a safety event even though it was known the safety event was being reported by an air traffic controller via the ATSAP reporting system. This supervisor received a proposed suspension for these allegations. We cannot have a system that excuses the violator, while the manager is punished for not having reported an event that was being simultaneously filed via ATSAP. A Just Culture deals with fairness for all people within the system.

It is important to note that approximately 45% of ATSAP reports are classified as "unknown" events (per office of Safety) – validating the purpose of the program as uncovering previously unmitigated risk. At the current ~30,000 reports, that represents somewhere around 13,000 pointers toward risk in the system. However, we also have an unacceptable situation where someone in a facility can report risk that the facility management may never learn about, compromising the primary purpose of the program. The critical gap then exists in turning that data into usable information for field facilities.

FAA Managers Association supports the Agency's intent to create a system that identifies safety deficiencies and is able to use data to correct future occurrences. However, we believe

that ATSAP is not widely understood among the FAA's management team. More importantly, managers have perceived a reduced ability to address poor performance particularly with employees who self-report repeatedly under ATSAP. Our concern is that we are only collecting data and are failing to make true progress in improving the leading safety indicators of the air traffic system. In summary, ATSAP is an important change. We also believe that it is a work in progress that requires the closest attention from managers across the FAA, as well as the fullest cooperation of our employees and their unions.

The third element in the safe, efficient operation of our air traffic control system is the prompt and efficient introduction of NextGen equipment and systems. As I said in my testimony in June 2008 to this Subcommittee, "we applaud the introduction of NextGen. These upgrades and exciting new technologies are essential to managing the Nation's airspace where the new demands of higher fuel prices, unmanned air systems, climate change and very light jets will all pose significant challenges." First level supervisors – managers across the ATO that directly supervise FAA personnel involved in safety-related operational areas, will play a crucial role in the integration of this new equipment and procedures to ensure that in the interregnum between the new and old systems that our high standards of flight safety are not diminished.

NextGen will be an expensive and integrated system of highly complex components. It promises great benefits and improved efficiencies, but with each complex system introduced, there are greater chances of error as new systems and technologies are integrated and introduced into the NAS. We must never forget the human component. Intense and active supervision during the implementation period is essential to maintaining the FAA's mission to "provide the safest, most efficient aerospace system in the world." It is imperative that we recognize the risk we are introducing and take all necessary steps in order to mitigate this impact, including the increase in direct oversight in our safety-related enterprises. The NextGen systems implementation will require constant and direct monitoring. This will likely create a void in the general oversight realm for safety related jobs such as Air Traffic Control. We still need a supervisor that can actively move from controller to controller to meet the demands of a constantly changing environment that our people face every day. Front line managers will be

unable to fully engage in this critical element of management – the leadership of people -- if they are faced with requirements to simultaneously monitor technical equipment and systems.

In conclusion, I want to thank the Committee for allowing me to testify today. You and your staff have graciously and patiently met with me and my colleagues in the FAA Managers Association. You have listened to our concerns, and with your assistance, we have increased the number of supervisors by over 25% above 2003 levels.

AIRCRAFT OWNERS AND PILOTS ASSOCIATION
421 Aviation Way • Frederick, MD 21701-4798
Telephone (301) 695-2000 • FAX (301) 695-2375
www.aopa.org

Statement of Craig Fuller, President

Aircraft Owners and Pilots Association

Before the

Committee on Transportation and Infrastructure's

Aviation Subcommittee

U.S. House of Representatives

Concerning

FAA Reauthorization

February 9, 2011

Statement Highlights:

The Nation's Aviation system needs to be modernized, and there are actions that should be taken now to ensure that this occurs.

The centerpiece of the air transportation modernization effort is "NextGen," a multi-billion dollar program which involves a transition to a satellite-based air traffic management system, new air traffic control procedures, equipment certifications, and supporting ground infrastructure.
Before NextGen can provide its promised benefits of increased safety and efficiency throughout the national aviation system, the following conditions should be met:

1. A four-year FAA reauthorization is needed to ensure that the FAA has the needed funding to move forward with NextGen development and implementation.

2. General Fund contributions should continue to form a portion of the FAA's funding. This is fully consistent with national policy and is critical to achieving air transportation system priorities. It is also in line with the commitment to fund other modes of transportation with General Fund monies.

3. Because NextGen requires aircraft operators to make significant investments in new equipment, NextGen's benefits should be clearly defined and widely available as an incentive to equipage.

4. A fiscally responsible financial incentives program should also be put in place to assist general aviation and commercial aircraft operators in equipping for NextGen.

5. NextGen modernization should not come at the expense of other important investments in the air transportation system, such as the Airport Improvement Program and research into developing and implementing an alternative to leaded aviation fuel.

The Aircraft Owners and Pilots Association (AOPA) is a not-for-profit individual membership organization representing more than 400,000 members, nearly three-quarters of the nation's pilots. AOPA's mission is to effectively represent the interests of its members as aircraft owners and pilots concerning the economy, safety, utility, and popularity of flight in general aviation (GA) aircraft.

As pilots flying in the United States, we experience firsthand the safest and most efficient air transportation system in the world. This aviation network of 5,200 public use airports, complemented by more than 13,000 privately owned landing facilities, is a unique national resource. Each year, 170 million passengers fly using personal aviation, the equivalent of one of the nation's major airlines. General aviation contributes more than $150 billion to U.S. economic output, directly or indirectly, and employs nearly 1.3 million people whose collective annual earnings exceed $53 billion.

Current Economic Climate

The general aviation community, like many other parts of the aviation industry, has been adversely affected by the economic downturn. Through the second quarter of 2010, the most recent figures available, pilot certificate issuances were down significantly compared to 2009. The number of private pilot certificate issuances fell 51 percent, while the issuance of instrument ratings declined 50 percent, new commercial pilots fell 47 percent, flight instructors dropped by 13 percent, and new student certificates dropped 6 percent.

And, according to the General Aviation Manufacturers Association, deliveries of general aviation aircraft during the first nine months of 2010 were down 14.5 percent compared to the same period in 2009. Even greater declines were posted in the period 2009 compared to 2008, indicating a serious, sustained downward trend.

Long Term FAA Funding Needed

A four-year FAA Reauthorization bill and the certainty it provides are vital for federal investments in safety, modernizing the air traffic control system, FAA operations, airport improvements, and aviation research efforts.

Historically, Congress has used a system of passenger transportation and aviation fuel taxes in combination with General Fund tax revenues[1] to support the FAA and the aviation system. The existing financing mechanism has served the nation well, providing a stable and reliable aviation system during both good and difficult times over the past 50 years. Aviation fuel taxes and ticket taxes, combined with a healthy contribution from the General Fund, remain the best way to pay for the nation's aviation system and avoid placing an unfair burden on general aviation and creating a costly, and unnecessary, new bureaucracy.

Just prior to establishing the FAA's Airport and Airway Trust Fund (AATF), Congress wisely recognized that a General Fund contribution is necessary. A national aviation system and the benefits that system provides are only possible by using tax revenues from various parts of the system for financial support. Also, at that time, the congressional transportation committees observed that, "there are others who are indirectly benefited by air transportation because of the non-aviation employment which air transportation generates."

It is important to note that use of General Fund investment in other modes of transportation is substantial and based on the same set of principles. For example, the waterway system receives 75 percent of its funds from the General Fund; Amtrak receives more than 40 percent from the General Fund; and highways and mass transit have received $34 billion from the General Fund in just the past three fiscal years. The new high speed rail program receives 100 percent of its support from the General Fund.

The recession has affected all sectors of the economy. The revenue stream to the AATF is no exception. AATF tax receipts for FY2008 were about $12 billion, dropped sharply to $11 billion in FY2009, and remained at approximately this amount in FY2010. Consistent with other economic indicators that suggest the beginning of a long path to recovery, FY2011 year-to-date data show the AATF revenue stream improving. Forecasts differ on how long it will take for a complete rebound, so we are not in a position to make firm projections. Of course, much will depend on the overall economy.

The average General Fund contribution to the Aviation Trust Fund since 1982 has been 32 percent. Even with the great depth of the recession, the current contribution level is within the historic norm.

---

[111] The term "General Fund" is a reference to the General Fund of the U.S. Treasury. General Fund tax revenues are usually in the form of income taxes and are deposited into the General Fund and disbursed, as determined by Congress, for a wide variety of governmental functions and programs, including transportation. Aviation taxes, such as aviation fuel taxes and the passenger ticket tax, are deposited into the Aviation Trust Fund and used only for aviation-related purposes.

Accordingly, AOPA strongly supports using passenger transportation and aviation fuel taxes in combination with General Fund tax revenues to support the FAA and the national aviation system.

The FAA Reauthorization bill passed by the House last Congress contained a provision[2] explicitly continuing this time-tested system. AOPA strongly endorses this provision. Among other things, it will ensure that AATF revenues are used first for capital programs such as AIP and NextGen and that the General Fund is used to the extent that AATF receipts are less than the amount needed to fund FAA operations. Also, this provision was structured in such a manner that the AATF would end each year with a reasonable uncommitted cash balance and not operate in the red.

I also want to point out that, during the last Congress, AOPA agreed to a 25 percent tax increase on aviation gasoline and a 65 percent tax increase on non-commercial jet fuel. As the Committee is aware, these are difficult economic times for General Aviation and the United States is only now beginning to emerge from the worst economic crisis since the Great Depression. Nevertheless, AOPA members continue to support the agreed-to increases in the general aviation fuel taxes. We do so because the fuel tax increases would be in lieu of "user fees" and generate additional revenue to the AATF for airport improvements and NextGen programs that would benefit the General Aviation community. We encourage the Committee to expeditiously approve legislation following this framework.

NextGen Equipage and Incentives

NextGen equipage must be benefits driven, with the FAA providing incentives for aircraft operators to invest in the necessary in-cockpit components. By taking the following actions, the FAA can ensure that end users realize the potential value of investing in new technology while getting the most from the equipment already installed in their aircraft.

1. Surveillance services should be expanded to areas not currently served by radar. The expansion of these services to new areas would increase safety and efficiency for operators at thousands of airports, providing a powerful incentive to adopt NextGen technology. Existing plans to restrict surveillance to areas now covered by radar will make the potential benefits of NextGen inaccessible to pilots flying at thousands of the nation's airports.

2. The development and implementation of new Wide Area Augmentation System (WAAS) precision approaches should be a priority. By publishing these approaches at a rate of 500 per year, the FAA can make many more airports all-weather operating environments, increasing the viability of existing infrastructure and supporting thousands of additional flights into smaller, less congested airports.

3. Consistent standards for new cockpit technology should be developed and implemented. The FAA should work with the user community to streamline operational approvals and certification issues for equipment being developed for use in the NextGen environment.

[2] H.R. 915, 110th Congress, section 105(a)-(c).

4. Procedures and policies should be implemented to expand the use of GPS for navigation. Today, pilots flying throughout the country continue to be assigned routes and clearances that follow the zigzag path of the ground-based navigation systems of the 1960s and 1970s, such as Very High Frequency Omni Range (VOR). This is inefficient, wasting time and fuel. The FAA now needs to finish transforming today's low-altitude en-route airspace system so that GPS point-to-point navigation can be achieved nationwide. The FAA should expand performance based navigation and RNAV procedures that can improve access and transition from satellite airports to and from the en-route structure.

5. The best-equipped, best-served (BEBS) concept has been touted as an incentive for early NextGen equipage. However, this concept has yet to be fully defined so that users understand the benefits it may offer. AOPA remains concerned that if not thoroughly thought out and inclusive of all airspace users, BEBS may not offer the incentives that many believe it should. Equipage alone does not provide a system-wide benefit. The true benefit comes with the use of that equipment to allow for greater capacity or efficiency, and not at the expense of existing airspace users. One option for consideration may include the creation of a task force with representatives from the stakeholder community, including a general aviation representative, to help define the BEBS concept.

By taking all of the above actions, the FAA can create an environment where equipment requirements are stable and benefits are clear, prompting more users to invest in new technology and ultimately driving costs down—opening the way for even more airspace users to equip for NextGen.

User Input and Consensus Critical to Success

NextGen will have far reaching implications for safety, efficiency, access, and the overall state of our national transportation system for decades to come. And so it is vitally important that the broadest possible range of perspectives goes into developing what NextGen will look like and how it will be implemented. AOPA believes that the recently created National Advisory Council (NAC) and its corresponding subcommittee and permanent work groups, with its diverse participation, is a great model of how different elements of the aviation community can work together to address the needs and concerns of all stakeholders at the earliest stages of project development. We commend the FAA and the RTCA on taking this cooperative approach.

Options for Funding Aircraft Upgrades

It is important to recognize that NextGen will require aircraft owners and operators, general aviation and commercial alike, to make significant investments in aircraft avionics in order to be compatible with a satellite-based air traffic management system. In some cases, the necessary equipment exceeds the hull value of the aircraft.

For nearly two years, there has been a great deal of debate over how best to pay for this equipment. The fiscal reality is that a grants-based system that is equitable for both general and commercial aviation is unrealistic and not affordable.

Options that could be considered include public-private partnerships, possibly operating in concert with a Federal Transportation Infrastructure Bank, with the private sector loaning funds at highly discounted rates and doing so under the protection of a Federal loan guarantee covering 80 to 90 percent of the underlying loan.

There are several options, including a temporary deferral of loan pay back requirements, for ensuring that FAA completes the tasks it is responsible for and does so in a manner that ensures that purchased or leased equipment is functional. I should point out that loan guarantees are already a common feature in other transportation programs, but not in aviation.

The following principals should be part of any proposed public/private equipage initiative that might be undertaken:

1. Financial incentives and programs must be available for both commercial and general aviation aircraft. Mixed equipage will delay the realization of benefits for all users, and equipping one segment over another will lead to exclusionary practices that threaten the viability of the entire air transportation segment.

2. Any programs that address equipage must focus on technology that will enable the increased safety, access, and efficiency that NextGen promises. Additionally, since panel space in many general aviation aircraft is at a premium it may be necessary to upgrade some panels to multifunction displays and other emerging technologies. These essential upgrades should be eligible in any program that is developed.

3. The range of financial incentives must be flexible to match the different capabilities and technologies involved. For example, both equipment purchases and leases should be eligible for support.

AIP Funding

Repeatedly, I find communities enthusiastic about airport expansions that produce immediate jobs as well as renewed opportunities in the community for economic growth. It is clear that both regular AIP funding and economic recovery funding have brought positive results at general aviation airports across the nation, and is proving that the value Congress has placed on protecting the national investment in these airports has paid off in terms of direct jobs, economic development opportunities, and aviation safety. Using a methodology developed by the American Association of Airport Executives (AAAE), we can estimate that 35,000 jobs are created by a $1 billion investment in airport improvements.

As Congress reauthorizes the FAA, special emphasis is needed on preserving and improving the significant public investment in the 3,300 airports in the FAA's National Plan of Integrated Airport Systems. America's airports are the true backbone of aviation, and without a robust

airport network, aviation cannot continue to grow. It is important to note that all of the new technology and capabilities under discussion will be underutilized unless pilots have a place to take off and land. America's GA airports foster air transportation and link many communities to our aviation system in ways that cannot be achieved by reliance on a few hundred primary airports.

It is important to remember that a discussion about modernization cannot be complete without an integrated plan for airport improvements. Our nation's airports will continue to play a key role in NextGen from both an infrastructure and implementation perspective. With limited funds available through the AIP, it remains imperative that the focus of these funding mechanisms remains on maintaining a safe airport operating environment. AOPA has serious concerns with a Future of Aviation Advisory Committee recommendation to open AIP eligibility to allow for NextGen projects and upgrades, particularly in light of an already tightly constrained funding allocation for airport and airside improvements. With many existing airports awaiting basic and needed safety improvements, opening the AIP to fund NextGen projects could easily divert the focus and funds needed for those existing projects.

Avgas

We want to applaud Congressman Sam Graves, who sits on this Committee and Congressman John Barrow for introducing legislation recently that directs the Administrator of the FAA to establish and carry out a program to safely and feasibly address piston engine aircraft emissions. It is important that the Department of Transportation and specifically the FAA establish themselves in a leadership role by developing and carrying out a program to address piston engine aircraft emissions. This legislation appropriately ensures that the FAA, working with industry groups, manufacturers, fuel producers and distributors, and other interested parties, is prepared to address proposed policies, regulations, and standards that target aviation gasoline and greenhouse gas emissions while considering safety, economic impact, technical feasibility, and environmental concerns. It is also important that the FAA continue supporting efforts by the aviation industry to identify an unleaded replacement for aviation gasoline.

Enough funding must be authorized for the FAA to accomplish what will likely be a multi-year effort, an effort whose outcome will have immediate and lasting effects on the GA industry.

Conclusion

AOPA and the general aviation community believe strongly that a four-year FAA reauthorization—one that relies on the tried-and-true system of passenger and fuel taxes plus General Fund contributions for funding—is imperative to keep the national air transportation system operating safely and effectively. We urge you to move swiftly to approve a bill that supports federal investments in safety, efficiency, modernization, airport improvements, and aviation research.

On behalf of AOPA's more than 400,000 members, I thank you Mr. Chairman and Members of this Committee for your leadership in moving the reauthorization forward and ensuring that the U.S. air transportation system remains the best and safest in the world.

Statement of

Kelly L. Johnson, A.A.E.

Airport Director,

Northwest Arkansas Regional Airport Authority

and First Vice Chair,

American Association of Airport Executives

Before the

Committee on Transportation and Infrastructure

Subcommittee on Aviation

U.S. House of Representatives

February 9, 2011

Chairman Petri, Ranking Member Costello and members of the Transportation and Infrastructure Subcommittee on Aviation, thank you for inviting me to participate in this hearing on the reauthorization of the Federal Aviation Administration. My name is Kelly Johnson. I am the Airport Director of the Northwest Arkansas Regional Airport and First Vice Chair of the American Association of Airport Executives. AAAE is the world's largest professional organization representing the men and women who manage primary, commercial service, reliever and general aviation airports.

The Northwest Arkansas Regional Airport is a small hub airport that serves five cities and two counties in northwest Arkansas. Last year we had more than 530,000 enplanements, making us the 112th busiest airport in the country. With the corporate headquarters of Walmart, Tyson Foods and other companies in Northwest Arkansas we provide a vital link to their global ability to conduct business and positively impact the economy.

I would like to begin by thanking you and your colleagues who served on this committee in the 111th Congress for all the work you did on H.R. 915, the FAA Reauthorization Act of 2009, which was later inserted into H.R. 1586, the Aviation Safety and Investment Act of 2010. The FAA bill, which the House passed again last year, included a number of key provisions that airport executives strongly support. For instance, the legislation would have raised the federal cap on local Passenger Facility Charges (PFCs) from $4.50 to $7, authorized necessary funding for the Airport Improvement Program (AIP) funding

and supported programs that help small communities retain and attract new commercial air service.

It has been over three years since the last FAA reauthorization bill expired. Although the House repeatedly passed its version of the FAA bill, the final legislation stalled on the other side of the Capitol. Unable to pass a multi-year bill, Congress approved seventeen short-term extensions instead. Airports appreciate the successful efforts to extend FAA programs. However, short-term extensions and uncertain funding levels can be very disruptive to airports as they try to plan their construction projects.

It's time for Congress to act. Seventeen short-term extensions are seventeen too many. Every year that goes by without the PFC increase proposed in the House-passed bill costs airports approximately $1.3 billion in foregone revenue. If the $2.50 increase would have been enacted into law three years ago, airports could have invested another $4 billion in airport infrastructure projects at no cost to the federal government. These additional infrastructure funds would have helped airports stimulate the economy by creating and supporting jobs.

Airport executives around the country appreciate the enormous pressure that Congress is under to reduce federal spending. We also realize that there are number of proposals on the table to cut domestic discretionary spending that could impact airports. Before I describe some of our priorities for the FAA bill, I would like to make one point very clear: airports rely mostly on bond issuances, locally-imposed PFCs and funds generated by those who use the aviation system to finance infrastructure projects at their facilities.

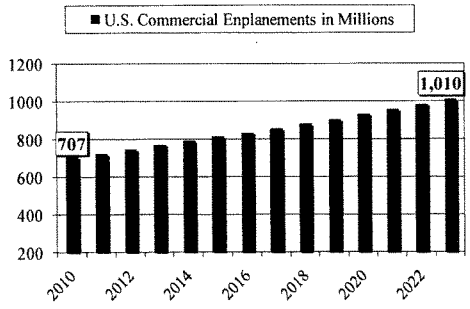
Consequently, airports are not seeking a huge increase in funds from the U.S. Treasury. Instead, airports are seeking your approval for more self-help, some needed tax relief and reasonable federal assistance to ensure that communities have safe and reliable air service that spurs economic development and helps create jobs. Airports around the country urge this committee to quickly pass a multi-year FAA reauthorization bill that removes the federal cap on local PFCs, continues to provide full funding for AIP and retains programs that help small communities.

Rising Demand, Airline Delays and Airport Capital Needs

Passenger Levels Rebounding: Passenger levels declined in 2008 and 2009. However, the FAA's Aerospace Forecast for 2010 to 2030 indicates that the number of passengers flying in the United States will increase by approximately 2.1 percent from 2010 to 2011. The FAA is also predicting that domestic passenger enplanements will increase from approximately 707 million in 2010 to about 933 million in 2020 – almost a 32% increase.

Projected Passenger Levels

(Source: FAA Aerospace Forecast 2010-2030)



Domestic passenger enplanements are expected to reach 1 billion by 2023. Adding three hundred million passengers is the equivalent of adding the entire population of the U.S. to our already-constrained aviation system. Thirteen years may seem like a long time to some. However, airports don't have the luxury of being able to flip a switch and instantly complete a new runway or large capacity project. Airports need to begin preparing now for the inevitable influx of passengers to come.

The fact is that it often takes airports thirteen or more years to build runways and other large capacity-enhancing projects. In its 2009 National Plan of Integrated Airport Systems (NPIAS), the FAA pointed out that **"large scale, long-term programs (i.e. a new runway or a significant runway extension) involving a sequence of planning, environmental analysis, approval, financing, and construction" often take 10 or 15 years to complete**.

In November 2008, the Seattle-Tacoma International Airport opened a new runway that took approximately 20 years to complete due, in part, to a lengthy environmental review process. Gina Marie Lindsey, the former Managing Director at SEA-TAC, who now heads Los Angeles World Airports, described the lengthy process when she testified before this committee in 2003. She pointed out that it took less time to finish the Great Pyramid even though it was built thousands of years ago with 5 million tons of stone.

Airline Delays: Although airlines have improved their on-time arrivals in the past few years, delays continue to plague the aviation industry. According to the Bureau of Transportation Statistics, approximately 20 percent of all flights were delayed, diverted or cancelled during the first 11 months of 2010. Despite recent overall gains, the Aerospace Forecast points out that "delays remained at historically high levels at many U.S. airports" and delays reached record levels at four large hub airports.

It shouldn't surprise anyone that airline delays have an adverse impact on our economy. In October 2010, an FAA-funded study indicated that flight delays cost the U.S. economy

approximately $33 billion per year. According to the Total Delay Impact Study, which was led by the University of California, Berkeley, flight delays in 2007 cost passengers $16.7 billion.

The recent findings on the impact of airline delays are similar to those contained in a Joint Economic Committee report released in 2008. The congressional report indicated that flight delays in the same year cost the economy approximately $41 billion. Of that amount, airlines were hit with $19 billion in delay-related costs and passengers with another $12 billion in costs.

The 2010 report describes how the Next Generation Air Transportation System (NextGen) could enhance capacity and reduce the costs associated with airline delays. However, the report also points out that **"substantial investments are required in order to modernize and expand our aviation infrastructure so that it can accommodate anticipated growth without large increases in delay."**

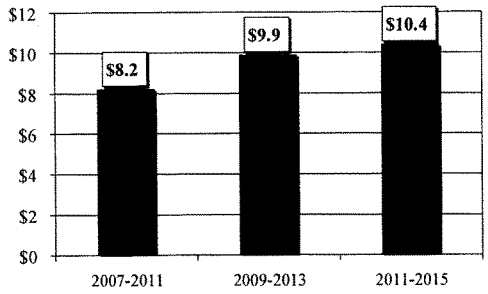
The FAA's 2009 Aerospace Forecast similarly indicates that "inadequate" infrastructure could "result in even more congestion and delays" in the future. It's clear from the FAA and the Total Delay Impact Study that airline delays will increase unless airports have the resources they need to increase capacity.

Rising Airport Capital Needs: Airport capital needs are also rising. According to the FAA's NPIAS for 2011 to 2015, there are 3,380 public use airports that are eligible to receive AIP funds. Breaking that number down, there are 503 commercial service airports and more than 2,500 general aviation airports scattered throughout the country.

Airports use AIP funds for a variety of purposes. According to the NPIAS, 29 percent of the planned development is to bring airports up to current design standards such as relocating runways and taxiways to accommodate larger and faster aircraft. Twenty-two percent is used for replacing or rehabilitating airport facilities such as pavement and lighting systems.

The latest NPIAS indicates that there will be $52.2 billion of AIP-eligible projects during the next five years – or an average of more than $10.4 billion per year. That is a 5 percent increase from the $49.7 billion that FAA estimated for AIP-eligible construction projects for 2009 to 2013 and a 27 percent increase from the five-year estimate beginning in 2007.

Average Annual AIP-Eligible Projects
(Source: FAA NPIAS 2011-2015)
(Dollars in Billions)



It is important to note, however, that "the NPIAS only includes planned development that is eligible to receive federal grants under the AIP." It does not include other "necessary but ineligible" infrastructure projects that airports fund with PFCs, bonds and other sources of revenue. So, the chart above represents only a portion of airport capital needs. Total airport financial needs, which include AIP-eligible and non-eligible projects, are significantly higher.

Provide Airports with Resources They Need to Accommodate Rising Demand, Reduce Delays and Keep Up with Inflation

Congress, the administration and aviation stakeholders all agree that implementing NextGen will enhance aviation capacity and help reduce airline delays. While many are understandably focusing on the need to implement a satellite-based navigation system to reduce congestion in the skies, we should not lose sight of the need to increase capacity and reduce congestion on the ground.

According to the FAA, **"new runways and runway extensions provide the most significant capacity increases."** In an effort to be build the infrastructure necessary to accommodate higher passenger levels, to reduce airline delays and to offset the impacts of construction costs, airports are urging Congress to lift the federally-imposed cap on local PFCs, protect AIP funding and permanently eliminate the Alternative Minimum Tax (AMT) penalty on airport private activity bonds.

1. Remove the Federal Cap on Local PFCs

The House-passed FAA bill proposed to raise the PFC cap from $4.50 to $7. Airports are grateful that this committee repeatedly supported that bipartisan proposal. Raising the cap to $7 would be a positive step toward recognizing the needs of airports. However, a

$2.50 increase would not be enough to offset the impact of construction cost inflation. It would not be enough to close the airport funding gap nor enough to provide airports with the revenue they need to meet increasing demand.

Airports will likely be forced to rely on PFCs even more because some are proposing to cut AIP and because airport private activity bonds are again being subject to the AMT. With that in mind, airports are urging Congress to take the next step and completely lift the federal cap on local PFCs.

It's time for the federal government to get out of the business of imposing an arbitrary federal cap on locally-generated funds and return decision making to the local level. State and local governments – not the federal government – should have the authority to decide what is best for them and what the PFC cap should be at their respective airports.

Background: The PFC program has helped airports increase safety, security and capacity and mitigate aircraft noise for 20 years. The Aviation Safety and Capacity and Expansion Act of 1990 included a provision that allowed airports to collect a local fee of up to $3 on passengers boarding aircraft at their facilities.

AIR-21, which Congress passed in 2000, raised the cap to $4.50. Money generated from PFCs augments AIP funding and other sources of revenue that airports use for a variety of purposes including building new runways, taxiways and terminals. Airports also use PFCs to pay for debt service on bonds that they issue to finance infrastructure projects. The FAA estimates that airports collected about $2.8 billion from PFCs last year.

At the Northwest Arkansas Regional Airport, we use PFC's for debt service on bonds that we issued to finance projects at the airport. Being able to impose a higher PFC would allow us to pay the balance on our annual debt obligation and invest in other capital projects at our airport. Of course, investing in additional projects would create jobs and further strengthen the role of the airport as an economic engine in our community.

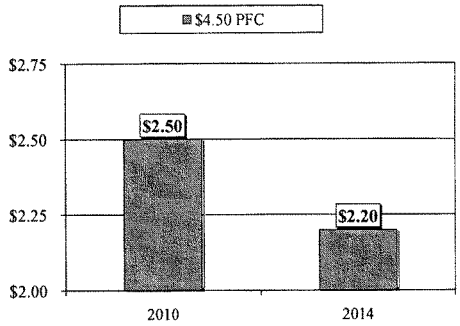
Overall, the FAA has approved 64 large and medium hub airports to collect PFCs. However, large airports are not the only beneficiaries of the PFC program. Small airports also rely on PFC revenue to augment their AIP funding. According to the FAA, more than 300 small hub and smaller airports have been approved to collect PFCs, and 271 small airports collect PFCs at the maximum $4.50 level.

Even small airports that don't collect PFCs benefit from the program. That's because large and medium hub airports that collect PFCs have a portion of their AIP entitlements withheld. For example, large and medium hubs that collect $4.50 PFCs have 75 percent of their entitlements withheld. Current law requires 87.5 percent of those withheld funds be redistributed to small airports through the Small Airport Fund. Small airports receive approximately $500 million from the Small Airport Fund annually.

The Eroding Purchasing Power of PFCs: Airport efforts to prepare for higher passenger levels and reduce delays have been hampered by construction costs, which skyrocketed in recent years. According to the Means Construction Cost Indexes, the average construction costs for 30 major U.S. cities jumped more than 50 percent since 2000 – the last time Congress raised the PFC cap. Despite a slight reprieve in 2009, construction costs increased 10 percent since Congress began considering the FAA bill in early 2007.

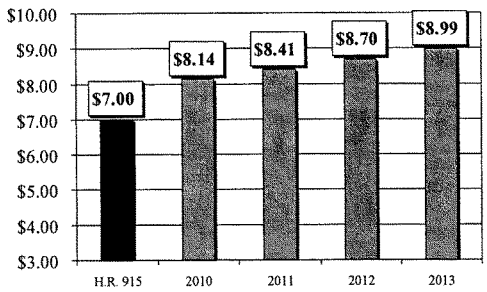
Unfortunately, rising construction costs have eroded the purchasing power of PFCs and AIP funds. For instance, a $4.50 PFC was worth about $2.50 in 2010. Unless corrective action is taken, the value of PFCs will erode even more. By 2014, just a few short years from now, a $4.50 PFC is expected to be worth only about $2.20.

Erosion of PFC Value Due to Construction Cost Inflation



In order to keep up with inflation, it would have been necessary to raise the PFC cap to more than $8 in 2010. By 2013, the cap will likely need to be set at almost $9. Keep in mind that raising the cap to those levels would only allow PFCs to keep up with construction cost inflation. To prevent further erosion of the value of PFCs and to help airports prepare for increasing demand and rising airport capital needs, we are asking you to include a provision in the next FAA reauthorization bill that would remove the federal cap on local PFCs.

Adjusting PFC Cap for Construction Cost Inflation



PFCs Are User Fees – Not Taxes: I expect that some of our airline partners and other PFC opponents will speak out strongly against our proposal to lift the federal cap on local PFCs. I suspect that they will argue that raising or lifting the cap is tantamount to increasing federal taxes. But characterizing PFCs as federal taxes is wrong on two counts.

First, PFCs are not taxes. PFCs are user fees charged to passengers using airport facilities to help defray the costs of building airport infrastructure. Moreover, as I mentioned previously, PFCs are imposed by state and local governments – not the federal government. **PFCs are not collected by the federal government, not spent by the federal government and not deposited into the U.S. treasury. In contrast to taxes, PFCs are collected by the airlines, which receive 11 cents (the costs of handling them) for each PFC collected.**

The basic differences between taxes and user fees are discussed in notes that have accompanied the Rules of the House of Representatives. While a tax is a mandatory charge not limited to users of a specific government service, a user fee is only paid by "a class directly availing itself of, or directly subject to, a government service, program, or activity." The proceeds of the user fee must be "utilized solely to support...the program or activity ...and not to finance the cost of Government generally."

Congress has repeatedly considered PFCs and similar charges to be user fees. Under House rules, bills establishing taxes must be referred to the Ways and Means Committee. That is why the Transportation and Infrastructure Committee has jurisdiction over PFCs instead of the Ways and Means Committee.

Congress also decided that the $2.50 fee paid by airline passengers to defray the costs of airport security was a user fee – not a tax. The bill establishing the security fee was

similarly referred to the Transportation and Infrastructure Committee – not the tax-writing Ways and Means Committee.

The distinction between a tax and a user fee is important. Those who oppose tax increases should not necessarily oppose an increase in local user fees especially if the fee is needed to increase aviation safety, security and capacity and is paid only by those who use the service. With these considerations in mind, leading conservatives and libertarians have supported eliminating federal cap on PFCs.

During a 1999 hearing before the House Transportation and Infrastructure Committee on a previous FAA reauthorization bill, Paul Weyrich, submitted a letter on behalf of the Coalitions for America that urged Congress to remove the cap on PFCs. As most of you probably know, Weyrich was a conservative political activist who co-founded the Heritage Foundation. In the letter Weyrich wrote:

> …it is good public policy to reduce the role of the Federal Government in favor of more local autonomy whenever possible… Where there is an opportunity to provide local airport operators with more autonomy to raise revenues and manage their facilities we should seize that opportunity…**What would appear to some to be a tax, is in reality the removal of arbitrary federal limitation on local funding prerogatives.**

Robert Poole, the Director of Transportation Policy for the Reason Foundation, took a similar position in an article entitled, "Why Conservatives Should Support Passenger Facility Charges." In the article, which appeared in the January 2011 edition of *Airport Policy News,* Poole said:

> …the airlines will very likely continue their deceptive campaign to label any PFC cap increase as a 'huge federal tax increase.' Unfortunately my friends at taxpayer organizations like Americans for Tax Reform and the National Taxpayers Union continue to get sucked in by this kind of rhetoric. That's especially unfortunate because the **PFC is exactly the kind of devolution from the feds to local authorities that fiscal conservatives like those now in charge of the House should be supporting.**

Like Weyrich, Poole proceeded to argue that Congress should remove federal cap on local PFCs:

> **…allowing airports to raise a larger fraction of their capital funds themselves, in a decentralized, self-help manner, would not expand federal spending at all, while helping ensure that airports can continue to add needed runways and expand inadequate terminals.** That's exactly the kind of change House Republicans were elected to bring about.

Removing the Federal Cap on Local PFCs Would Create Jobs: According to the Department of Transportation (DOT), every $1 billion invested in transportation

infrastructure with a local match supports approximately 35,000 jobs and without a local match supports approximately 28,000 jobs. About one-third of those jobs are direct construction-oriented jobs. The others are in supporting industries or are induced jobs, which include "all of the jobs supported by the consumer expenditures resulting from wages to 'construction oriented' and supporting industries' employment."

According to the FAA, the previous House-passed proposal to raise the PFC cap from $4.50 to $7 would generate approximately $1.3 billion annually for critical safety, security and capacity projects. Airports use some of their PFCs to pay for debt service on bonds, and the leveraging provided by bonds permits airports to finance long-term capital-intensive projects. **Lifting the federal cap on local PFCs would stimulate the economy by supporting more than 150,000 jobs per year without relying on federal funds.**

How Local PFCs Compare to Airline Baggage Fees: Our airline partners argue that raising the cap on PFCs would "raise travel costs, thereby harming both consumers and the travel/tourism industry." However, the airlines apparently do not have similar concerns about the dramatic increase in travel costs from baggage fees and other ancillary fees. For instance, some airlines charge passengers $25 for the first checked bag, $35 for the second, $125 for the third and $200 for the fourth – far more than the proposed $2.50 increase in the previous House-passed version of the FAA bill.

Moreover, the amount of money that airports receive from local PFCs is far less than the amount of revenue that airlines have been generating from baggage fees and other ancillary charges. As I pointed out previously, airports collected approximately $2.8 billion in PFC revenue in 2010. Airlines collected almost three times that amount from ancillary fees in the past year.

In December 2010, DOT reported that airlines collected approximately $7.9 billion in ancillary fees from the 4th quarter of 2009 through the 3rd quarter of 2010. Of that amount, $3.3 billion came from baggage fees. The baggage fee revenue is two-and-a-half times the annual amount that would be generated by the House-passed proposal to raise the PFC cap from $4.50 to $7.

One carrier alone collected approximately $2.4 billion from ancillary fees in the past year -- $1 billion more than the entire airport community would collect annually if Congress had raised the PFC cap to $7. Unlike revenue from ancillary fees, which helped the network carriers report a 10.5 percent profit in the 3rd quarter of 2010, airports use local PFC revenue to build critical infrastructure projects and create jobs.

The airlines' increased reliance on ancillary fees is also having an adverse impact on the Airport and Airway Trust Fund, which supports aviation system upgrades including airport improvements. Historically, airline tickets have been taxed to help finance the aviation system, but baggage fees and other ancillary revenues are not taxed in the same manner. The shift in the airline pricing model away from ticket price increases to a

heavier reliance on ancillary fees effectively shortchanges the Airport and Airway Trust Fund of revenue that would otherwise support airport and aviation system improvements.

In other words, the airlines are opposing airport calls to raise or eliminate the PFC cap while they are simultaneously reducing the amount of funding available for airport infrastructure projects by relying increasingly on untaxed baggage fees and other ancillary charges. I understand that lawmakers have proposed legislation that would tax these fees so that the airlines are no longer allowed to shirk their financial obligations. According to Government Accountability Office, just taxing baggage fees at 7.5 percent would generate approximately $250 million per year.

2. Protect AIP Funding

Airport executives are also urging this committee to continue to provide adequate funding for AIP. **It is important to point out that no general fund revenues are used for AIP grants. As I indicated earlier, the AIP program is supported entirely by users of the aviation system through various taxes and fees that are deposited into the Airport and Airway Trust Fund.**

AIP is an important source of funding for all sizes of airports and especially smaller airports around the country. However, the AIP program is not just for small airports. Large and medium hub airports also depend on AIP funding – particularly money distributed through the Letter of Intent Program – to help pay for large capacity projects.

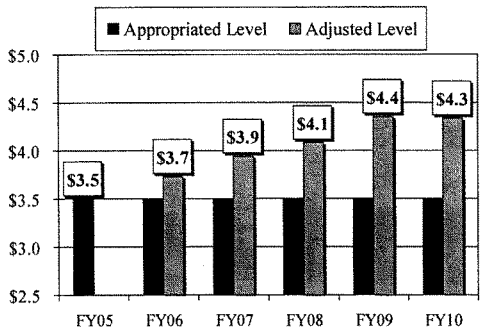
At the Northwest Arkansas Regional Airport we are using AIP entitlements for our 11 gate concourse project. AIP funding for this project is critical because without it we wouldn't be able to go out and issue new debt for this project. The concourse is being constructed on a pay as you go basis. Our airport also received AIP discretionary funds to reconstruct our Alternate Landing Surface.

Our one and only runway (16/34) is rapidly deteriorating due to a condition known as Alkali-Silica Reaction, a chemical reaction that often causes concrete in runways, highways and bridges to crack and expand. The deterioration has been so bad that we spent approximately $750,000 in the past two years repairing the pavement to prevent Foreign Object Debris, which can damage aircraft and – if left unchecked – jeopardize safety.

Airports have been hit hard on two fronts as it relates to AIP funding. First, AIP funding has been stagnant in the past several years. Despite this committee's support for slightly higher funding levels, Congress has appropriated approximately $3.5 billion for AIP every year since FY05. Like PFCs, the value of AIP has declined due to construction cost inflation, which I described earlier. In order to keep up with inflation since FY05, AIP would need to be funded at $4.3 billion today.

Adjusting AIP for Construction Cost Inflation

(Dollars in Billions)



The administration's FY12 budget request will likely recommend cutting AIP funding by $1.1 billion and eliminating grants to large- and medium-hub airports. If enacted into law, funding cuts of that magnitude would obviously have an impact on airports of sizes and in all parts of the country.

The co-chairs of the National Commission on Fiscal Responsibility and Reform also proposed a similar recommendation late last year. Their proposal, which was not included in the commission's final report, suggested that "federal grants to airports merely substitute for funds that large and medium-sized airports would otherwise raise from private sources such as investments and passenger fees."

It is important to note, however, that federal policy severely restricts the amount of funds that airports can raise from "private sources." The most obvious example is the federal cap on local PFCs. In our view, Congress would need to raise the cap much higher than $4.50 or preferably remove it altogether to offset a $1.1 billion cut in AIP funding and to ensure that airports have the non-federal resources they need to accommodate increasing demand.

Moreover, the ability of airports to raise funding through bonds is also hampered by unfair tax policy that traditionally subjects private activity bonds to the AMT. Despite a temporary reprieve in the Recovery Act, Congress still needs to pass a permanent AMT fix that would lower airport financing costs and increase the amount of revenue that airports could generate from issuing private activity bonds.

The FAA reauthorization bill that the House approved last year would have authorized $4.1 billion for AIP in FY11 and $4.2 billion in FY12. AIP funding has a long history of bipartisan support. We hope that you will retain those adequate funding levels for the user-supported AIP program in the next version of the bill and reject proposals that would drastically cut funding for safety, security and capacity projects.

Again, DOT estimates that every $1 billion in infrastructure investment coupled with a 20 percent local match creates or supports approximately 35,000 jobs. **Based on that general formula, $4 billion in AIP funding could stimulate the economy by supporting as many as 140,000 jobs annually. However, the reverse is also true. A $1 billion cut in AIP funding could negatively impact as many as 35,000 jobs in congressional districts and states around the country per year.**

3. Eliminate AMT Penalty on Airport Bonds

I know that this isn't under the Transportation and Infrastructure Committee's direct jurisdiction, but I urge you to work with your colleagues on the Ways and Means Committee to provide tax relief for airports by eliminating the AMT penalty on airport private activity bonds. Doing so would reduce airport financing costs and allow airports to invest more funds into other critical infrastructure projects. We appreciate the previous support of Chairman Mica and his staff on this issue.

AAAE has long argued that federal tax law unfairly classifies the vast majority of bonds that airports use as private activity even though they are used to finance runways, taxiways and other facilities that benefit the public. Since private activity bonds are subject to the AMT, airport bond issuers traditionally have been charged higher interest rates on their borrowing.

The Recovery Act, which Congress passed in 2009, included temporary relief by excluding private activity bonds from the AMT for bonds that airports and other state and local government entities issued in 2009 and 2010. The bill also allowed airports to current refund bonds issued after 2003 that were refunded in 2009 and 2010.

The temporary tax relief helped airports move forward with critical infrastructure projects that had been delayed because of the financial crisis and the collapse of the bond market. Based on a draft report from November 2010, the FAA estimates 70 airports issued more than $14.5 billion in bonds that benefited from the temporary AMT provisions in the Recovery Act.

According to the FAA, the temporary AMT relief provided airports with approximately $1.1 billion in present value savings and $1.8 billion in gross savings. The reduced financing costs gave airports the opportunity to invest in additional infrastructure projects and stimulate the economy by supporting even more jobs.

The Recovery Act also created the Build America Bonds program to help state and local governments reduce their financing costs and build infrastructure projects. Instead of being fully tax-exempt like governmental bonds, these new bonds allow state and local governments to receive a direct payment from the federal government in an amount equal to 35% of the interest payment on the bonds.

According to the FAA, airports issued more than $2 billion in Build America Bonds. The new bonds provided airports with approximately $141 million in present value savings and $280 million in gross savings. Unfortunately, the AMT provisions and Build America Bonds program expired at the end of 2010.

Including a permanent AMT fix in the FAA bill or other legislation with a tax component would help airports save more money, allow them to invest in more infrastructure projects and create even more jobs. Moreover, it would reflect the fact that airports use private activity bonds on projects that benefit the traveling public and should not be subject to the AMT in the first place.

Reject Proposals that Would Impose Unnecessary New Costs on Airports

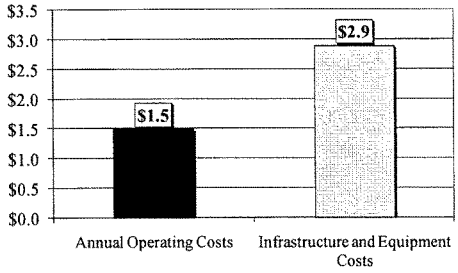
The FAA bill that the House approved last year included a provision that would set up an unfair and biased rulemaking process that could result in airports being forced to comply with excessive National Fire Protection Association (NFPA) standards. If enacted into law, the provision could dramatically increase staffing, training, infrastructure and equipment requirements for airports of all sizes and ultimately jeopardize commercial air service to small communities.

Safety is by far the top priority for airports around the country, and airport operators devote a significant amount of time, effort and resources to continue to improve safety at their facilities. As part of that commitment to safety, airport operators follow strict Aircraft Rescue and Fire Fighting (ARFF) requirements and work closely with fire fighters. However, the proposed NFPA standards would unnecessarily increase staffing, training, infrastructure and equipment requirements for airports of all sizes.

According to an independent Transportation Research Board (TRB) report released in 2009, NFPA standards would increase airport operating costs between $1 billion to $1.5 billion per year. Increased operating costs would impact airports of all sizes and would be particularly devastating to small airports that are struggling to maintain and attract new commercial air service. In fact, the cost per enplaned passenger at some smaller airports would rise by approximately $28 – almost a 40% increase.

The TRB report also indicated that NFPA standards would increase airport infrastructure and equipment costs by about $2.9 billion – practically an entire year's worth of AIP funding at current levels. These infrastructure and equipment requirements would force airports to divert scarce funds away from legitimate safety, security and capacity projects at a time when the overall AIP funding is being threatened.

Costs of Complying with NPFA Standards
(Dollars in Billions)



Despite the enormous costs associated with implementing NFPA standards, the proposed fire fighting requirements would have a negligible impact on aviation safety. The authors of the TRB report examined fatal air carrier accidents that occurred between January 1, 1997 and December 31, 2007. They concluded that the NFPA standards "may have prevented only one fatality" during that 11-year period.

Airports urge you to exclude this unnecessary and costly provision form the next FAA reauthorization bill.

Continue to Provide Necessary Assistance to Small Communities

Mr. Chairman, in several instances airports are seeking self-help as opposed to additional assistance from the U.S. Treasury to finance their infrastructure projects. However, airports are seeking reasonable federal assistance to ensure that small communities continue to have access to commercial air service. Continued investment in these programs helps to stimulate the economy and create jobs.

Maintain Higher Federal Match for Small Airports: Vision 100 included a helpful provision that increased the federal share for small hub and smaller airports from 90 percent to 95 percent through FY07. The short-term extensions that Congress passed since the FAA reauthorization expired extended that provision.

In these challenging economic times, small communities around the country are finding it very difficult to come up with a 5 percent local matching share. Increasing the amount to 10 percent could prevent certain small airports from moving forward with planned construction projects. We urge you to retain a provision in the next version of the FAA reauthorization bill that would allow small airports to continue to pay a 5 percent match.

Preserve Essential Air Service Program: Small airports around the country are grateful that the House-passed FAA bill proposed a total of $200 million per year for Essential Air Service (EAS) Program. Of that amount, $50 million would come from overflight fees. Congress created the EAS program in 1978 to ensure that small communities would continue to have scheduled service. Today, more than 100 communities in approximately 35 states participate in the EAS program.

The EAS program allows people who live in rural and less populated areas to have access to our national aviation system. Commercial air service is not just a matter of convenience. It is also critical to economic development efforts in communities around the country. Without commercial air service made possible by the EAS program, it would be difficult for many small communities to retain and attract businesses that create jobs.

We encourage Congress to continue to invest in the EAS program and take steps to improve this critical program as you did in the previous FAA bill.

Maintain Funding for Small Community Air Service Development Program: AAAE has been a long-time proponent of the Small Community Air Service Development Program. Since Congress created the program in 2000, it has helped numerous small communities around the country suffering from insufficient air service or unreasonably high fares.

Airports are grateful that the FAA reauthorization bills that the House and Senate approved last year included $35 million per year for this critical program – the same amount included Vision 100. We also recommend that small airports be allowed to reduce their operating costs by using small community grants for ground handling services.

Invest in FAA's Contract Tower Program: I would also like to express my sincere appreciation to the committee for its long-standing support for the Contract Tower Program. This program has been in place since 1982 and currently provides for the efficient and cost-effective operation of air traffic control towers at 246 smaller airports in 46 states. The Northwest Arkansas Regional Airport is proud to participate in this program. Without the Contract Tower Program many airports simply would not have any air traffic control services at their facilities.

By all measures, the program continues to be one of FAA's most successful and cost effective industry partnerships. To illustrate the significant cost savings to taxpayers of this critical air traffic safety program for smaller airports, FAA contract towers handled 26 percent of all U.S. tower operations in FY10. But they accounted for just 9 percent of the FAA's overall budget allotted to air traffic control tower operations.

AIR-21 included a provision that created the Contract Tower Cost Share Program, which currently allows 16 airports in 12 states to participate in the program if they provide local funds. We recommend that this subcommittee authorize $10 million for the Contract

Tower Cost Share Program in FY11 – the same amount included in the previous House-passed bill. This funding level would allow existing towers to continue to participate in this cost-effective program.

Streamlining and Regulations

Mr. Chairman, I commend you for agreeing to review "policies, programs and procedures to seek ways to streamline the processes and eliminate wasteful programs and overly burdensome regulations." I am cautiously optimistic that you will find bipartisan support for some of these initiatives based on the President's plan to "seek out regulations that are not worth the cost, or that are just plain dumb."

I already described our strong opposition to a proposal that could force airports to comply with costly and unnecessary NFPA standards. If enacted into law, that plan could set the stage for burdensome regulations and a new unfunded federal mandate being imposed on airports. The following includes a few examples of ways to streamline processes and new regulations that could have severe cost implications for airports.

Streamline PFC Review and Approval Process: Airports supported the previous administration's proposal to streamline the PFC application and approval process. At the time, the FAA pointed out that "current law requires an application and approval of each PFC project (or amendment to a project) that sometimes involves prolonged reviews and delays." We completely agree with the FAA's assessment and strongly support streamlining the PFC process, which currently takes several months to complete.

Airports work closely with our airline partners to reach consensus on PFC-funded projects and would continue to do so if Congress endorses PFC streamlining. However, airports should be allowed to impose a new PFC earlier in the process, avoid months in unnecessary delays and create jobs more quickly. We hope that you will consider including PFC streamlining provisions in your FAA reauthorization legislation.

Safety Management Systems: In October 2010, the FAA published a Notice of Proposed Rulemaking that would require all Part 139 airports to establish a Safety Management System (SMS) for their airfield and ramp areas. According to the FAA, SMS will consist of a "set of decision-making tools that airport management can use to improve safety." Although the FAA has not issued a final rule yet, the recordkeeping and training functions could be enormously costly as it is currently written. Airports are concerned that there may not be federal funds available to pay for the operations-related costs associated with SMS, and we would like to keep you apprised as this process unfolds.

Effluent Limitations Guidelines: Airports are also concerned about the final outcome of the Environmental Protection Agency's proposed Effluent Limitations Guidelines rulemaking on deicing fluids, which is expected to be announced in April. Airports are concerned that the EPA did not accurately calculate how much it will cost to comply with the proposed rule and that airports will be forced to absorb much of the expense.

Cost Benefit Analysis: Many of my airport colleagues have expressed concerns that the regulatory process is often conducted without regard for the complexities that exist within the operational environment at airports or without adequate cost/benefit analyses. I would encourage this committee to ensure that DOT and other federal agencies use meaningful and thorough cost-benefit analyses as they propose regulations that impact airports. Now, more than ever, it is critical that all departments carefully consider whether new regulations would impact federal spending and increase costs at the local level.

Other Recommendations

Land Acquired for Noise Compatibility Purposes: The House- and Senate-passed versions of the FAA reauthorization bill included provisions that would have made a grant assurance change regarding the sale of land that an airport initially acquired for a noise compatibility purpose but not longer needs. Current law requires that the proceeds proportional to the federal government's share of the land acquisition be returned to the aviation trust fund.

The two FAA bills would have allowed DOT to reinvest the government's share of the proceeds in another project at that airport or another airport. However, when an airport leases land that it initially acquired for a noise compatibility purpose, the FAA considers that to be a disposal and requires the airport to return the federal funds it received to purchase the land.

Airports would like to be able to retain control of the land they acquired for noise compatibility purposes through leasing so they are not forced to sell land that they may need at a later date when that same parcel of land may be selling at a higher price (and at a greater cost to the federal government and the airport) or may not be available to purchase at all. We would like to continue to work with this subcommittee to achieve that goal.

Phase Out Stage Two Aircraft: The House-passed FAA bill included a welcome provision calling for the phase out of Stage 2 aircraft with a maximum weight of 75,000 pounds by December 31, 2013. We encourage you to retain the provision in next version of the FAA reauthorization bill.

Conclusion

Chairman Petri, Ranking Member Costello and members of Aviation Subcommittee, thank you again for inviting me to appear before this committee to discuss the FAA reauthorization bill. I would like to close with one final point about the need to invest in aviation infrastructure projects and programs that help small communities.

In an op-ed that appeared in *Aviation Daily* last year, AAAE President Charles Barclay emphasized the difference between federal spending on consumption and investment. Mr. Barclay pointed out that "it is wrong for one generation to pass along debt to future

generations just because they find it convenient to consume more than they produce." However, he also argued that "it would be equally irresponsible to pass along no debt and a crumbled infrastructure of roads, bridges, airports and air traffic control systems that would take decades for future generations to rebuild no matter their resources."

I completely agree with Mr. Barclay's assessment. We need to continue to invest in worthy infrastructure projects and programs that improve safety, stimulate the economy by creating jobs and lay the groundwork for future generations. We can make those wise investments, in part, by removing the federal cap on local PFCs, continuing to provide adequate funding levels for AIP and retaining programs that ensure small communities have access to reliable commercial air service.

As I mentioned at the beginning of my statement, airports are grateful to this committee for including a number of key airport provisions in the FAA reauthorization bill that the House approved last year. We look forward to continuing to work together as you resume consideration of the FAA bill this year.

Testimony of:

Paul M. Rinaldi, President

National Air Traffic Controllers Association

Before the House Transportation & Infrastructure Committee

Subcommittee on Aviation

Wednesday, February 9th, 2011

Federal Aviation Administration Reauthorization: Stakeholders

House Transportation & Infrastructure Committee
Subcommittee on Aviation
Wednesday, February 9th, 2011
Federal Aviation Administration Reauthorization: Stakeholders

Introduction

The National Air Traffic Controllers Association (NATCA) is the exclusive representative of over 15,500 air traffic controllers and Alaska Flight Service Specialists serving the Federal Aviation Administration (FAA), the Department of Defense and the private sector. In addition, NATCA represents approximately 1,200 FAA engineers, 600 traffic management coordinators, 1,600 aircraft certification professionals, agency operational support staff, regional personnel from FAA's logistics, budget, finance and computer specialist divisions, as well as agency occupational health specialists, nurses and medical program specialists.

As the working men and women who make up our nation's air traffic control system, we dedicate ourselves to furthering the public's interest in preserving, promoting and improving safe and efficient air transportation. Our dedication is evident in our long history of supporting new technology and modernization and the enhancement of our nation's air traffic control (ATC) system.

Controllers and other aviation safety professionals who work with the technology every day have a vested interest in implementing improvements to the air traffic control system that enable us to better meet the highest safety standards. Through collaboration with the FAA, NATCA is working to ensure that the National Airspace System (NAS) is prepared to meet the growing demand for aviation services.

NATCA is here today to discuss the importance of the expected 2011 Federal Aviation Administration Reauthorization bill and provide insight and commentary regarding language and provisions that we believe should be included in the 2011 FAA Reauthorization Act.

NATCA's priorities for the 2011 FAA Reauthorization bill are the following: First, official collaboration between the FAA and NATCA should be mandated by law. The guaranteed inclusion of NATCA's subject matter expertise would ensure that safety and efficiency are maximized while modernizing our national airspace system. This will positively impact NextGen programs including the consolidation and realignment of facilities and services. Second, the FAA Reauthorization bill must include language establishing a fair dispute resolution process that enables the FAA and the aviation safety professionals that it employs to resolve negotiation disputes in a way that is fair and legitimate without imposing undue burdens on Congress.

Importance of a Comprehensive FAA Reauthorization Bill

NATCA would like to thank Chairman Mica for his commitment to passing a comprehensive FAA Reauthorization bill before the current extension expires on March 31. During the past three years, the FAA has been forced to operate under a series of seventeen short-term and inherently uncertain funding extensions. A full, comprehensive reauthorization bill is essential to continue forward with critical safety, infrastructure and technology investments. Since September 2007 when the last authorization ended, NATCA has been working closely with the House and Senate – as well as with other aviation industry groups – to pass a comprehensive bill, and is hopeful that one will be enacted in the immediate future.

At its core, the FAA Reauthorization bill is about maintaining safe skies. Passage of the bill must ensure proper funding that will protect the stability of the NAS as well as provide for the professional aviation workforce that maintains it. In addition, the bill must promote a fiscally responsible roadmap to modernizations by institutionalizing stakeholder involvement in the modernization of the air traffic control system. A well-funded, efficient and safe aviation system is critical to our national economy and to the hundreds of thousands who work in this industry.

Modernization and NextGen

The relationship between the FAA and NATCA has entered into a new phase since 2009 when both parties reached an agreement on a new contract. Ratification of the 2009 contract ended three years of imposed work rules that led to unprecedented attrition rates and the negative consequences associated with a large-scale loss of experienced workers. One of the many beneficial by-products of improved labor relations is the significant increase in NATCA's inclusion in modernization projects. NATCA's controllers have been providing essential input into the research, development, testing, and implementation stages of NextGen modernization projects. This process relies on current, certified and proficient controllers who provide unique insight into both the needs of the air traffic control system and the functionality of modernizations.

This pre-decisional input in projects helps the FAA ensure safety and it saves both time and money. According to the waterfall model, resolving problems early in a project saves time and prevents increased costs later in the development of the project.[1] In the life of a complex program, there are a number of steps between inception and full implementation. In earlier steps, the relative cost of fixing problems is less when done at an earlier step than in later steps. For example, waiting until the last step to resolve a problem will cost as much as 30 times more than fixing it in the first step.[2] Thus the later a problem is identified, the higher the production costs, and the greater the possibility for delayed product launch, or poor product quality.

[1] Nicholas, John M. "Project Management for Business and Engineering: Principles and Practice." Oxford, UK: Elsevier Butterworth-Heinemann, 2004.
[2] Presentation by Dr. Dinesh Verma, citing "The Economic Impacts of Inadequate Infrastructure for Software Testing," NIST Planning Report 02-3, May 2002.

As the end-users of modernization technology, controllers are well situated to participate early in a project. They have unique insight into both the needs of the system and the functionality of the proposed changes, as well as the ability to identify flaws and make suggestions in development, particularly in the beginning stages.

This testimony will report on several examples of successful collaboration between NATCA and the FAA, as well as projects where lack of controller involvement has led to cost overruns or delays. For example, in the En Route Automation Modernization project (ERAM), NATCA was not involved from the beginning stages, resulting in cost overruns. Current NATCA engagement is helping put ERAM back on track. NATCA is also participating in the Automatic Dependent Surveillance-Broadcast (ADS-B) National Team, which is assisting in an eventual rollout of ADS-B, technology critical for the realization of NextGen. The agency and NATCA are also collaborating on improving training for newly hired controllers and recurrent training for our certified workforce.

ERAM: Last year, NATCA representatives joined the FAA to work on the testing, training and deployment of the En Route Automation Modernization (ERAM) project, an FAA program designed to allow faster processing of en route requests and in flight route changes. The ERAM system will replace the Host system, which is the mainframe computer processor that provides data to display terminals. Unlike Host, ERAM is a network of computers that will be able to handle a significantly larger volume of data and provide more seamless backup. This switch is critical to the success of many NextGen capabilities.

Early involvement from the front line workforce not only keeps the system safe by ensuring equipment is ready and reliable, but will also save the American taxpayer money. In April 2010, Calvin L. Scovel III, Department of Transportation Inspector General, testified to Congress that *more than 200 problems with ERAM were costing taxpayers $14 million a month to fix. Delays in the $2.1 billion project could have a "cascading effect" that could delay progress on other modernization efforts*[3]. Since October of 2009, controllers have become fully engaged and are working aggressively to assist the FAA in fixing those problems, robustly testing the software, training the workforce and improving the lines of communication within the Agency to ensure that issues are shared daily and addressed efficiently and effectively. Controller involvement is helping get this important program back on track as well as ensuring that costly problems are discovered and addressed as early as possible.

ADS-B: NATCA is also collaborating with the FAA to facilitate the eventual implementation of Automatic Dependent Surveillance-Broadcast (ADS-B), which is technology that provides better surveillance of aircraft. It also has capabilities to allow aircraft to see each other's precise flight information. Once ADS-B is implemented, the government will see cost savings thanks to a reduced need for radar systems. Airspace safety will also be enhanced by a reduction in areas that lack radar coverage. Since

[3] Department of Transportation Office of Inspector General testimony before the House Transportation and Infrastructure Subcommittee, "Challenges in Meeting FAA's Long-Term Goals for the Next Generation Air Transportation System." April 21, 2010.

August of 2010, NATCA has been a contributing member of the ADS-B National Team, working to establish procedures and training to ensure a smooth rollout of ADS-B implementation beginning in 2013. NATCA has also been involved in the ADS-B Rulemaking Committee (ARC), a group made up of industry and government officials to establish equipage and procedural regulations. NATCA's input has been essential for a 2013 rollout.

Training: Between 2005 and 2009 the FAA hired more than 5,000 controllers to replace those who had retired. As a result, training has become a very high priority to ensure the continued safety of the air traffic system. In April 2010, a DOT OIG report found *several impediments to successful screening, placement, and initial training of newly hired trainees. One issue is that the FAA screening does not sufficiently evaluate aptitude in its screening tests*[4]. In an effort to improve screening, NATCA has been working with the Office of the ATO Vice President of Training on the Air Traffic Selection and Training (AT-SAT) initiative to develop a better method for evaluating candidates' aptitude. This initiative will improve the placement process for newly hired controllers by placing them at facilities appropriate for their aptitude, which will result in reduced training time to a fully certified air traffic controller.

NATCA has also been supportive in redesigning the Oklahoma City training curriculum with a stronger focus on basic air traffic control fundamentals and emphasis on knowledge-retention. NATCA is also working with the FAA on training initiatives such as the Tower Simulation System (TSS) and SimFast. SimFast is a new training aid for radar facilities that did not have the ability to provide simulation for their training in the operational area. SimFast should vastly reduce the training period for newly hired air traffic controllers. Also, as suggested by the 2010 report, NATCA and the FAA are working on re-designing the en route training at the Oklahoma City Academy. NATCA's participation is resulting in faster than normal deployment.

STARS: The impact of a lack of pre-decisional involvement can be seen in the Standard Terminal Automation Replacement System (STARS) project. In 2004, a Government Accountability Office (GAO) report *criticized the development and implementation of STARS because of the lack of front-end collaboration which contributed to the system being delayed by three years with a cost increase of $500 million.*[5]

As custodians of aviation safety, we ask that this committee heed the lesson from these projects and codify into law a process that includes NATCA subject matter experts at the inception of any modernization project to ensure delivery of superior products that are on-time and on-budget. As the primary users of the ATC system, NATCA's members are uniquely positioned to recognize the needs and shortcomings of the current and future systems.

---

[4] Department of Transportation Office of the Inspector General report to the Federal Aviation Admistration. "Review of Screening, Placement, and Initial Training of Newly Hired Air Traffic Controllers." AV-2010-049. April 1, 2010

[5] Government Accountability Office, Report to the Chairman, Subcommittee on Aviation, Committee on Transportation and Infrastructure, House of Representatives, "FAA Needs to Ensure Better Coordination When Approving Air Traffic Control Systems" GAO-05-11. November, 2004.

Modernization and NextGen: Airspace

NATCA and the FAA are working together on several projects aimed at improving efficiencies via airspace redesign and procedures.

Metroplex: The 2009 RTCA Task Force 5 Report[6] *addressed the need to improve the efficiency of metroplexes, areas in which multiple airports are located within a small geographic area.* The recommendation specifically addressed deconflicting airports and otherwise improving efficiency into, out of, and through metroplexes. Deconflicting involves ensuring that traffic flowing into and out of major traffic areas does not share a common route (e.g. High traffic volume out of Dulles International may cause delays at National Airport and Baltimore-Washington International Airport. If the routes are deconflicted, National and Baltimore would not be affected by Dulles traffic). The FAA's response to this recommendation has been to implement a program that will eventually study 21 metroplexes identified as having the greatest potential for improvement. The first study teams with NATCA representatives began with Washington, D.C. and Dallas Fort Worth, TX, identifying factors that inhibit metroplex efficiency and conducting comprehensive research to determine how to improve the flow of aircraft to and from the airports in each metroplex. At this time, initial work has been completed on D.C. and Dallas, and work has just begun in Charlotte, NC. The two study teams reported in November 2010 a potential savings of $40 million annually for D.C.[7] and Dallas[8] if implemented.

This comprehensive approach to airspace redesign is the most effective way to address metroplex efficiency. NATCA and the FAA are in agreement that the current route structure is outdated and in need of redesign. Many of the existing routes were designed for aircraft that left the fleet 15 years ago and had higher fuel flow and navigational systems less likely to keep the aircraft on course. Today's aircraft operate differently, providing enhanced performance with less fuel usage, allowing aircraft to climb at better rates. Routes must be optimized in order to accommodate the current fleet and allow the FAA to maintain capacity while finding significant reductions in fuel and noise. The last effort to redesign airspace, which did not significantly engage NATCA's controllers, was focused on individual airports, with each retaining its own funding restricted to that airport. NATCA recognizes that such an approach limited innovation and pushed problems into other airspace instead of resolving them comprehensively – because airspace is interconnected, redesigning an entire metroplex will address multiple factors at once.

---

[6] RTCA "NextGen Mid-Term Implementation Task Force Report," September 9, 2009.
[7] Washington D.C. Metroplex Prototype Study Team. "Issue Characterization, Proposed Solutions, and Analysis Results." November 2010.
[8] North Texas Metroplex Prototype Study Team. "Issue Characterization, Proposed Solutions, and Analysis Results." December 2010.

NY/NJ/PHL: The FAA and NATCA are also working together on the New York/New Jersey/Philadelphia Metropolitan Area Airspace Project, which was initiated to increase the efficiency and reliability of the airspace structure and to reduce delays while increasing safety. The FAA estimates that the redesign will result in over $300 million in savings and a 20 percent reduction in delays within the NY/NJ/PHL metropolitan areas.[9] As of spring 2010, implementation of the airspace redesign had been delayed, but with collaboration in October and November 2010, representatives from the three facilities met to review, assess and refine the design for the airspace redesign efforts to improve efficiency, providing recommendations to get the project back on track. The FAA lead on the workgroup, Robert Novia, thanked them, stating "In keeping with the Art[icle] 48 agreement... the team reviewed, assessed and successfully refined Stage 2A. We now have a product that is feasible given today's operational environment... The successful outcome is an important milestone for our new collaborative process."

Collaborative Decision Making Process: This is a formalized structure that allows representatives from the FAA and NATCA to work together to solve technological, procedural, and airspace issues at the local, regional, and national level. There is a shared belief that in order to create a sustainable relationship and affect positive change, both parties need to assemble leaders at all levels as well as incorporate an operational perspective on issues from employees at every level. The development of the Process exists under the oversight umbrella of the Collaborative Steering Committee, which consists of senior leadership from both parties. More specific responsibility rests with the Collaborative Work Group, which is responsible for enabling efforts at the facility level to resolve such issues. Decisions made at the facility level create viable products, shorten delivery time and reduce the need for costly late-stage refinement or retro-fitting. Ultimately, this process will result in more effective, more efficient changes in the system that will yield tangible benefits for all stakeholders.

Both the FAA and NATCA are encouraged by early results of this process. At Boston's Logan Tower, NATCA and management representatives worked with their counterparts at Boston Consolidated TRACON (A90) to write a new letter of agreement (LOA) addressing how to handle new Area Navigation (RNAV) departure procedures. In a joint FAA-NATCA statement for FAA employees in December 2010, the FAA management representative commented that with controller participation in the process, they were creating better products in a shorter period of time than usually required to reach such an agreement.

Realignment of Facilities and Services

NATCA and the FAA have been working together to identify instances where realignment is the best option for increasing the safety and efficiency of our NAS. In these cases, consideration must be given to two issues: First, the realignment project must be initiated for the right reasons, which is to say that they may be implemented only

[9] FAA Memo

when such changes enhance operational services, provide continued or improved safety, support and facilitate modernization of the NAS, are cost effective, and address and mitigate the impact on stakeholders. Second, the changes must be implemented appropriately and in a way that minimizes risk to the NAS and negative impact on the workforce.

Realignment: As noted in the DOT IG's June 2010 report, *the FAA 's decision-making process for determining where and when to realign air traffic control facilities was "flawed."*[10] *The report also called into question agency cost estimates, stating that, "while FAA understated costs to relocate the TRACON, FAA overstated investment costs to keep the TRACON at Boise."*[11] *In addition, the report found that "approximately $7.4 billion (or 89 percent) of FAA projected investment costs for keeping the TRACON in Boise, ID, were questionable."*[12]

NATCA's position has consistently been that a comprehensive and inclusive review process is a prerequisite for ATC facility and service realignments. The IG's findings made it clear that a new process was needed to properly review plans to realign our air traffic control infrastructure. That process is now in place with NATCA and the FAA working jointly to transform our ATC infrastructure and provide modern facilities that will accommodate the capabilities of NextGen. In 2010 the Collaborative Working Group facilitated the consolidation of the radar facility in Rome, NY to Syracuse, NY. The Group also worked to incorporate the Reno, NV TRACON airspace into the Northern California TRACON.

Fair Dispute Resolution Process

NATCA's highest priority is seeing fair dispute resolution process language included in the 2011 FAA Reauthorization bill. NATCA and Members of Congress on both sides of the aisle acknowledge the importance of having language that creates a fair process. Such a process will allow both sides to maintain confidence in the legitimacy of the outcome. A fair process allows controllers to have ownership and commitment to progress and solutions. NATCA supported the language and provisions of the FAA Reauthorization Act of 2009 that addressed the FAA Personnel Management System. That language instructs that if the parties are unable to reach agreement on their own, they will employ mediation and then, if necessary, binding arbitration. That language garnered bi-partisan support in the 111th Congress, passing 277 to 136 in the House, and passing unanimously in the Senate, with a vote of 93 to zero.[13]

---

[10] Department of Transportation Office of Inspector General report to the Idaho Congressional Delegation. "FAA's Business Case for the Boise – Salt Lake City TRACON Consolidation." June 2010

[11] Department of Transportation Office of Inspector General report to the Idaho Congressional Delegation. "FAA's Business Case for the Boise – Salt Lake City TRACON Consolidation." June 2010

[12] Department of Transportation Office of Inspector General report to the Idaho Congressional Delegation. "FAA's Business Case for the Boise – Salt Lake City TRACON Consolidation." June 2010

[13] Library of Congress Thomas Bill Summary & Status 111th Congress. H.R. 915 Major Congressional Actions http://thomas.loc.gov/cgi-bin/bdquery/D?d111:1:./temp/~bd5Yh9:@@@R|/home/LegislativeData.php?n=BSS;c=111|.

A fair dispute resolution process is critical to the stability of the aviation safety workforce and such a process must be codified in the FAA Reauthorization Act of 2011 to ensure that our current collaboration and safety-culture continues unhindered by labor disputes. If the parties cannot reach agreement on their own, any assistance should be provided by trained labor professionals so that both the FAA and NATCA are confident that a binding arbitration decision, even if it does not contain exactly what either party hoped for, has been fairly reached.

NATCA, the FAA, and the aviation community in general have learned vital lessons about the importance of a contract that is regarded as valid by both parties. A flawed dispute resolution process allowed work rules to be unilaterally imposed on the air traffic controller workforce from 2006 until 2009, leading to numerous problems. This situation directly contributed to unprecedented attrition, which led to understaffing and fatigue issues that threatened the safety of the national airspace system. Fatigue is a serious health and safety issue identified by the National Transportation Safety Board (NTSB)[14], Inspector General (IG)[15], GAO[16] and others. The attrition also led to a loss of experience and expertise that has yet to be reversed as high numbers of trainees are still in the process of becoming fully certified professional controllers. This situation also poses a safety risk. A Civil Aerospace Medical Institute (CAMI) study found that *those with less than five years of experience after fully certification are more prone to operational errors (OE)*[17]. Fatigue has been similarly linked to errors. NATCA and the FAA have moved forward together to rebuild their relationship, to mend the damage, and begin to make progress on shared goals of increasing safety and efficiency, as well as modernization of the system while reducing costs.

Good relations between the FAA and its employees help to ensure the stability of the controller workforce and that NATCA remains an integral part of NextGen development and implementation. More importantly for this panel, however, is that the adoption of a fair dispute resolution provision will ensure that future contract disputes remain at the FAA rather than being dragged into the halls of Congress. As we saw in 2006, asking Congress to serve as the arbiters of the process was a burden on a Congress with countless other responsibilities and duties. It is unreasonable to expect Members to spend time and energy resolving these disputes, particularly when a successful impartial dispute resolution process is preferred by everyone involved.

---

[14] NTSB Most Wanted Transportation Safety Improvements. "Reduce Accidents and Incidents Caused by Human Fatigue in the Aviation Industry." February 2010.

[15] Department of Transportation Inspector General, Report before the Transportation and Infrastructure Committee Subcommittee on Aviation, United States House of Representatives. "Actions Needed to Improve Runway Safety." February 13, 2008.

[16] GAO Report to Congressional Requestors, "Aviation Runway Safety and Ramp Safety: Sustained Efforts to Address Leadership, Technology, and Other Challenges Needed to Reduce Accidents and Incidents." GAO-08-29. November 2007.

[17] FAA Office of Aerospace Medicine, Civil Aerospace Medical Institute. "A Human Factors Review of the Operational Error Literature." August 2006. DOT/FAA/AM-06/21.

Conclusion

In closing, NATCA supports the swift passage of a comprehensive FAA Reauthorization bill that will help our frontline workforce make the world's safest skies even safer. The timely delivery of essential NextGen modernizations is a top priority.

NATCA strongly supports language that addresses a fair dispute resolution process for the FAA. This process is essential to guarantee that the FAA and NATCA continue to work together toward mutually shared goals in an atmosphere of collaboration.

NATCA strongly supports including language that addresses the collaboration between the FAA and NATCA. The guaranteed inclusion of NATCA's subject matter expertise would ensure that safety and efficiency are maximized while modernizing our National Airspace System. This collaboration will positively impact NextGen programs and the consolidation and realignment of facilities and services.

Mr. Chairman, thank you again for the opportunity to testify and I look forward to answering any questions the committee members may have.

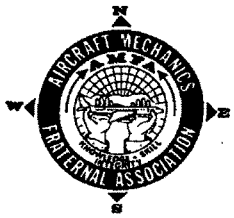
Questions for the Aviation Subcommittee Hearing

I have the pleasure of representing a great aviation community in Memphis, Tennessee. Every time I meet with anyone in the aviation sector, the issue they stress the most is the need to fully implement NextGen. Presently we are an environment where funding is short, and I am concerned that when the FAA bill is finalized there will not be adequate funding for NextGen. Can you please discuss the value of Next Gen, how NextGen will benefit the nation, and your thoughts on what the federal government needs to do to implement NextGen.

The Airport Improvement Program provides vital funding for airport capitol development. However, since 2005 AIP funding has been frozen at $3.5 billion a year despite a growth in infrastructure needs as well as increased construction costs. In the 111th Congress, both the House and Senate FAA Reauthorization bills sought robust funding increases for AIP. Do you support increased AIP funding and to what level?

Submitted testimony from:

Aircraft Mechanics Fraternal Association



Before the:

United States House of Representatives Committee on Transportation and Infrastructure

Subcommittee on Aviation

Hearing on:

Federal Aviation Administration Reauthorization

February 9, 2011

The Aircraft Mechanics Fraternal Association (AMFA) appreciates this opportunity to provide testimony on aviation safety and the outsourcing of jobs to the House Transportation and Infrastructure Subcommittee on Aviation. In light of the public outcry from the recent Frontline expose, "Flying Cheaper" that aired on PBS last month, we find ourselves at a crucial juncture in the aviation industry. The time has come to seriously discuss how we can work to safeguard the American public from future aviation catastrophes.

About AMFA:

Founded in 1962, The Aircraft Mechanics Fraternal Association (AMFA) is a craft oriented, independent aviation union that represents aircraft maintenance technicians and related support personnel at major carriers in airports across the US. As the front line of defense in ensuring the flying public's safety, AMFA is strongly committed to working towards ways to improve the standards, oversight and accountability deficiencies in both foreign and domestic outsourcing facilities.

Background:

The Frontline piece shown on PBS last month shed a much needed spotlight on the deteriorating safety standards of the aviation industry. A decade ago, aircraft repair and maintenance work was mostly performed in-house by the airlines flying the planes. That work was performed by proud, FAA-certified AMFA members. Sadly, almost 80% of that work has now been sent outside of the hangar. Today, most major airlines outsource the bulk of heavy maintenance to lower-cost independent operations in the U.S. and abroad. Generally, most of the mechanics in the independent, domestic facilities aren't FAA-licensed. Even more alarming is the increasing amount of contract maintenance being done overseas in locations spread across 64 countries. In these facilities, less than 4 percent of the mechanics hold an FAA license of any kind. Foreign outsourcing facilities generally do not have the same stringent safety standards and employee testing requirements that U.S. based in-house facilities do. In addition, outsourcing facilities within U.S. borders often "insource" employees, bringing drastically inexperienced workers from other countries into their facilities to perform maintenance more cheaply. In either case, when aircraft maintenance is farmed out to outsourcing facilities, the ratio of licensed workers performing vital work reaches dangerous levels. In many cases, literally dozens of unlicensed workers in outsourcing facilities are supervised by just one licensed worker.

Protecting the Public:

In order to protect the American flying public, AMFA believes it is absolutely vital to stop the hemorrhaging of aircraft maintenance work to outsourcing facilities. In addition, we support an increase in accountability and oversight at outsourcing facilities and the implementation of the same general rules that must be adhered to in the in-house repair facilities of major carriers.

We strongly suggest language in the FAA Reauthorization Bill that puts limits on both the percentage of aviation maintenance that can be outsourced and also the number of unlicensed workers one licensed mechanic can supervise. Furthermore, we feel it is vital that workers in outsourcing facilities be held to the exact same background checks, drug screenings, and other testing requirements of those that work in in-house facilities. Without these improvements, the flying public will continue to be put at an unacceptably high risk.

Statement of Don O'Bannon, Chair of the Airport Minority Advisory Council (AMAC), Submitted to the House Committee on Transportation and Infrastructure, Subcommittee on Aviation, on Reauthorization of the Federal Aviation Administration February 9, 2011

Mr. Chairman, Mr. Ranking Member, and Members of the Committee on Transportation and Infrastructure, my name is Don O'Bannon. I am proud to serve as the Chair of the Airport Minority Advisory Council (AMAC).

AMAC is the only national, non-profit organization dedicated to creating success for minorities and women in the airport industry. AMAC represents thousands of individuals involved in federally funded and federally assisted contracting; our range includes minority and women business owners, government officials, airports, airport employees, and large majority-owned corporations. While AMAC's primary focus is on airport-related business, our minority and women business owner members work in many different industries and in many different contexts. Indeed, AMAC members work on contracts supported by many different federal agencies, not just the Department of Transportation. They also work in the private sector. We previously had the opportunity to testify in front of this subcommittee on February 11th 2009 and the full Committee on March 26th 2009 to discuss our issues. I sincerely thank you for this opportunity to submit testimony for the record and for your consideration of AMAC's views.

I. Introduction

The federal government is a major player in almost every American industry and market. It's is imperative that all American businesses have a fair chance at winning contracts funded with public money. Just to give an example of a sector with which I am most familiar, in 2009 the federal government appropriated almost $4.5 billion for aviation through the Airport Improvement Program (AIP) and the American Recovery and Reinvestment Act (ARRA). Less than 10% of these contracting dollars were awarded to minority- and women-owned small and disadvantaged businesses. That is simply unacceptable.

AMAC is devoted to the full inclusion and participation of minorities and women in business opportunities in airports and airport-related industries. In particular, AMAC is a strong advocate for federal policies like the airport Disadvantaged Business Enterprise and Airport Concessions Disadvantaged Business Enterprise programs (herein referred to as the "DBE program") that redress past discrimination and ongoing discrimination in government contracting.

In addition, AMAC also seeks to raise awareness regarding the significant economic benefits that DBE firms contribute to airports, to the traveling public, and to the communities in which they do business. For example, Dallas/Fort Worth International Airport (DFW) is committed to ensuring that local DBE firms have an equal opportunity to compete for contracts

awarded by DFW Airport. Some of the prime concessionaires for DFW's new D terminal began as minority joint venture partners under the DBE program and these firms have subsequently been awarded several concession packages as prime contractors. Through the airport DBE program, these businesses were given the opportunity to compete, and these businesses have flourished as a result of their owners' hard work and business prowess. In the process, they significantly contributed to the local economy by generating both jobs and tax revenues.

The importance of DBE efforts like the DFW program cannot be overstated. As this Subcommittee is aware, racial and gender discrimination against minority and women business owners continues to be an ongoing and a critical problem throughout the United States. Minority and women business owners experience discrimination in all aspects of contracting—in areas such as contract formation, bonding, insurance, credit, the purchase of supplies, and interactions with their business peers.

As a consequence, AMAC believes that there is a continuing need for robust minority business programs throughout the federal contracting system. Given AMAC's special focus on airports, at the end of my statement I respectfully highlight certain policies that AMAC believes should be adopted, either as part of the final FAA Reauthorization or through regulations. In many cases, these are program changes that should be instituted across all federal programs intended to assist minority and women owned businesses.

II. The Powerful Economic Benefits of the DBE Program

The minority and women-owned firms that participate in the DBE programs provide substantial economic benefits to the communities in which they operate. In the airport context, these firms provide a variety of important products and services to the travelers and businesses that rely on airports. Moreover, the DBE program is a significant source of entrepreneurship, employment, and economic growth that can be one of the important keys to jump-starting our economy and ensuring that our diverse citizenry benefits from the economic recovery.

The University of North Texas recently conducted a study of the economic impact of DBE concessions businesses at the Dallas/Fort Worth International Airport.[1] Between September 2006 and August 2008, the study found firms that participated in the Airport's Disadvantaged, Minority-, and Women-Owned Business Enterprise (DMWBE) Program produced more than $350 million in gross concession revenue and $280 million in contracting revenue. These businesses created over 14,000 job years of employment, increased labor income by more than $450 million, and generated an astonishing $1.2 billion in economic activity.[2] These are very significant and positive economic contributions and they should be recognized and celebrated.

---

[1] Terry L. Clower, Bernard L. Weinstein, Michael Seman, and Mehmet Adalar, Center for Economic Development and Research—University of North Texas, Economic and Fiscal Impacts of DFW International Airport's Disadvantaged, Minority- and Women-owned Business Enterprise (DMWBE) Program: Detailed Findings and Updates (Feb. 2009).

[2] *Id.*

III. Discrimination is Still a Problem for Women- and Minority-Owned Firms

As the experience in the Dallas/Fort Worth areas demonstrates, minority- and women owned-firms, *when given a fair chance and a level playing field,* can be important engines of growth in our economy. Unfortunately, discrimination, both current discrimination and the present day effects of past discrimination, make it extremely difficult for most minority- and women-owned firms to succeed to their full potential.

Fortunately, various federal, state, and local programs aimed at giving every entrepreneur a full and fair opportunity to succeed have begun to make headway. Nevertheless, discrimination against minority- and women-owned businesses continues to be pervasive. The evidence is abundant, compelling, and demonstrative of the vital role these programs play in the effort to address current and past discrimination against minority- and women owned firms.

AMAC has collected testimonials from its members detailing some of the discrimination they have had to endure. These personal stories make clear how difficult it is to start-up and grow a business while also being subjected to race and gender discrimination. Our experience in collecting these accounts has also made another truth clear: business owners are very fearful about reporting the discrimination that they confront. They are concerned that if they come forward and tell their stories, they will be prevented from getting any business in the future. This puts many of them in a catch –22: either they simply put up with the discrimination and continue to get less business because of it, or they report the discrimination and risk getting no business at all when they are labeled as "trouble-makers." For this reason, we will report a few of their experiences here, but without using their names or other identifying information:

- A female contractor who works in construction in the East reported extremely aggressive sexual harassment and sex discrimination. She has repeatedly been the subject of sexual advances on the job and in one case was the subject of an attempted rape by a general contractor. The attack stopped only when she shot her assailant in the knee with a lawfully-permitted concealed weapon. She has also frequently been the victim of less violent but still harmful gender discrimination in supply-pricing, treatment by government officials, bid-shopping, and access to capital.
- A minority male business expert has observed many different types of discrimination, including: efforts to intimidate and retaliate against minority contractors; holding minorities to higher standards than their white male counterparts; disparate treatment by inspectors and other government officials; disproportionate punishment of minority contractors for minor infractions; and racially discriminatory remarks. In addition, he has observed prime contractors refusing to conduct even minimal outreach and refusing to use minority contractors on any project that does not have explicit goals. Finally, he has witnessed outright program fraud including prime contractors reporting that minority contractors have been given work that has not actually been awarded and the fraudulent and unauthorized use of tax IDs belonging to minority companies.

- One Hispanic female business owner detailed the threats to her business caused by gender discrimination. This entrepreneur developed a new airport concessions business, but, just as her business was getting off the ground, she found herself the victim of various types of stereotyping and other efforts to undermine her success and reputation. They included false allegations spread by her leasing company that she was not sufficiently dedicated to running her business because, they alleged, she was planning to focus her efforts on being a "mommy." The larger, majority businesses used this whisper campaign to prevent her from expanding her business and to try to force her out of a valuable retail location at a "premiere" airport.
- An African American, male business owner in the Midwest recounted to us the many instances race discrimination he has endured, which include being: charged as much as 50% more for certain supplies critical to his business; excluded from informal business networks and clubs in his community where business leaders socialize; subjected to disparate treatment by banks, for instance being forced to use personal assets to secure business loans; and subjected to racial slurs. This owner feels strongly that programs like the DBE program are crucial to help minority business owners deal with the serious disadvantages imposed by racial discrimination.
- An African-American airport executive and member of AMAC, recounted a story that reveals just how resistant majority prime contractors are to opening up even the smallest opportunities to minorities and women. This executive was working with a prime concessionaire to identify diverse business owners to occupy restaurant and retail space at the airport in Memphis. The airport had given the prime lots of leads of minority- and women-owned businesses that were qualified and interested in the opportunities, but the prime was simply not interested in doing its part to contract these businesses and kept claiming that there simply were no qualified businesses to fill the slots. Eventually the situation reached a point of absurdity when the prime claimed that he could not find any qualified minority businesses owners to open a barbeque restaurant at the airport. As our member said: "I kid you not. This man looked me in the face and told me that he could not find minority businesses that cook barbeque! In Memphis! This is what we are dealing with."

With our testimony today, AMAC is submitting twenty-four disparity-type studies.[3] These studies, through detailed statistical and anecdotal evidence, demonstrate insidious

[3] *The State of Minority- and Woman-Owned Business Enterprise: Evidence from New York,* prepared for the New York State Department of Economic Development, NERA, April 29, 2010; *Colorado Department of Transportation Statewide Transportation Disparity Study,* D. Wilson Consulting Group, LLC, November 2009; *Measuring Business Opportunity: A Disparity Study of NCDOT's State and Federal Programs,* EuQuant, August 1, 2009; *Availability Analysis and Disparity Study for the Arizona Department of Transportation, Final Report,* MGT of America, March 16, 2009; *Race, Sex and Business Enterprise: Evidence from Memphis, Tennessee*, Prepared for the Memphis-Shelby County Airport Authority, NERA Economic Consulting, December 18, 2008; *Final Report: Alaska Disadvantaged Business Enterprise Study—Availability and Disparity*, D. Wilson Consulting Group, LLC, June 6, 2008; *Race, Sex, and Business Enterprise: Evidence from the City of Austin: Final Report Prepared for the City of Austin, Texas*, NERA

discrimination against women and minorities in many different industries all across the nation. The twenty-four studies submitted represent a cross-section of our country—every region of the nation, including rural, urban, and suburban areas.

Regardless of location, the studies confirm that discrimination continues to be directed at women and all minority groups, including but not limited to African-Americans, Hispanic Americans, Asian Americans, Subcontinent Asian Americans, and Native Americans. Further, the discrimination takes a variety of forms.

Each of the disparity studies provides significant quantitative evidence of discrimination against minority- and women-owned businesses in diverse industries. I would like to cite just a few of the myriad of examples in order to demonstrate the gravity of this issue:

- Several studies have established widespread revenue differentials between firms owned by non-minority men and firms owned by African Americans, Hispanic Americans, Asian Americans, Native Americans, and women, even when controlling for relevant factors. One study describes the revenue disparities as "large, adverse, and statistically significant." For example, in one study for the state of New York, the researchers found that while African-Americans owned 6.65% of the firms in the market area, they received barely 1% of sales and receipts revenue. The same study also finds that firms owned by minorities and women are more likely to experience capital and credit discrimination.[4]
- Several studies indicate that there are statistically significant and large business formation disparities for minorities and women. For example, a study conducted in Memphis based on data collected by the Census Bureau, found that business formation rates for African-Americans was 43 percent lower in construction and related professional services than for non-minority males. In commodities and

---

Economic Consulting, May 15, 2008; *Final Report for Development and Revision of Small, Minority and Women Business Enterprise Program, Nashville International Airport (BNA)*, Griffin and Strong, PC, September 19, 2007; *Disadvantaged Business Enterprise Availability Study*, prepared for the Maryland Department of Transportation, NERA, separate studies for: Maryland Aviation Administration, Maryland Transit Administration, and State Highway Administration, November 2, 2006; *Race, Sex and Business Enterprise, Evidence from the State of Washington*, NERA Economic Consulting, October 20, 2005; *Anecdotal Evidence of Race and Sex Disparities in the Washington State Department of Transportation's Contracting Market Place*, Colette Holt & Associates, July 2006; *Race, Sex and Business Enterprise: Evidence from Denver, CO*, NERA Economic Consulting, May 5, 2006; *Race, Sex and Business Enterprise: Evidence from the State of Maryland*, NERA Economic Consulting, March 8, 2006; *Race, Sex and Business Enterprise: Evidence from the State of Minnesota*, NERA Economic Consulting and Colette Holt and Associates, September 27, 2005; *State of New Jersey Disparity Study of Procurement of Professional Services, Other Services, Goods and Commodities*, MGT, June 13, 2005; *The City of Phoenix, Minority-Women-Owned and Small Business Enterprise Program Update Study: Final Report*, MGT of America, April 21, 2005; *Disadvantaged Business Enterprise Availability Study*, prepared for the Missouri Department of Transportation, NERA, November 26, 2004; *Disadvantaged Business Enterprise Availability Study*, prepared for the Illinois Department of Transportation, NERA, August 16, 2004; *North Carolina Department of Transportation Second* Generation Disparity Study: Final Report, MGT of America, Inc., March 30, 2004; *Disparity Study for the Commonwealth of Kentucky*, Griffin and Strong, P.C., March 2003; *Broward County Small Disadvantaged Business Enterprise (SDBE) Disparity Study*, MGT of America, Inc., April 3, 2001; and *The Utilization of Minority Business Enterprises by The State of Maryland*, NERA Economic Consulting, January 8, 2001.

[4] *The State of Minority- and Woman-Owned Business Enterprise: Evidence from New York,* at 5.

services it was 46 percent lower. And the discrimination is not restricted to African Americans. For instance, the firm formation rates in Memphis in construction and related services for other minority groups showed dramatic differentials when compared to firm formation rates by non-minority males. For example, for Hispanic Americans it was 51 percent lower. [5]

- Research has indicated that minority and female entrepreneurs earn substantially and significantly less from their efforts than similarly situated non-minority male entrepreneurs. One study concludes that "these disparities are a symptom of discrimination in commercial markets that directly and adversely affects DBEs." The study further notes that "if minorities and women cannot earn remuneration from their entrepreneurial efforts comparable to that of White males, growth rates will slow, business failure rates will increase, and ... business formation rates will decrease. Combined, these phenomena result in lower DBE availability levels than observed in a race- and sex-neutral marketplace."[6]
- Several studies established widespread discrimination in the credit market. One study found that 60.5 percent of African Americans report being "always" denied loans, whereas only 7.3 percent of non-minority males report the same. Once loans are approved, minority- and women-business owners pay higher interest rates as well. According to the study, Hispanic Americans pay 20.9 percent interest on approved loans compared to 6.7 percent for non-minority males.[7]
- One study reported that 44 percent of M/WBEs surveyed had experienced at least one instance of disparate treatment in business dealings. It also found that reports of disparate treatment were substantially and statistically significantly higher for minorities and non-minority women than for non-minority males. Reports of disparate treatment were highest among African American and Native Americans with overall rates of 70 percent or more. [8]

Many of the studies also present extensive anecdotal evidence that provides direct insight into the sources and forms of discrimination. More importantly, this evidence humanizes the impact of discrimination on DBE owners—these are the actual accounts of individuals and families struggling to build their businesses and contribute to their communities. The accounts make clear that minority and women entrepreneurs are subject to a broad range of discriminatory actions including: discrimination in business lending and access to real bid opportunities; intentional actions to circumvent and disregard remedial disadvantaged business programs; "old boy networks" that work to exclude minority- and woman-owned companies from opportunities; use of racial slurs and other tactics aimed at humiliating and intimidating minority and women business owners. All of these accounts

---

[5] *Race, Sex and Business Enterprise: Evidence from Memphis, Tennessee*, at 104.
[6] *Evidence from the State of Washington*, at 30.
[7] *Final Report for Development and Revision of Small, Minority and Women Business Enterprise Program, Nashville International Airport (BNA)*, at 9-10.
[8] *The State of Minority- and Woman-Owned Business Enterprise: Evidence from New York*, at 359.

provide a window on just how much steeper the path to success is for minority- and women-owned businesses.

Overall, these studies provide strong evidence of serious discrimination against minorities and women. They also demonstrate that there is a compelling and continuing need for the airport contracting and concessions DBE programs and similar programs which apply in other industries to the expenditure of public funds. We urge Congress to continue to investigate and document the continuing impact of discrimination against businesses owned by minorities and women.

IV. The Airport Disadvantaged Business Enterprise Program

The airport DBE program is codified as part of the Airport Improvement Program (AIP). Specifically the airport DBE program consists of two sub-components—one pertaining to airport contracting (e.g., construction or professional services contracts), codified in Part 26 of Title 49 of the Code of Federal Regulations (CFR) and referred to as the DBE program, and one pertaining to airport concessions, codified in Part 23 of Title 49 of the CFR and referred to as the airport concessions DBE program (ACDBE). Again, both components are designed to remedy past and ongoing discrimination based on the race or gender of the business owner.

As part of the DBE program, all primary airports must develop and administer in good faith a narrowly-tailored DBE program with annual aspirational contracting and concession DBE goals. These goals must be based on the levels of participation that would be expected in the absence of discrimination and the airport must consider what portion of their goals they can meet through race-neutral means. In order to be certified as a DBE and participate in the program, a firm and its minority and women owners must meet requirements related to: (1) ownership and control; (2) personal net worth; and (3) firm size.

Except for certain Department of Transportation (DOT) rules that uniquely apply to airport concessions, the airport DBE program regulations also govern federal surface transportation programs such as those providing assistance to state and local transit authorities and state highway departments. DOT and the various modal administrations jointly implement the DBE program.[9] It is important to note that the DBE program and its implementing regulations have been found by the courts to meet the strict scrutiny constitutional standard applied to "race-conscious" programs. The facial constitutionality of the program has been upheld by every federal circuit court that has considered it.

V. Improvements to the Airport DBE Programs

I would like to take this opportunity to bring to your attention a few issues related to the DBE program.

First, it is important to note that AIP is a critical source of funding for airport capital projects, particularly for smaller airports whose access to private capital markets is limited. We support reauthorization of the AIP program at a funding level that provides for necessary

[9] For instance in the case of the airport DBE program, DOT has primary responsibility for developing rules and guidelines for the national DBE program and for considering certification appeals. The FAA Office of Civil Rights has primary oversight responsibility for the program and for airport compliance.

airport infrastructure. In addition, the series of short-term extensions over the last year and a half has limited the ability of airports to plan and execute much needed infrastructure programs. As such, AMAC would like to urge the House to act quickly to enact an FAA Reauthorization bill.

Second, as noted previously, there is one set of federal regulations that govern DBE programs across the country. However, certifying officials often vary in their interpretation and application of the rules. This is a great burden on DBE firms, many of which are small, family-run businesses that expend sizeable resources during the DBE certification process. Thus, AMAC supports efforts to establish a mandatory certification training program and require DBE certifiers to complete the training. A provision addressing these concerns was included in Section 135 of the House FAA Reauthorization bill (H.R. 915, *as amended*), which was reported favorably out of the T&I Committee in the last Congress and passed by the House of Representatives. AMAC encourages the Committee to consider including a similar provision to address these issues as part of its consideration of FAA Reauthorization this Congress.

Third, the $750,000 PNW standard in the airport concessions DBE program regulations was originally established by the Small Business Administration (SBA) over two decades ago, and more recently borrowed by DOT and implemented for the DBE program. It was first applied to airport contracting (Part 26) in 1999 and later applied to airport concessions (Part 23) in 2005. In addition, the PNW formula does not take into account the realities of operating an airport contracting or concession business. Businesses incur increased operating costs associated with working in an airport, such as expenses related to higher general contracting costs for remodeling and for compliance with airport security protocols.

AMAC strongly supports adjusting the PNW for inflation as a matter of economic common sense and fairness. In particular, AMAC supports Section 137 of last Congress' House FAA Reauthorization bill (H.R. 915), which directed DOT to issue final regulations to initially adjust the PNW for the inflation that has occurred since 1989 and then to adjust the PNW for inflation each year thereafter. We encourage the inclusion of such a provision as part of the Committee's FAA Reauthorization bill this Congress. Just last month, DOT adopted regulations adjusting the PNW cap for inflation going back to 1989 for firms certified under Part 26. It is terribly important that this provision be enacted in order to ensure that this important change is also made for Part 23 and that both caps be adjusted annually going forward. In addition, we urge you to exclude retirement assets from an applicant's PNW assessment. AMAC believes it is unfair and unwise to have a program rule that, in effect, assumes that retirement savings are available to business owners—or, even worse, indirectly encourages such savings to be liquidated. We recommend that assets in a qualified retirement account be excluded when calculating personal net worth.

A fourth recommendation involves rules relating to airport security projects financed by TSA or projects funded with revenues from passenger facility charges (PFCs). When airports expend AIP funds, they are required to have a DBE program to address the problem of discrimination in airport related business. There is no requirement, however, for a DBE program for projects funded with Passenger Facility Charges (PFC) or through the Transportation Security Administration (TSA). Despite this, the need for a level playing field for

minority- and women owned-businesses is no less acute in projects funded with PFCs or through TSA grants than it is in projects and contracts funded with AIP funds. Discrimination poses barriers to minority- and women-owned firms regardless of the source of funds.

AMAC seeks to ensure that discrimination against minority- and women-owned businesses is vigorously addressed regardless of the funding source or its classification. Experience demonstrates that without federal DBE aspirational goal requirements programs, minority and women business owners will be left out and left behind.

AMAC urges Congress to consider policy mechanisms to address this problem such as simply applying the existing (and court-tested) DBE program to PFC funded projects and TSA funds expended by airport AMAC's chief concern is the fight against discrimination and to ensure a level playing field for minority- and women-owned businesses—and that goal requires both diligence and a robust minority and women business programs regardless of the source of funding.

Finally, one of the areas in which all small businesses, not just DBEs, confront barriers to participation in airport projects are excessive bonding requirements. AMAC supports a prohibition against excessive, unreasonable or discriminatory bonding requirements for all firms. H.R. 915 as passed by the House last year contained a provision which addressed this need. We would urge a similar provision this time.

VI. Other Matters

AMAC also closely follows other important aviation and airport policy matters. As you know, AIP is an important source of funding for airport capital projects, especially for smaller airports that have less ready access to private capital markets. Although the President has cut AIP in his 2012 budget, AMAC strongly urges Congress to ensure that sufficient AIP funding is authorized and appropriate to meet critical airport infrastructure needs. Finally, the multiple, short-term extensions are burdensome and disruptive, and do not permit the planning and execution that is necessary for important airport infrastructure programs. As such, AMAC would like to urge Congress to pass the reauthorization bill.

VII. Conclusion

Mr. Chairman, thank you for the opportunity to submit this statement to this esteemed panel, and for your consideration of our views. AMAC greatly appreciates the Subcommittee's leadership against discrimination and in support of minority- and women owned-companies. We hope that the Committee will continue its excellent work in noting the importance and ongoing need for the DBE program and documenting that need. We look forward to working with you on these important issues.

Testimony of Gregory Principato
President
Airports Council International-North America

before the

House Transportation and Infrastructure Committee
Subcommittee on Aviation

"FAA Reauthorization Act of 2011"

February 9, 2011

Airports Council International-North America
1775 K Street, NW, Suite 500
Washington, DC 20006
(202) 293-8500

Chairman Mica, Ranking Member Rahall, Chairman Petri and Ranking Member Costello, thank you for letting Airport Council International- North America submit testimony for the record. ACI-NA's 191 members enplane more than 95 percent of the domestic and virtually all of the international airline passenger and cargo traffic in North America. Nearly 400 aviation-related businesses are also members of ACI-NA, providing goods and services to airports.

We are eager to work with this Committee on a new FAA Reauthorization bill as the ability of airports to serve their communities has been sorely tested as Congress has been forced to pass extension after extension in order to keep the FAA operating.

As major economic drivers in local communities, airports across the country employ hundreds of thousands of Americans directly while also helping to create hundreds of thousands of more jobs indirectly through the movement of goods, passengers and through construction. Airports depend on the fate of the airlines and air traffic on one hand, while having a responsibility to maintain facilities to meet passenger needs and safety and security regulations on the other, so our leeway in delaying projects due to financial concerns is finite. While airports must be fiscally responsible businesses that respond to the ebb and flow of market demand, they also have a responsibility to the traveling public to keep facilities safe, secure and efficient. Because whether one plane or one hundred use an airport on a given day, we still need to maintain our facilities – runways, perimeter security, escalators, baggage carousels and elevators.

Over the past few years many airports throughout the United States, in light of the downturn in the economy experienced reductions in the number of passengers, fewer flights, reduced competition for service and unsecure financial markets. As the industry begins a slow rebound, we are committed to maintaining our facilities and preparing for the expected 25 percent growth in service that the Federal Aviation Administration predicts our industry will face over the next eight to ten years when it is estimated that one billion people will take to the sky.

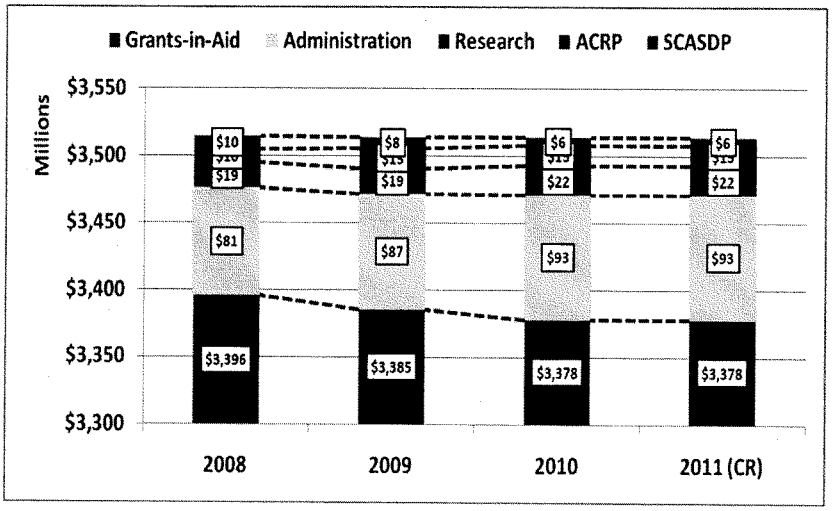
Airports have to plan **now** for the future, while working within a financing system that is extremely complicated. Any one individual project at an airport can rely on funds from several different sources including bonds, Passenger Facility Charge (PFC) user fees, Airport Improvement Program (AIP) funds and locally generated revenues from non-aeronautical sources, including parking and concessions. Airports cannot construct airside or landside improvements to meet passenger demands overnight since these projects take many years to design, finance and build. We do not have the luxury of responding immediately to market demands. Runways, terminals, taxiways, and most airport infrastructure projects in general take five to ten years, so airports need the financing tools now to lay the groundwork for the future.

The need for funding for aviation infrastructure was further highlighted last year by the American Society of Civil Engineers, which gave aviation infrastructure a D in their Infrastructure Report Card. They found a $40.7 billion shortfall in aviation infrastructure funds over the next five years, and noted that "travelers are faced with increasing delays

and inadequate conditions as a result of the long overdue need to modernize the outdated air traffic control system and the failure to enact a federal aviation program."

Airport Improvement Program

AIP funding plays an important role in airport financing and in the creation of thousands of jobs in local communities across the country. The current incarnation of the AIP was established by the Airport and Airway Improvement Act of 1982 (Public Law 97-248). Since then, AIP has disbursed over $50 billion to airports in order to finance projects which enhance the safety, security, capacity and environmental compliance of the nation's airports. Unfortunately, AIP has been level funded at $3.5 billion since Fiscal Year 2005. Over time more and more funding has been shifted from airport infrastructure to FAA personnel costs. This has resulted in the overall funding amount for AIP eligible projects decreasing as depicted by the chart below.



A balanced capital investment strategy for a system of airports requires a strong AIP program. Since construction costs continue to rise, AIP needs to be reauthorized at higher levels to ensure that adequate funding is available, especially for those airports that depend on this program to fund necessary infrastructure improvements. Unfortunately, with the FAA operating under a series of extensions, the Office of Airports has been unable to distribute AIP funds in a timely and efficient manner and airports have been unable to adequately plan their multi-year capital programs. This has forced delays in essential infrastructure projects as airports have been forced to either delay projects or fund them in smaller segments, resulting in increased costs and paperwork.

To be eligible for an AIP grant, airports must meet the following criteria: they must be publicly owned, privately owned, but designated by the FAA as a reliever or privately owned but with scheduled commercial service and at least 2,500 annual enplanements; and further, an airport must be included in the National Plan of Integrated Airport Systems (NPIAS). The NPIAS is published every two years by the Federal Aviation Administration (FAA) and identifies those airports which are important to public transportation and contribute to the needs of civil aviation, national defense and the postal service.

Projects eligible for AIP grants include those related to enhancing airport safety, capacity, security, and environmental concerns. In general, airports can use AIP funds on most airfield capital improvements or repairs except those for terminals, hangars, and non-aviation development. Any professional services that are necessary for eligible projects — such as planning, surveying, and design — are eligible as is runway, taxiway, and

apron pavement maintenance. Aviation demand at the airport must justify the projects, which must also meet federal environmental and procurement requirements.

Revenue-generating projects are typically not eligible for funding. Operational costs — such as salaries, maintenance services, equipment, and supplies — are also not eligible for AIP grants. Hence AIP approved projects are largely construction projects that help produce good-paying construction jobs. According to the U.S. Department of Transportation estimates, for every $1 billion in infrastructure investment approximately 34,779 jobs are supported.

The NPIAS also estimates the funding needed to bring the approximately 3,400 airports included in our nation's aviation system up to the appropriate safety and capacity standards to meet the current and projected needs of all segments of civil aviation. The latest edition of the NPIAS estimates that over the five-year period of 2009-2015, there will be $52.2 billion in airport development projects eligible for AIP grants.

But the NPIAS only tells a portion of the story as the study includes only AIP eligible portions of projects that FAA believes will be funded between 2011 and 2015. That means that the NPIAS failed to capture PFC-funded projects and other projects with identified funding such as bonds, local funding and other means. These include airport funded air traffic control facilities; airport funded security projects as well as most terminals, parking structures, hangars and cargo buildings.

Further, FAA's data was based on airport master and state system planning documents available through 2009 and stated in 2000 dollars. It is important to note that the NPIAS, even with its limitations, shows airports capital needs average $10.44 billion annually- an increase of five percent since the last report in 2009.

ACI-NA provides the only comprehensive data on U.S. airport capital needs. In our most recent study, completed just this week, more than $80.1 billion in airport capital needs for 2011 – 2015 were reported, or $16 billion on an annual basis. This figure does not even include the impact of construction cost inflation, which is expected to return to its historical escalation levels next year. This overall number is actually a 15.1 percent decrease from ACI-NA's 2009 estimate of $94.3 billion for total airport capital needs. We attribute this decrease to several factors, including slow-down of the economic growth, mild inflation, airline consolidation and capacity cut during the recent economic downturn.

The capital needs data also shows that medium hubs saw the largest decreases of capital investment by more than 32.8 percent among all the airport hub categories, leading to the decrease of their share of total development by 3 percent. The largest increase by airport category from the previous estimate is for small hub airports with 38.9% increase. Large hubs recorded a decrease of 27.7 percent from $55.3 billion to $49.9 billion. Their share of the total development decreased from the 2009 estimate by 9 percent. This shows that as a result of recent airline consolidation and cuts in airline service, airports are taking steps to control costs and have had to defer some of capital projects previously planned.

Large and medium hub airports are particularly affected by the current downturn in the economy and aviation industry. The bottom line is that airports have been cost conscious and fiscally responsible in these difficult economic times by delaying projects and reduced costs.

The ACI-NA data shows that airport capital needs are 65 percent higher than indicated in the NPIAS, because so many projects cannot be funded with AIP. The situation could be made worse if a decision was made to eliminate AIP eligibility for large and medium hub airports. Let me be clear, recommendations made by previous FAA Reauthorization bills as well as President Obama's Deficit Commission have all stipulated that any reduction in AIP for large and medium hubs be augmented by an increase in local funding options. It would be unfair, unwise and harmful to economic growth and job creation to remove one important source of capital funding from airports without also enhancing airports ability to raise their own capital separately based on the community's needs. Simply cutting large and medium hubs out of AIP funding presents a safety risk to the traveling public as a revenue source for safety, security and maintenance funding would be eroded. In fact, many of the projects paid for by AIP funds are FAA mandated to increase safety; therefore the elimination of AIP for any part of the airport community would create a system of unfunded federal mandates.

The need for increased funding of AIP is all the more critical in light of new regulatory and programmatic requirements for airports that have been promulgated or are in the

process of being promulgated by the FAA, the EPA, the TSA and other federal agencies. These include requirements related to NextGen, safety, and security.

Two proposed FAA programs—airport geographic information systems—or AGIS and airport safety management systems (SMS) exemplify these issues. The AGIS program, which will require airports to engage in costly physical surveys of their facilities and airspace obstructions in the vicinity of their facilities, is being rolled out to airports over the next five years. Preliminary estimates from the FAA indicate that the costs of AGIS program will approach $1 billion dollars measured in present value, of which 90 percent is expected to be funded by the AIP.

With respect to SMS, the FAA issued proposed rules late last year that would require U.S. certificated airports to implement safety management systems (SMS) at their airports *in addition* to meeting an already long list of design and operational requirements under 14 CFR Part 139; requirements which already make the U.S. airport system one of the safest in the world. When the proposed SMS rules are finalized, the FAA's own regulatory analysis[1] indicates they will cost almost $250 million for the initial implementation costs. ACI-NA believes that these costs are likely to be substantially greater. Regardless, the FAA expects to fund a substantial portion of these costs with AIP funds, especially at smaller airports.

---

1 p. 15, *Initial Regulatory Evaluation, Safety Management System for Certificated Airports,* FAA Office of Aviation Policy and Plans, Regulatory Analysis Division, December 22, 2009.

The costs of these two new programs represent *new demands* for the AIP program, a program that already has demands that exceed its available funding. Moreover, in both cases certificated airports of all sizes will be affected. Because they are more reliant on AIP funding and have fewer sources of outside revenue, ACI-NA believes that the nation's smaller airports will be disproportionally affected.

The AIP Program: A Model for Federal Accountability

Airports operate on a continuous planning cycle and typically have capital programs planned five to ten years in advance. Many of the projects included in these capital programs have already completed the necessary planning, design, environmental and other reviews. They have been screened by the local and regional divisions of the FAA Airports Office and are simply waiting for funding to begin construction. In fact, the FAA Airports Office annually process over 2,000 grants to over 1,500 airports.

The FAA uses a comprehensive oversight process which includes review at the local level, cost-benefit analyses and a well-established ranking system that prioritizes AIP projects to ensure the most effective use of federal funds. In October 2007, a report by the Department of Transportation Inspector General found that FAA is effectively ensuring the highest priority projects are funded and that the FAA is meeting its strategic goal of funding projects that enhance airport safety, security and system capacity.

Typically, AIP grants have a local match requirement. The amount varies based on the type of project and the size of the airport recipient. The local match requirement ensures

that sponsors submit quality projects and remain committed to the project through completion. When applying for an AIP grant, airports must demonstrate that they have the resources available to meet the local match requirement; therefore, the federal government is not responsible for the entire cost of the project. Given the current economic state, increasing the local match requirement—particularly at small airports would place a huge burden on local communities to come up with additional funding for AIP-eligible projects.

The Need for Local Financing Options

Under this Committee's leadership, airports were given a financial tool that has proved tc be a model for federal-local partnerships. By granting airports the ability to generate local funding for local projects through the collection of the PFC user fee, those who use the system have had a voice in infrastructure development in consultation with the FAA on an ongoing basis. This financing tool has allowed local communities to determine their needs and map out a plan for improvements and development at their airport in coordination with the airport users. The results speak for themselves. As of January 31, 2011 PFCs have been responsible for the obligation of $80.3 billion in airport capital investments since being implemented in 1990, while creating hundreds of thousands of construction jobs. The economic activity and growth generated would be difficult to overstate. In the bill this committee wrote, and the House passed, in the last Congress, it was estimated that 125,000 jobs a year would have been created due to AIP funding and the increase provided to local communities in the PFC.

The share of U.S. airport capital investment attributable to PFCs is currently estimated to be at least 30 percent. These funds are used to support airside projects, terminal projects, access projects such as roadways, people movers or transit projects, and noise mitigation projects. Furthermore, PFCs have been used to construct new runways and other airfield improvements to significantly reduce delays at some of the most congested airports. They have also been used to build additional gates for new and expanded service, increasing airline competition and lowering fares. Over the last 20 years, these investments have allowed airline and passenger services to continue their growth. Indeed, PFCs have been essential to building facilities to accommodate low fare service into more communities. I can think of no better example of a successful local-federal partnership with respect to aviation.

As AIP remained stagnant over the past six years, the PFC has provided airports with the means in order to meet the local community's needs. At the current ceiling of $4.50 for the last 11 years, the PFC has not kept up with inflation and growing construction costs. It is simply no longer adequate to meet the $80.1 billion in capital needs indentified by airports around the country. That is why ACI-NA strongly supports raising the PFC to $7.50 and indexing it to inflation. Alternatively, the PFC level should be determined in local communities without federal interference. Without an increase in this local financing option coupled with the devaluation of the PFC due to construction cost inflation, airports will simply not have the financial tools necessary to invest in improvements or to implement safety or security regulations. We want to continue to work with our local communities to build the infrastructure necessary to spur economic

growth, maintain our facilities and attract new service, but our hands are tied without a multiyear FAA reauthorization bill that will increase the PFC.

Exemption of Alternative Minimum Tax on Airport Private Activity Bonds

During 2009 and 2010, airports benefited from an Alternative Minimum Tax (AMT) exemption for private activity bonds (PABs) which enabled them to both locate buyers for their bonds and to take advantage of lower interest rates. From January 2009 to the end of 2010, the airport industry sold over $11 billion in PABs that were exempt from the AMT allowing construction to continue and jobs to be created at airports across the country. Unfortunately, the exemption expired at the end of 2010.

The success of this short term exemption resulted in the Future of Aviation Advisory Committee (FAAC) recommending to the Secretary of Transportation that the department support an additional AMT exemption for PABs. The savings to the airport industry, along with others that issue PABs and the reinvestment of those savings into needed infrastructure projects will far exceed the cost to the federal government, while creating much needed jobs in communities across the country.

Although ACI-NA realizes that the jurisdiction to exempt PABs from the AMT is not within the jurisdiction of this Committee, it is an important financing tool for airports. With over 50 percent of airport infrastructure needs financed through bonds, having this exemption reinstated and made permanent as soon as possible would provide immediate relief from a burdensome and costly penalty place upon airport bonds.

The Airport Role in NextGen

Over the last few years, there has been a great deal of discussion about the Next Gèneration Air Transportation System, or NextGen. While most of the industry's attention has focused on how NextGen will allow the FAA and the aviation industry to transition to a satellite-based navigation system and help the airlines operate more efficiently, there has been little public discussion about how it will impact airports. ACI-NA has been working to change this and as it is imperative that the decision makers in Congress and the FAA recognize that NextGen begins and ends at airports.

Why does NextGen matter so much to airports? Delay data collected by the FAA consistently shows that airports—especially those in congested metroplex areas—are where the majority of delays are incurred. However, the impacts of these delays and congestion extend far beyond these airports. Smaller airports with air service to these metroplexes are frequently affected by ground delay programs and other traffic management initiatives, which delay departing flights. These impacts are especially significant for airports like Madison, Wisconsin; Fresno, California; and Allentown, Pennsylvania at the edge of metroplex airspace. Passengers that use these airports weigh these potential delays—and how they affect the reliability of their flight connections—when deciding whether they should fly from their hometown airport or drive to a hub airport instead.

Regardless of where they occur, high airport delays leave passengers frustrated, angry, and disappointed. They hurt airport efforts to serve the traveling public and maintain high levels of customer service. They also hurt productivity and economic competitiveness. A study published in 2010 by the Partnership for New York City showed that delays at New York area airports cost the regional economy $2.6 billion in 2008 and noted that insufficient airport capacity in the region could be a significant impediment to the region's growth over the next two decades. Finally, delays are harmful to the environment—increasing the fuel that aircraft burn and associated emissions.

NextGen promises to reduce these delays by reducing the impact that poor weather conditions have on airport capacity, reducing delay-causing interactions among nearby airports, and enabling airports to make use of their existing infrastructure more effectively. These benefits will result from enhanced airport surface surveillance and traffic management, improved flight procedures, and reduced separations, all of which are enabled through implementation of NextGen surveillance, communications, and navigation technologies.

As noted in the report, *Next Generation Air Transportation System: Status of Systems Acquisition and the Transition to the Next Generation Air Transportation System,* published in September 2008 by the Government Accountability Office, "With regard to airport infrastructure, a transition to NextGen will also depend on the ability of airports to handle greater capacity." As this report notes, airports will play a critical role in

implementing infrastructure and procedural enhancements needed to meet identified capacity needs, such as runway and taxiway enhancements. This point was again emphasized by Dr. Gerald Dillingham last week before the Senate Finance Committee when he stated, "In addition, as we have previously reported, NextGen's ability to enhance capacity will partly depend on how well airports can handle greater capacity". Airports will also be on the front line in providing additional airport terminal and roadway capacity commensurate with the airfield and airspace capacity increases NextGen will provide.

ACI-NA applauds the efforts on the part of the FAA and the JPDO to involve airports in NextGen development including direct involvement in the NextGen Advisory Committee and its working groups. Continued airport involvement in the important efforts is essential to successful realization of NextGen's capacity, safety, and efficiency goals.

With regard to airport infrastructure, a transition to NextGen will also depend on the ability of airports to handle greater capacity. One way the FAA is endeavoring to increase airport runway capacity is its High-Density Terminal and Airport Operations initiative, which the agency has just begun to implement. Under this initiative, aircraft arriving and departing from different directions would be assigned to multiple runways and safely merged into continuous flows despite bad weather and low visibility. To guarantee safe separation between aircraft, these airports would need enhanced navigation capabilities and controllers with access to increased automation. Under this initiative, aircraft would also move more efficiently on the ground, using procedures that are under development

to reduce spacing and separation requirements and improve the flow of air traffic into and out of busy metropolitan airspace. Although the implementation of this initiative is in the early stages, FAA has identified the research and development needed to move it forward. FAA has also identified runway safety technologies for accelerated implementation.

The increases in capacity expected from the High-Density Terminal and Airport Operations initiative are not likely to be sufficient to handle the expected increases in traffic. As a result, new or expanded runways will likely be needed. FAA has developed a rolling 10-year plan for capacity improvements at the nation's 35 busiest airports, and several airports are building new runways. However continued efforts in this regard are critical since the FAA's FACT II study indicates at least 14 airports will still need new runways to meet projected capacity needs, even with NextGen implementation. As all of you know, building these new runways will require considerable effort to address the environmental and engineering challenges associated with them.

Airports are ready to work with the FAA and Congress in making NextGen a reality. Unfortunately, the current AIP and PFC programs are not sufficiently funded to accommodate both traditional airport capital needs and the need that NextGen will likely impose. We are willing to provide the infrastructure on the ground that will help make NextGen work in the air, but again we need your help to ensure that we have the financial resources to do so.

Without the ability to raise the PFC, there will be no NextGen at least anytime in the near or intermediate term.

Aircraft Rescue and Fire Fighting (ARFF)

ACI-NA remains concerned about proposals to mandate specific airport rescue and fire fighting standards. In fact, the proposed standards may actually result in decreasing safety and increasing risk for passengers because the proposed standards would dramatically increase equipment and staffing requirements for airports around the country. The resulting expanded operating costs would make it difficult for small airports to retain and attract new commercial air service in the communities they serve. The FAA Aviation Rulemaking Advisory Committee (ARAC), which included airports, firefighters and other industry stakeholders, prepared a report on the proposed ARFF requirements but failed to achieve consensus on many of the critical issues. ACI-NA supports this issue being handled through the proper channels by the FAA.

Environmental Improvement Efforts

ACI-NA applauds the Committee for its work to help the aviation industry reduce emissions, improve energy efficiency, and reach environmental goals. While the industry's contribution to green house gas emissions is relatively small, forecasts continue to predict robust growth in aviation. ACI-NA member airports are working proactively to address this issue on a local, regional, national, and international level. Recognizing that the industry's main contribution to global warming - emissions from the operation of aircraft - is outside the control of any individual airport, our members are

doing their part to minimize impacts to climate change just as with other environmental impacts such as water quality, noise, and local air quality.

In order to enhance the environment by encouraging the proactive adoption of best environmental practices, ACI-NA asks the Committee to again include the establishment of a pilot program of not more than 10 public-use airports where airport sponsors could use AIP funds to plan, design and construct new terminal facilities or retrofit existing terminal facilities with equipment, systems or other means of reducing adverse environmental impacts in the FAA Reauthorization bill.

Sustainability Programs and Environmental Management Systems (EMSs) are also becoming increasingly widespread at airports across the U.S as mechanisms to minimize their environmental footprint. Sustainability has been described as a holistic strategy that strives to balance the needs of the present without compromising the ability of future generations to meet their own needs. Within the airport context, sustainability has broad implications throughout the entire system, including energy consumption, environmental impacts and overall facility life-cycle costs. This typically addresses operating costs such as airport infrastructure, transportation fleet, utilities and a full range of social issues such as employee retention programs and community outreach.

Sustainability has become a way of doing business at many airports such as O'Hare, which has developed a Sustainable Design Manual to guide its entire Modernization Program. Several airports, including Miami-Dade County, Westchester County and

Denver, have also implemented EMSs - a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency. We would appreciate your continued support for expanding AIP eligibility for the development and implementation of EMSs, including small airports which are not currently eligible for this funding assistance.

The ability of airports to use AIP funds for operational flight procedures will provide benefits both to airports and for airspace capacity, which will ultimately reduce the impact of noise on those living near airports. For instance, the implementation of a Continuous Descent Approach has been shown to save fuel while reducing noise below the flight path. Implementation of such procedures, where, appropriate, should be facilitated. We would appreciate the inclusion of this provision in your bill for the 112th Congress.

While the FAA has effective Traffic Flow Management programs in place that allow aircraft being delayed to avoid extensive airborne holding that wastes fuel and produces air pollutants, there is no comparable program for aircraft on the airfield. Each year hundreds of thousands of aircraft are given clearance to taxi, only to spend time idling in long queues or penalty boxes while awaiting their place at the head of the runway. By establishing a pilot program at up to five airports to develop Traffic Flow Management tools, methodologies, and procedures, controllers will be able to manage the flow of taxiing aircraft on the ground. The inclusion of this provision in the FAA

Reauthorization bill will help to avoid excessive backups on the ground and thus reduce emissions.

In conclusion, airport capital needs are growing and we must act now if we are to meet the future demands of the system. Increased airport capacity is critical for a safe, efficient and successful aviation system. Congress, in reauthorizing FAA, has an excellent opportunity to improve and modernize the public-private system for funding airport infrastructure. In order for that to be a success, the FAA reauthorization bill must include the financial tools that airports need to move in this direction. We look forward to working with you to pass a multi-year FAA Reauthorization bill during the 112th Congress.

AMERICANS for TAX REFORM

722 12th Street N.W.
Fourth Floor
Washington, D.C.
20005
T (202) 785-0266
F (202) 785-0261
www.atr.org

Center for Fiscal Accountability

January 26, 2011

The Honorable John L. Mica
Chairman, Committee on Transportation and Infrastructure
2165 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Mica,

As the new Congress initiates debate on FAA Reauthorization, we write to urge you to reject any tax increase on travelers in its consideration. So-called compromises from last Congress would have resulted in a $1 billion tax hike on travelers in the form of an increased Passenger Facility Charge – such efforts to increase funding on the backs of overburdened airline passengers should be swiftly rejected in the 112th Congress.

Excessive fees, such as an increased Passenger Facility Charge (PFC), stifle the economic faculties of a variety of industries that are involved in the travel and tourism sector. These businesses provide jobs and grow the economy – forcing them to shoulder another onerous and needless tax regime will only hinder their ability to contribute to the burgeoning economy.

Currently, airports are in strong financial health and continue to receive federal dollars under the "stimulus" bill and subsequent funding measures. Taxpayers are already struggling to make ends meet – they should not be saddled with an unnecessary tax hike on air travel.

What's more, the most recent FAA Reauthorization bill from last Congress would have authorized a pilot program allowing PFCs to be misused for local spending projects. Diverse municipal interests should not be the responsibility of travelers, who already encounter a myriad of fees and other taxes when flying.

Increasing the PFC to fund extraneous local projects would set a dangerous precedence for transportation munificence, and should not be considered by a new Congress tasked with a clear mandate to decrease government spending.

Thus, we urge you to reject any PFC increase in the FAA Reauthorization and look forward to working with you to advance fiscal restraint at the federal level.

Sincerely,

Grover Norquist
President
Americans for Tax Reform

Mattie Corrao
Executive Director
Center for Fiscal Accountability

Cc: All Members of the House Committee on Transportation and Infrastructure

1635 Prince Street, Alexandria, Virginia 22314-2818 Telephone: (703) 683-4646 Fax: (703) 683-4745

HELICOPTER ASSOCIATION INTERNATIONAL

TESTIMONY ON

"Federal Aviation Administration Reauthorization: Stakeholders"

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON AVIATION
UNITED STATES HOUSE OF REPRESENTATIVES

Wednesday, February 9, 2011

Matthew Zuccaro
President

TESTIMONY ON

"Federal Aviation Administration Reauthorization: Stakeholders"

HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
SUBCOMMITTEE ON AVIATION
UNITED STATES HOUSE OF REPRESENTATIVES

Chairman Mica, Chairman Petri, Ranking Member Costello and Members of the Subcommittee, on behalf of Helicopter Association International (HAI), I am pleased and honored to be able to offer this testimony on the reauthorization of the Federal Aviation Administration (FAA).

Congress' deliberations regarding reauthorization of the FAA present the opportunity to enhance the safety of aviation operations in the National Airspace System, including helicopter operations; to reduce unnecessarily burdensome regulations and counterproductive taxes and fees on helicopter operators (many of whom are small business owners with the potential to create new jobs and contribute to our economy's recovery); to better manage the impact of helicopter operations on the environment while sustaining the significant role those operations play in local economies and our national air transportation system, and to help American veterans whose sacrifices have protected our liberties to make successful transitions to the civilian workforce.

HAI thanks you for the invitation to submit testimony for the record and looks forward to supporting your efforts should you choose to address them in the FAA reauthorization legislation.

Enhancing Safety

Collect Reliable Flight Hour Data. The calculation of total flight hours is a key tool in measuring and improving aviation safety. A widely used metric of safety—for airlines, fixed-wing general aviation and military aviation—is "accidents per 100,000 flight hours." Yet there is no credible data base of helicopter flight hours in the United States and there is no mandate for reporting or collecting the data needed to create one. This lack of reliable data distorts the prioritization of initiatives to improve helicopter safety and hampers the development of a data-driven agenda for reducing helicopter accident rates, such as the one that served as the foundation of the successful Commercial Aviation Safety Team (CAST). The International Helicopter Safety Team set to work in 2005 to build on CAST's success by using its processes in pursuing an 80 percent reduction in helicopter accident rates by 2016. CAST analysts had a rich and reliable data base of airline flight hours from which to work. The analysts on the helicopter team had to cobble together a data base of flight hours from totals volunteered by helicopter manufacturers and some operators. Their work was impressive but unnecessarily difficult, and is still not all inclusive.

The FAA reauthorization legislation should include provisions mandating and supporting the FAA's development of a means to require annual reporting of flights hours. Data should be collected on a mission-specific basis so an accurate analysis of various industry segments

can be accomplished. Both the National Transportation Safety Board and the General Accountability Office have recommended that the FAA collect such data.

Improving Air Tour Safety. Air tours are a popular and efficient way for tourists to appreciate the grandeur and beauty of the Hawaiian Islands and other U.S. treasures. HAI and its members have worked steadily to enhance the safety of helicopter air tours, through the HAI Helicopter Tour Operators Committee and other HAI safety initiatives. Weather clearly has been an issue in a number of air tour accidents in Hawaii. That threat can be mitigated through installation of a network of weather cameras on the islands that would allow pilots and aviation managers, through the Internet and mobile devices, to see real-time weather at various locations during their preflight planning. Such a network would not only increase the safety level of commercial air tours, but benefit general aviation, public service and military flights in Hawaii. Properly sited weather cameras would allow pilots to see "around the corner" and "over the mountains" in an environment where weather can change rapidly.

This low-cost capability is critical because the FAA's current and planned surveillance and weather-reporting infrastructure does not adequately aid commercial air tours and general aviation flights in mitigating weather threats. Nexrad radar coverage is not available in many areas in the Islands. Satellite imagery is only effective as a tool for understanding the weather from a large-scale perspective. The FAA's planned installation of Automatic Dependent Surveillance-Broadcast (ADS-B) infrastructure for Hawaii would only replace existing radar coverage areas and would not encompass helicopter and general aviation flights conducted outside those areas.

Aircraft operators would only benefit from ADS-B's communications, surveillance and weather-tracking capabilities when operating in the airspace around the Honolulu and Kahului airports. This will enhance safety in those airport environments, but will not aid commercial air tour and general aviation flights in avoiding adverse encounters with weather. Those flights typically start and end at other, smaller airports and are flown over undeveloped areas with uncontrolled airspace.

HAI has been working with Senator Inouye to obtain authorization and funding to facilitate the development of a weather camera program in Hawaii to support helicopter, general aviation, public service, and military operations. HAI believes that authorization language for such a program in the FAA Bill would be instrumental in getting an initial program off the ground.

The aviation community in Alaska, both commercial and non-commercial, has seen positive results using a weather camera system authorized by Congress in fiscal year 1997, which now provides a higher level of safety by making available to pilots and management a "real time" weather picture for go/no go weather decision making. Weather conditions in Hawaii can rival Alaska weather, with almost identical situations in both locals in terms of restricted visibility, cloud cover and rapidly changing conditions.

The enhanced safety level is a major rationale to support a weather camera system in Hawaii, but an important consideration is the enhancement to Cue Based Weather Training that air tour operators in Hawaii are now required to perform under FAR 136, Appendix A. With the capability for the pilot to go on line and view current "real time" weather conditions

along the proposed flight path he or she can relate to their cue based weather training to make go/no go decisions.

Reducing Counterproductive Regulations and Costs.

Air Tour Management Plans. The National Park Air Tour Management Act of 2000 mandated the FAA to assess the safety of air tour flights over national parks. The National Parks Over flight Advisory Group (NPOAG) was created on April 5, 2001.

The act called for the development of air tour management plans (ATMPs) to mitigate the impact of air tours on national parks. The NPOAG was created to facilitate development of those plans. After ten years and $25 million, not a single air tour management plan has been adopted or implemented.

Some provisions under consideration for inclusion in Senate FAA reauthorization legislation would amend the National Park Air Tour Management Act and replace the NPS with the Department of Interior (DOI) as the responsible agency, clarify NPS's role over FAA, and direct the DOI to impose additional air tour over flight fees on operators to pay for air tour management plans.

A lack of funding has not prevented the development and implementation of air tour management plans. The FAA has spent $25 million on NPOAG-related activities since the program's inception and has roughly $6 million in obligated but unspent money for ATMPs. What has blocked the implementation of ATMPs is the ongoing inability of the FAA and NPS to agree on their duties and responsibilities under the National Park Air Tour Management Act and the National Environmental Policy Act of 1970 (NEPA), which calls on Federal agencies to consider environmental issues as part of their decision-making process. It appears the two agencies cannot agree on anything regarding NEPA. Having air tour operators pay for ATMPs will not advance the process.

The proposed new fees would, however, overly burden operators with additional costs. This is not the time to add such a burden to air tour operators who are struggling to survive in this difficult economic climate with business off 30-40 percent nationwide.

Fees Charged to Air Taxi / On Demand Charter Flights. The Senate bill would also revise Section 4281 of the Internal Revenue Service code to amend definitions related to air taxi flights. The Senate Finance Committee has stated the legislative intent of the provision is to ensure that very light jets operating as air taxis pay excise taxes. But the proposed changes would impose a much broader burden on small charter aircraft that pay the fuel tax today. If enacted, these provisions would require these charter operators to pay both the excise tax and a segment fee. This unnecessary and unintended financial burden on small business could be averted by incorporating in FAA reauthorization legislation specific language that the amended IRS Code applies only to turbojet-powered aircraft and excludes piston-engine aircraft and turbine-power helicopters.

Suitable Landing Areas for Helicopters. The FAA's recent revision of 14 CFR Part 136 ("The Air Tour Rule") includes language addressing "suitable landing area for helicopters." This is the only definition of this term in the Federal Aviation Regulations (FARs). This

definition is overly broad and onerous for helicopter air tour operators because it assumes that no single-engine aircraft of any type (fixed-wing or helicopter) is capable of making an emergency landing anywhere without damaging equipment. This definition also singles out helicopter air tour operations and does not address fixed-wing air tour flights. In the course of discussing the FAA's Notice of Proposed Rulemaking (NPRM) on this Part 136 revision with the FAA, HAI and the air tour industry were advised on numerous occasions that this definition would be removed from Part 136.1 in the NPRM that closed for comment on Jan. 10, 2010 (Docket No. FAA-2010-0982; Notice No. 10-13, "Air Ambulance and Commercial Helicopter Operations, Part 91 Helicopter Operations, and Part 135 Aircraft Operations; Safety Initiatives and Miscellaneous Amendments"). This did not occur.

The Part 136 revision also includes Appendix A, "Special Operating Rules for Air Tour Operators in the State of Hawaii." This appendix is burdensome, costly and discriminatory without justification as it relates to the Hawaii air tour industry. Administration of this regulation is burdensome as well as impractical for the FAA.

The final air tour rule that became effective March 7, 2007 was significantly different from Part 136 as proposed in the NPRM. There were many positive changes to the rule after the comment period. Unfortunately, Hawaii air tour operators were singled out and given the set of special operating rules in Appendix A. That appendix A is much like Special Federal Aviation Regulation (SFAR) 71 and, with the exception of Section 6, it is redundant to Part 136, Subpart A. Adoption of the Hawaii Air Tour Common Procedures Manual and individual operations specifications (OPSPECS) has mitigated and minimized the effects of this appendix on the Hawaii operators, but its elimination would relieve the burdensome effects on the operators and not affect safety of the air tour industry.

The FAA reauthorization presents an opportunity to correct the shortcomings of Part 136 with regard to the definition of suitable landing areas for helicopters and the inclusion of Appendix A for Hawaii tour operators.

Taxes on Aerial Firefighting. HAI proposes that the FAA reauthorization include a provision that exempts operators from taxes imposed by sections 4261 and 4271 of the IRS code for aircraft conducting aerial firefighting suppression activities for Federal, State, or local government agencies [or any other natural resource management flight regardless of personnel onboard], including fire detection, fire reconnaissance, fire retardant chemical drops, [administrative flying], and helicopter bucket or helitank operations.

Working Together to Protect the Environment.

Representatives Sam Graves of Missouri and John Barrow of Georgia have proposed requiring the FAA, industry stakeholders and other relevant agencies to work collectively to facilitate the reduction or removal of lead emissions from piston-engine aircraft. While various unleaded or reduced lead alternatives can replace leaded avgas for some aircraft, there is no known, single alternative that is economically viable or that can safely meet the needs of the entire fleet. This legislation requires the FAA to develop a comprehensive and collaborative program to facilitate the reduction of lead emissions from piston engine aircraft, and develops reasonable policies to facilitate a transition to an unleaded or reduced lead fuel

without adversely impacting aviation safety. HAI supports Congressmen Graves and Barrow in this effort.

Helping Veterans Transition to the Civilian Workforce.

The Post 9-11 Bill recently passed by Congress included amendments that allow for flight training by veterans. However, the funding period limitations and limited annual cap of $10,000 will not allow deserving veterans to effectively pursue flight training as a professional objective. The real world cost for rotary-wing training for an instrument-rated pilot is about $60,000 exclusive of living and other collateral expenses. Training is most effectively and efficiently delivered when it is continuous and uninterrupted. This funding cap would result in breaks in training as veterans work to secure additional funding, which will result in more time and money spent to complete the training. Also, eligibility for funding will expire before veterans are able to complete their training using Veterans Administration funds. Most veterans have no other source of funding and the private market is effectively without lender participation.

HAI encourages Congress to use the opportunity presented by the FAA reauthorization deliberations to amend the funding period limitations and limited annual cap and to facilitate flight training for veterans who have chosen to pursue the combination of an academic degree and career training. Many professional flight schools have developed partnerships with universities and colleges to provide such two-pronged educational options.

Mr. Chairman and Members of the Subcommittee, I assure you these matters are of the highest importance to HAI's members and to the entire U.S. aviation community. HAI is committed above all else to improving the safety of helicopter operations. A safe and successful helicopter industry in America requires a skilled and dedicated workforce, the requisite tools to enhance safety, reasonable and effective regulations, taxes and fees and an awareness to the needs and concerns of our colleagues and neighbors in communities throughout this great country. Reauthorization of the FAA presents us with the opportunity to strengthen each of those elements. I and HAI's members look forward to working with you and the FAA toward that end.

National Association of Flight Instructors
730 Grand St.
Allegan, MI 49010
866.806.6156

Submission to the hearing docket
Federal Aviation Administration Reauthorization: Industry Stakeholders
Held 2/9/11

Submitted respectfully to
The Committee on Transportation and Infrastructure's
Aviation Subcommittee
U.S. House of Representatives

Statement of Jason Blair, Executive Director
on behalf of the
National Association of Flight Instructors
and its members

National Association of Flight Instructors
730 Grand St.
Allegan, MI 49010
866.806.6156

Submission to the hearing docket
Federal Aviation Administration Reauthorization: Industry Stakeholders
Held 2/9/11

The National Association of Flight Instructors (NAFI) is an international organization dedicated to raising and maintaining the professional standing of flight instructors. NAFI is the largest flight instructor association with over 5,500 active members. NAFI advocates on behalf of its members and the interests of the over 90,000 certified flight instructors in the United States. NAFI has served as the voice of aviation education since inception in 1967 and serves the full spectrum of the flight instructor community. Now, more than ever before, we are continuing this commitment.

NAFI's efforts focus on the needs of its members and of the flight training community and those that provide that training. While members benefit in different ways from NAFI membership, the most important reason for being a part of NAFI is supporting the flight instructor's responsibility to all of aviation and commitment to professionalism. NAFI members are involved in General Aviation, collegiate, corporate, simulator, and airline training environments to name a few. NAFI members are actively engaged in promoting aviation safety and helping to train the future pilots that keep our aviation infrastructure staffed with quality pilots.

The National Association of Flight Instructors (NAFI) appreciates the opportunity, and especially the cooperation of the committee staff, in submitting our remarks to the hearing docket as invited by Chairman Petri during the February 9th hearing. As the representative of a major stakeholder in aviation, the flight training industry, NAFI applauds the 112th Congress on its swift action to pass a lasting reauthorization of the Federal Aviation Administration. According to the National Association of Air Transport's *"General Aviation in the United States"* fact book, there are nearly 800 certified flight training centers across the nation providing training under Part 141 of the Federal Aviation Regulations, and countless other individual instructors and smaller flight schools nationwide. Clearly, flight training accounts for a significant portion of aviation in the United States, a strong component of the aviation business infrastructure, and an equally important user of airport facilities and the National Airspace System.

A significant amount of flight training in the United States takes place at what are considered to be General Aviation airports. Although the term "General Aviation Airport" is not technically defined by the FAA, the aviation community generally accepts the concept that a "General Aviation Airport" is one that does not have regularly scheduled air carrier service, and whose primary operations consist of personal use, recreational, corporate and flight training aircraft. Training is effectively conducted at these types of airports due without causing disruption to commercial air carrier traffic while also providing conducive learning environments for the future pilots our system will need. The support the FAA and its budgetary considerations provide for not only the commercial use airports, but also those that are considered "General Aviation Airports" provides the infrastructure that allows pilot training in the United States to be rivaled by no other country. We need legislation to protect our

National Association of Flight Instructors
730 Grand St.
Allegan, MI 49010
866.806.6156

flight training environment if our country is to remain the leader in aviation that is has been throughout the history of flight.

The importance of ensuring that the rights and privileges of general aviation will continue to be protected in this bill and in future legislation can not be understated. After a precipitous decline of students initiating flight training over the past decade, and forecasts predicting a protracted downward trend, it is imperative that advances in regulations toward access to airspace and new technologies accommodate the flight training industry continue. Jack Pelton, CEO of Cessna Aircraft remarked that these declines are "a problem for all [of] aviation" and that they "threaten the strong, sustainable aviation system our nation counts on."

NAFI wishes to commend the aviation subcommittee on proposing a long-term, four year bill which will continue to provide funding for safety critical programs, and new initiatives including the NextGen air traffic control system. Clearly, the implementation of NextGen will have far reaching impacts upon the entire aviation industry. As these efforts move forward, NAFI stresses the importance of careful cost/benefit analysis to general aviation users. There needs to be a clear benefit to general aviation users, and unrestricted access to airspace is vital to maintenance of current capabilities and the future growth of General Aviation.

Though HR 658 directs the FAA to initiate rulemaking on ADS-B equipage within one year of its passage, it is the opinion of NAFI that regulations pertaining to receiver and/or transmitter equipage must be minimally intrusive not only as an economic investment, but also in the alteration of existing hardware. For example, many general aviation aircraft conform to the minimum requirements of the Federal Aviation Regulations. These aircraft could be required to be equipped with "ADS-B out" technology to operate in certain controlled airspace. But, in order to take advantage of the true benefits of the NextGen ATC system an extra investment in additional "ADS-B in" equipment would be necessary. While the costs for "ADS-B out" transmitting device are proposed to be less costly, the advanced avionics associated with increased operational safety and efficiency provided by "ADS-B in" may total an investment greater than the actual value of the aircraft. When we consider any mandate of technological upgrades for access to the national airspace system, we need to consider all operators and what levels of restriction or access may be appropriate.

Equally, or even more important to initiatives such as NextGen, however, are projects such as the Airport Improvement Program. Safety improvements to infrastructure at airports nationwide must not be sacrificed to pay for the NextGen system. NAFI supports the provisions of HR 658 which will keep expenditures from the Airport and Airway Trust Fund below 100% of funding levels to ensure its

National Association of Flight Instructors
730 Grand St.
Allegan, MI 49010
866.806.6156

future viability. NAFI also agrees that maintaining the current fuel tax model instead of implementing user fees is the most logical, fair, and efficient means of contribution.

NAFI is concerned about the provisions of Section 307 which mandate that the FAA Administrator begin to issue improved pilot certificates within nine months of the enactment of HR 658. As the subcommittee is well aware, proceedings on a Notice of Proposed Rulemaking pertaining to improved pilot certificates recently closed. A significant number of responses were generated to this NPRM, including NAFI, along with many other leading aviation organizations. There are significant concerns that have been raised in NAFI's and other organization's comments on the NPRM that must be addressed if an effort is to be effectively implemented without causing unintended consequences that may do damage to many areas of aviation. NAFI urges an amendment to strike "Not later than 9 months after the date of enactment of this act," from section 307 and substitute "At the conclusion of rulemaking proceedings on Docket FAA-2010-1127," and to strike from paragraph b "a biometric identifier." NAFI believes that the FAA is making a good faith effort to conform to the requirements set forth in the Intelligence Reform and Terrorism Prevention Act, and such a deadline is an unnecessary obstacle to the proper completion of that rulemaking.

On behalf of the members of the National Association of Flight Instructors and the broader flight instruction community, I appreciate the opportunity to respond. I am available to discuss our comments and the concerns of the flight instructor community and its role in the overall aviation community in more detail at your request.

Sincerely,

Jason E. Blair
Executive Director
National Association of Flight Instructors

STATEMENT OF ED BOLEN

PRESIDENT AND CEO

NATIONAL BUSINESS AVIATION ASSOCIATION

SUBCOMMITTEE ON AVIATION

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

U.S. HOUSE OF REPRESENTATIVES

FEBRUARY 9, 2011

Statement of Ed Bolen
President and CEO
National Business Aviation Association

Chairman Petri, Ranking Member Costello, members of the of the Subcommittee, on behalf of the National Business Aviation Association, I am pleased to have the opportunity to provide our views on the future of our national air transportation system as you consider FAA reauthorization legislation early in the 112th Congress.

We commend the Subcommittee for your commitment to improve our nation's aviation system and on-going efforts to foster economic growth and job creation during these challenging economic times. NBAA strongly supports these efforts and believes that the importance of a robust aviation system cannot be overemphasized.

Aviation, including business aviation, is a vital link in our transportation system and powerful engine for job creation and economic growth. Ensuring that the United States has the largest, safest, and most efficient air transportation system is clearly in our country's interest and should be a national imperative.

NBAA was founded 64 years ago to represent companies of all sizes that utilize general aviation aircraft as a tool for meeting some of their transportation challenges. NBAA and our members are committed to working with the government to transform and modernize the nation's aviation system. Likewise, we are committed to policies that support the continued growth of each aviation segment, including general aviation, which plays a critical role in driving economic growth, jobs and investment across the U.S. We strongly support the shared goal of keeping our national aviation system the best in the world.

General aviation is an essential economic generator, contributing more than $150 billion to annual U.S. economic output, and directly or indirectly employing more than one million people. Most general aviation aircraft operating around the world are manufactured and/or completed in the U.S., and our industry is continuing to build a strong American manufacturing and employment base that contributes positively to our national balance of trade.

FACTS ABOUT BUSINESS AVIATION

Business aviation is an FAA-defined term. According to the FAA, business aviation is the use of any general aviation aircraft – piston or turbine – for a business purpose.

From creating growth opportunities and global connectivity for America's small towns and rural areas to supporting the nation's productivity, business aviation is an important economic engine, creating jobs and investment, while contributing to the world's leading aviation system. Simply put, business aviation is a vital part of the nation's economy and transportation system.

The U.S. aviation system is fully integrated. Each player is critical to the success, strength and growth of our economy. As you know, the system is made up of three segments:

- Scheduled operations, including passenger airlines;
- Military, and;
- General aviation.

General aviation includes diverse operations, with business uses that range from agriculture, to law enforcement, to fire and rescue services, to varied government, educational, nonprofit and business organizations. Servicing and supporting these organizations are FBO's, maintenance technicians, suppliers and service providers.

The business aviation fleet is dominated by pistons and turboprops, with over 80 percent of the business aircraft in the U.S. having cabins about the size of an SUV, and flying on average less than 1,000 miles. The vast majority of these GA operators use small aircraft that seat no more than eight people.

A Vital Lifeline for Main Street

In small towns and rural areas across America, business aviation is an essential tool that enables businesses to thrive, grow and create jobs in their hometowns. That's because in many instances, there are no other transportation options that meet their needs.

Many small and mid-size businesses are located in areas without scheduled airline service. Businesses of all sizes require in-person travel for such operations as sales, technical support and other types of customer service. Such trips may call for multiple stops in a short period of time or travel to remote locations. Often, the distances are too long to drive or airline service is not available.

A 2009 survey of business aviation pilots and passengers, conducted for NBAA and GAMA by Harris Interactive, concludes that managers, technical teams and other employees are the typical passengers on business aircraft – not senior executives.

A Lifeline in Disaster and Emergency

The business aviation community is not only an economic lifeline for thousands of our nation's communities; it also supports people and communities in times of crisis.

For example, in the days and weeks following Hurricane Katrina, hundreds of thousands of pounds of supplies were transported into small airports throughout the Gulf Coast region aboard business aircraft. These aircraft also were used to transport victims out of harm's way.

General aviation has snapped into action when there's a need to confront floods in the Midwest, fires in the West, or a whole host of other natural disasters. The business aviation community – working mostly on a volunteer basis – has always been quick to help assess damage, rescue those affected by these disasters, and carry in lifesaving support and supplies to the affected regions.

In addition, hundreds of GA operators carried thousands of passengers and over a million pounds of supplies to and from Haiti after the devastating earthquake there. In fact, Congress passed a resolution commending business aviation for its response to the crisis.

The ability of general aviation to provide an immediate response to a need is visible even today – over the past two weeks, general aviation has been assisting with the transportation of U.S. citizens departing from Egypt.

The people who rely on a general aviation aircraft for business are also dedicated to helping provide lifesaving flights to the communities in which they live and work. Operations like the Corporate Angel Network arrange free air transportation for cancer patients traveling to treatment using the empty seats aboard business airplanes. Angel Flight America's seven member organizations and 7,200 volunteer pilots arrange flights to carry patients to medical facilities.

Veterans Airlift Command uses business airplanes and unused hours of fractional aircraft ownership programs to provide free flights for medical and other purposes for wounded service members, veterans and their families.

Veterans Airlift Command finds volunteers in the business aviation community to fly missions on request and contribute the full cost of their aircraft and fuel for the missions flown.

ECONOMIC CHALLENGES FACING GENERAL AVIATION

Unfortunately, the people and businesses in general aviation, like other industries, are weathering one of the worst economic storms anyone has ever seen. The impact of the flagging economy on the companies and communities that rely on general aviation has been visible in all parts of the country.

During the economic downturn, we saw business aviation flying decrease by as much as 35 percent in some locations. The inventory of used airplanes available for sale reached an all-time high, with close to one in five airplanes for sale. Prices for business airplanes declined by 40 percent, and employment at leading general aviation companies fell by as much as 50 percent. While we have seen some uptick in flight activity in recent months, activity is still below the 2008 levels and experts agree that the recovery is likely to be slow and gradual over the next several years.

FAA REAUTHORIZATION AND SYSTEM MODERNIZATION

While much has changed for the industry I represent as a result of the recession, one thing has remained constant: our continued support for modernization of the nation's air traffic control system. We commend the Subcommittee for conducting this thorough examination of system modernization.

Accelerating the transition to the Next Generation air transportation system will advance important national objectives including: further reducing the industry's environmental footprint, reducing long-term costs at the FAA, enhancing safety, expanding system capacity and reducing delays.

General aviation has long been at the forefront of the modernization effort. We were early adopters of GPS navigation systems. We helped initiate the ADS-B test program in Alaska – a test program that is now the cornerstone technology of the modernization effort. We also participated in the ADS-B experiments at the Atlanta Olympics in 1996. In 2005, we supported our nation's transition to Reduced Vertical Separation Minima (RVSM), which effectively doubled our en route airspace capacity.

So, while general aviation has never been nor is it projected to be a major cause of system delays, we have a strong record of working tirelessly to expand system capacity and improve system efficiency.

In order to expedite the transition to a Next Generation ("NextGen") aviation system, there have been some discussions between government and industry on possible creative approaches to encourage investments in aircraft equipage that will streamline the system and further reduce aviation's already small environmental footprint. In the event that the Subcommittee considers such policy questions, we urge you to ensure that any such conceptual approach be equally available to all operators in the system.

Along with other industry stakeholders, we support the following principles:

1) Financial incentives must be available for both commercial and general aviation equipage;

2) Private-sector support may be leveraged for this effort;

3) There must be accountability for the federal government to minimize risk for the aviation industry;

4) The focus should be on core technologies including performance based navigation, automatic dependent surveillance - broadcast, ground based augmentation system, and data communications; and

5) The range of financial incentives must be flexible to match the different capabilities and technologies involved.

In conclusion, NBAA strongly supports passage of legislation to reauthorize the Federal Aviation Administration, and urges the House to expeditiously approve this critical legislation. A multi-year reauthorization will provide much-needed long-term direction and stability to the Federal Aviation Administration. The bill will enable the agency to do the critical long-range planning, and make the long- range investments in airport infrastructure and technology that are needed to modernize and expand the system. The time to enact a strong multi-year reauthorization bill is now.

Despite the current economic challenges facing the industry, we remain committed to aviation modernization through the following objectives:

- Modernize the aviation system to one based on satellite technology. NBAA supports transitioning to a future aviation system that is satellite-based

rather than today's ground-based navigation system.

- GA support for aviation modernization should build upon the proven, efficient fuel tax. The general aviation community has always financially contributed to the air transportation system through the payment of fuel taxes. These taxes are paid "at the pump," so there are no administrative costs for compliance. Fuel taxes should remain *the* mechanism for general aviation to help fund the FAA and contribute to system modernization.

  Past reauthorization bills helped fund the transformation to NextGen in part through an increase in the general aviation fuel tax. While no industry wants to pay additional taxes, particularly during these very challenging times, NBAA continues to support the fuel tax increase that was considered in the 111th Congress because we believe that the rapid transformation to NextGen is critically important to the vitality of the U.S. aviation system.

We are committed to working with the Congress to complete an FAA Reauthorization bill that achieves our shared goal of keeping the U.S. aviation system the safest, largest and most efficient in the world. NBAA and our Member Companies across the nation look forward to working with this Subcommittee to accomplish this vital national objective.

Thank you.

Statement for the Record of the
Professional Aviation Safety Specialists, AFL-CIO
1150 17th Street NW, Suite 702, Washington, DC 20036
Phone: 202-293-7277 Fax: 202-293-7727 www.passnational.org
Before the House Committee on Transportation and Infrastructure – Subcommittee on Aviation
On
Reauthorization of the Federal Aviation Administration: Stakeholders
February 9, 2011

The Professional Aviation Safety Specialists, AFL-CIO (PASS) represents approximately 11,000 Federal Aviation Administration (FAA) employees in five separate bargaining units throughout the United States and in several foreign locations. PASS members include Technical Operations employees (systems specialists, electronics technicians and computer specialists) who install, maintain, repair and certify the radar, navigation, communication and environmental systems making up the air traffic control system; Flight Standards and manufacturing aviation safety inspectors responsible for inspecting and certifying every aspect of the commercial and general aviation industries; flight inspection pilots, mission specialists and procedures development specialists in Aviation System Standards; examiners in the FAA's Civil Aviation Registry; and support staff. PASS appreciates the opportunity to present our views on FAA reauthorization issues vital to aviation safety, including technician and inspector staffing, FAA modernization, and aviation safety oversight.

Contract Negotiations Process

Currently, contract negotiations are at impasse in four of PASS's five bargaining units representing FAA employees in the Flight Standards, Aviation System Standards, Aviation Registry and Manufacturing Inspector District Office bargaining units. In PASS's fifth and largest bargaining unit, Technical Operations, legal proceedings that had been interfering with the resumption of bargaining were recently resolved. As such, PASS and the FAA recently reached agreement on a process to govern the parties' return to the bargaining table for all PASS bargaining units. In view of these recent developments, a permanent solution to the collective bargaining process between the FAA and its unions is clearly needed to allow the parties to develop and maintain healthy labor relations.

Following the FY 1996 Department of Transportation Appropriations Act, the FAA became exempt from most provisions of the federal personnel system under Title 5 of the U.S. Code, which required the agency to develop its own personnel management system. The FAA Reauthorization Act of 1996 established a new process for resolving certain bargaining impasses that were related to the new personnel system, but did not clearly define the types of disputes covered under the new process. While disagreement remains as to the correct interpretation of the collective bargaining process, it clearly does not provide an appropriate path to resolve collective bargaining disputes. In fact, the Federal Service Impasses Panel (FSIP) refuses to assert jurisdiction because it said the legislative language was unclear.

Legislative language is needed to ensure that FAA employees who have chosen to be represented by a union have the same basic right as every other union member in our country: the right to real collective bargaining. PASS requests that language be included in the FAA reauthorization bill aimed at repairing the collective bargaining process at the FAA. Specifically, PASS believes that the FSIP should have jurisdiction over the FAA and that binding arbitration before an impartial board of experienced arbitrators is the preferred method of resolving bargaining impasses.

FAA Technical Staffing

The largest PASS bargaining unit is the Air Traffic Organization (ATO) Technical Operations unit, consisting of technical employees who install, maintain, repair and certify the radar, navigation, communication and environmental systems making up the air traffic control system. Insufficient technical staffing continues to be a chronic problem at facilities throughout the country. For the majority of time over the past several years, the FAA has been below its required minimum safe number of 6,100 technical employees. In fact, some facilities are staffed at less than half of what the facility's workload generates. This makes daily operations difficult and results in more unplanned outages and an increase in restoration times.

The understaffing of the technical workforce is further exacerbated by the agency's inability to accurately determine the right number of employees and job skills needed to safely and efficiently maintain the National Airspace System (NAS). Currently, the FAA does not have a staffing standard or model that can accurately determine the number of trained FAA technicians needed to maintain the legacy systems as it transitions to the Next Generation Air Transportation System (NextGen). A recent Government Accountability Office (GAO) report indicated that the FAA is lacking in several areas in terms of technician workforce planning and, as such, "may be limited in its ability to plan effectively for the right number of technicians with the right skill sets, both now and in the near term."[1] Both PASS and the GAO are especially concerned with the FAA's lack of a staffing model and the fact that it has not developed succession plans to prepare for impending technician retirements. Using data from the Office of Personnel Management's Central Personnel Data File, the GAO found that 23 percent of technicians on staff at the end of FY 2009 would be eligible for retirement in 2010, 31 percent would be eligible for retirement in 2015 and over 50 percent in 2020. If retirements continued at their current rate, with an average of 236 technicians retiring annually from 2005 through 2009, the FAA could face over 500 retirements in FY 2015 and approximately 900 in FY 2020. Even more foreboding, according to the FAA's own analysis, 686 full-performance-level technicians with multiple equipment certifications will be eligible to retire by the end of FY 2011.[2]

The GAO has stated that a National Academy of Sciences study of the assumptions and methods the FAA uses to estimate technician staffing needs "could help address FAA's staffing

[1] Government Accountability Office, *Federal Aviation Administration: Agency Is Taking Steps to Plan for and Train Its Technician Workforce, but a More Strategic Approach is Warranted,* GAO-11-91 (Washington, D.C.: October 22, 2010), p. 11.
[2] Id., p. 14.

approach."[3] PASS supports including language in the FAA reauthorization legislation directing the National Academy of Sciences to examine the staffing needs of the technician workforce.

FAA Inspector Staffing

PASS represents approximately 2,900 Flight Standards field aviation safety inspectors and 150 Manufacturing Inspection District Office (MIDO) aviation safety inspectors who are responsible for certification, education, oversight, surveillance and enforcement of the entire aviation system. PASS is extremely concerned that inspector staffing levels are still not adequate to meet growing industry demands and ensure the safety of the aviation system, and nearly half of FAA inspectors are eligible to retire in the next four years.[4] With the increased outsourcing of aircraft maintenance work in this country and abroad, the growing number of aging aircraft, the emergence of new trends in aviation (such as very light jets, unmanned aircraft and regional carriers), the increasing number of aviation manufacturers and the expansion of the FAA's designee programs—all of which require additional inspector oversight—it is imperative that there are enough inspectors in place to monitor the safety of the system.

PASS has indicated on numerous occasions the vital importance of having a sufficient number of inspectors with the ability to conduct onsite surveillance of the aviation industry. It is critical that the FAA work to maintain the proper combination of technology and human involvement because nothing can replace the skill and expertise of the aviation safety inspector. In fact, during a speech at the Aero Club, FAA Administrator J. Randolph Babbitt indicated his belief that it is important to find the right balance of inspectors, stressing that "the machine can't replace the human in the loop."[5] Furthermore, a Department of Transportation Inspector General (IG) investigation has drawn attention to the importance of performing verification work at air carriers rather than just reviewing inspector records and data.[6]

In the last FAA reauthorization bill passed by Congress, there was language included asking the National Academy of Sciences to establish a staffing standard for FAA inspectors. The Academy has completed this staffing standard and the FAA is currently finalizing its staffing model. In order to ensure adequate inspector staffing and oversight of the aviation industry, PASS requests that language be included in the FAA reauthorization bill requiring the FAA to staff according to its inspector staffing model.

Oversight of Foreign Repair Stations

FAA aviation safety inspectors represented by PASS have serious concerns regarding the level of oversight of foreign repair stations, and inspectors inform PASS that serious safety issues are not being addressed. While much maintenance work was once done at the air carrier's facility,

---

[3] Id., p. 18.
[4] Government Accountability Office, *Federal Aviation Administration: Human Capital System Incorporates Many Leading Practices, but Improving Employees' Satisfaction with Their Workplace Remains a Challenge*, GAO-10-89 (Washington, D.C.: October 2009), p. 7.
[5] Babbitt, J. Randolph, "Focus and Vision: Moving Forward." Speech delivered at the Aero Club, Washington, D.C., January 26, 2010. Available at: www.faa.gov/news/speeches/news_story.cfm?newsId=11124.
[6] Department of Transportation Inspector General, *FAA's Oversight of American Airlines' Maintenance Programs*, AV-2010-042 (Washington, D.C.: February 16, 2010), p. 14.

according to the IG, major air carriers outsourced an average of 63 percent of their maintenance expenses in 2009, compared to 37 percent in 1996.[7] In addition, the IG found that these carriers sent 71 percent of their heavy airframe maintenance checks—including performing complete teardowns of aircraft—to repair stations in 2007, up from 34 percent in 2003. Foreign repair stations performed 27 percent of outsourced heavy maintenance checks for these nine air carriers in 2007, up from 21 percent in 2003.[8]

On numerous occasions, the regulations governing foreign repair stations have also been called into question. For example, as opposed to domestic airline or repair station employees, workers at contract foreign repair stations are not required to pass drug and alcohol tests. Foreign repair stations that want to work on U.S.-registered aircraft or any aircraft that operate in this country, should be required to meet the same safety standards as domestic repair stations. As such, PASS believes that language should be included in the FAA reauthorization legislation requiring all certificated foreign repair stations be inspected at least twice a year by an FAA inspector and that all workers working on U.S. aircraft at foreign repair stations be drug and alcohol tested.

Certificated Repair Facilities

With airlines increasing their use of outsourced maintenance work, there has been a significant increase in the use of non-certificated repair stations. "Non-certificated" means that the repair facility does not possess a certificate issued by the FAA to operate under Federal Aviation Regulation Part 145 and is therefore not subject to direct FAA oversight. A certificated repair station meets the standards as outlined in the Federal Aviation Regulation and is therefore subject to direct FAA oversight to ensure that it continues to meet those same standards. The differences in regulatory requirements and standards at the two facilities are extremely troubling. For example, in an FAA-certificated repair station, it is required that there be designated supervisors and inspectors and a training program. These items are not required at non-certificated repair facilities.

Effective oversight of non-certificated repair facilities gained attention in the aftermath of the January 2003 Air Midwest crash in Charlotte, N.C. The National Transportation Safety Board determined that incorrect rigging of the elevator system by a contractor contributed to the accident and pointed to "lack of oversight" by Air Midwest and the FAA.[9] The airline contracted out the work to an FAA-certificated repair station, which then subcontracted to a non-certificated repair facility. Under federal regulations, the airline is ultimately responsible for ensuring that the work is performed in accordance with FAA standards and requirements.

According to the IG, the FAA does not know how many non-certificated maintenance facilities air carriers currently use, but the IG identified "over 1,400 non-certificated repair facilities performing maintenance and more than 100 of these facilities were located in foreign

---

[7] Department of Transportation Inspector General, *Actions Needed To Improve Safety Oversight and Security at Aircraft Repair Stations,* CC-2010-005 (Washington, D.C.: November 18, 2009), p. 2.
[8] Id., p. 3.
[9] National Transportation Safety Board, *Loss of Pitch Control During Takeoff, Air Midwest Flight 5481, Raytheon (Beechcraft) 1900D, N233YV, Charlotte, North Carolina, January 8, 2003,* Aircraft Accident Report NTSB/AAR-04/01 (Washington, D.C.: 2004), p. x.

countries."[10] The IG also discovered that there are no limitations to the amount and scope of maintenance work non-certificated facilities can provide. The IG concluded that these facilities are performing far more work than minor services, including much of the same type of work FAA-certificated repair stations perform, such as repairing parts used to measure airspeed, removing and replacing jet engines, and replacing flight control motors. Some of these non-certificated facilities are even performing critical preventative maintenance. In order to properly oversee the increasing amount of air carrier maintenance work being outsourced, PASS believes that language should be included in the FAA reauthorization legislation requiring all air carrier maintenance work (essential, regularly scheduled or required inspection items) only be performed by an FAA-certificated repair station.

Stakeholder Involvement in NextGen

The FAA continues to work toward modernizing the NAS through development and deployment of NextGen. As the agency moves forward with its plans, it is critical that FAA employees play an active role in these efforts. Involving the employees who use and operate the systems in the development of those systems greatly improves the final product, resulting in safer systems, smoother deployment and less cost—especially FAA technicians who are extremely knowledgeable of every aspect of the NAS and how each system affects every other system.

At a 2008 hearing before the House Committee on Science and Technology, the GAO emphasized the importance of involving FAA stakeholders, such as FAA technicians, in the implementation of any new project, stressing that stakeholders will play a key role in implementing NextGen. In fact, the GAO specifically stated that FAA technicians are not playing a large enough role. "Although air traffic controllers and technicians will be responsible for a major part of the installation, operations, and maintenance of the systems that NextGen will comprise, our work has shown that these stakeholders have not fully participated in the development of NextGen. Insufficient participation on the part of these employees could delay the certification and integration of new systems and result in increased costs, as we have seen in previous ATC [air traffic control] modernization efforts."[11]

It is also critical to emphasize the importance of specifically involving PASS representatives in modernization efforts. While the agency sets the qualifications of team members to serve on specific projects, the union selects volunteers among its members who meet those core qualifications to represent the union. As such, agency-appointed employees are restricted by the limitations of the employer-employee relationship when working on a program or project. An agency-appointed employee may be able to raise an issue, but only to a certain point. It is well known that FAA employees are reluctant to call attention to problems or concerns due to fear that it will put their careers in jeopardy. Given this environment, it is unlikely that FAA employees will bring up problems or concerns when working on a project. On the other hand, a PASS representative working on the same program can, and will, raise the issue repeatedly until the problem is addressed. Under federal labor law (U.S.C. Sec. 7102), employees are protected

[10] Department of Transportation Inspector General, *Aviation Safety: FAA's Oversight of Outsourced Maintenance Facilities*, CC-2007-035 (Washington, D.C.: March 29, 2007), p.13.
[11] Government Accountability Office, *Next Generation Air Transportation System: Status of Key Issues Associated with the Transition to NextGen*, GAO-08-1154T (Washington, D.C.: September 11, 2008), p. 7.

against threats, intimidation or coercion when working on behalf of a union. This protective umbrella that employees are given when they participate on behalf of PASS is incredibly important to the process. When the employee knows that they can pursue a critical problem without fear of reprisal, it allows them to be as open and forthright as the situation calls for in order ensure that the problem is properly identified and corrected. This includes having the ability to apprise Congress of problems that the FAA may choose not to mention otherwise. Without a doubt, it is imperative that Congress maintain the option of getting critical program information from a source that is independent of the FAA.

FAA technicians possess the skills and field experience needed to identify problems before the systems are deployed, and the FAA *needs* this expertise in order to field systems that are cost effective and safely meet the operational requirements of the NAS. PASS acknowledges that the FAA has begun including PASS representatives in modernization programs under Administrator Babbitt. However, considering the impact such undertakings can have on the aviation system as a whole, PASS supports including language in the FAA reauthorization legislation that requires the FAA to consult with stakeholders in the development of NextGen projects.

Similar to development and implementation of NextGen systems, it is imperative that the FAA consult stakeholders when considering plans to consolidate and realign air traffic control facilities. While the FAA emphasizes the money-saving aspects of consolidation, all aspects of the process and impacts of any actions must be considered prior to making a decision. For instance, in some cases, the consolidation of a facility does not necessarily mean the consolidation or relocation of the associated work. In these cases, consolidation may mean only increasing the distance between employees and the work as equipment and systems are maintained by employees located at other facilities. The GAO has expressed concern with the FAA's consolidation process, stating that "any such consolidations must be handled through a process that solicits and considers stakeholder input throughout, and fully considers the safety implications of any proposed facility closures or consolidations."[12] PASS fully supports including language in the FAA reauthorization legislation that establishes a working group including union employee representatives to develop criteria and make recommendations for the consolidation and realignment of FAA facilities.

Conclusion

PASS is looking forward to working with this committee to ensure the safe and efficient modernization of this country's aviation system. The highly trained and skilled employees represented by PASS are invaluable to the FAA's ability to fulfill its mission of protecting aviation safety and the flying public. PASS and the bargaining unit employees we represent are hopeful that this committee will enact significant legislation that will promote positive labor-management relations, protect the work performed by FAA employees and ensure that safety of the aviation system is always the top priority.

[12] Government Accountability Office, *Next Generation Air Transportation System: Progress and Challenges in Planning and Implementing the Transformation of the National Airspace System,* GAO-07-649T (Washington, D.C. March 22, 2007), p. 12.

○