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Submitted to the

Committee on Commerce, Science, and Transportation

Aviation Operations, Safety, and Security Subcommittee

U.S. Senate

Concerning

FAA Reauthorization, Perspectives of Aviation Stakeholders

May 13, 2009

Statement Highlights:

1. The Nation's Aviation system needs modernization on an expedited basis and there are actions that should be taken immediately to foster implementation.
2. The Nation's Air Traffic Controllers are crucial to aviation safety and modernization efforts, and need a fair agreement in place as soon as possible.
3. A four year FAA Reauthorization is needed to insure efficient and effective investment in air traffic control modernization and the fulfillment of FAA's mission.
4. Continued support of the FAA through general fund contributions 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.
5. Funding approaches, such as those suggested for FY 2011 in the Administration's budget request involving user fees leading to commercialization of air traffic control create new bureaucracies, disincentives to utilize a system dedicated to safety for all who fly, prove devastating to general aviation where tried and have historically slowed down the process of advancing a critically important aviation agenda in Congress.
6. The Senate's leadership in setting a four year agenda for the nation's air transportation system has never been more critical.

The Aircraft Owners and Pilots Association (AOPA) is a not-for-profit individual membership organization representing more than 414,000 members, which is 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 the more than 13,000 privately owned landing facilities is a unique national resource. In a poll conducted on election night last November, more than 60 percent of American voters said they understood that general aviation (all flying other than military or commercial airlines) is a vital part of America's transportation system. Each year, 170 million passengers fly using personal aviation, the equivalent of one of the nation's major airlines, contributing more than \$150 billion to U.S. economic output, directly or indirectly, and employing 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 impacted by the economic downturn. More than 13,000 jobs have been lost nationally. Sales of aviation gasoline, the life blood of light aircraft flying, saw a 19 percent decline from February 2008 to February 2009. Flight training has slowed, with a 24 percent reduction in student pilot certificates issued from March 2008 to March 2009, and there is a six percent reduction in the number of private pilot certificates issued in 2008, the lowest since 1984. Another indicator of the downturn is the number of airplanes flying through the system. According to the FAA's traffic statistics, general aviation flew 13 percent fewer flights at airports with operating control towers.

Just last week, the General Aviation Manufacturers Association announced in the first three months of 2009, deliveries of general aviation airplanes dropped 41.4 percent from the same period last year. The piston aircraft segment was down 55.1 percent and business jet shipments fell 35.7 percent. The turboprop segment was the only segment that increased, up 3.4 percent during the same period in 2008.

Long Term FAA Funding Needed

A four-year FAA authorization bill and the certainty it provides is 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 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 good and difficult times over the last 50 years. Aviation fuel taxes collected at the pump and ticket taxes collected at the counter, combined with a healthy contribution from the general tax fund, remain the best way to pay for the nation's aviation system and avoid an unfair burden on general aviation and costly new bureaucracy.

Just prior to establishing the FAA's Airport and Airway Trust Fund in 1969, Congress recognized that a general fund contribution is necessary. Nearly 40 years ago, they observed that, "there are others who are indirectly benefited by air transportation because of the non-aviation employment which air transportation generates."

The use of General Fund investment in transportation is consistent in other areas of the federal budget. For example, the waterway system receives 75 percent of its funds from general taxpayers. Amtrak receives more than 40 percent from the General Fund, and even highways received \$8 billion from the General Fund this past year.

The current sharp economic downturn is affecting all sectors of the economy, and year-to-date data show that the revenue stream to the Aviation Trust Fund is no exception. Although Trust Fund tax receipts for FY2008 came in about as projected at roughly \$12 billion, Trust Fund receipts for FY2009 are forecast to drop to \$11.3 billion. The revenue stream is likely to begin to improve in 2010 to \$11.7 billion. 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.

What are the implications of this? The situation clearly bears watching, but the Committee should anticipate a need for a larger General Fund contribution to FAA's budget, probably in the neighborhood of 25-30 percent in 2009--still well within historical norms. The average General Fund contribution to the Aviation Trust Fund since 1982 has been 32 percent and over the last eight years has averaged 22 percent. In 2008, that contribution was about 20 percent and in 2009 it is 25 percent. The President's 2010 budget proposes a General Fund contribution of approximately 25 percent. We encourage the Committee to include a General Fund contribution of no less than 25 percent annually.

Congress has wisely recognized that a federal aviation network is only possible by using tax revenues from various parts of the system for financial support. As an illustration of how this is similar to other modes, if federal highways had been built in only those states that have contributed since 1956, the Interstate and U.S. highway system would exist in only 15 states! Drivers in Wisconsin, New Jersey, Tennessee, California, Missouri, Florida, Ohio, Georgia, Michigan, South Carolina, North Carolina, Oklahoma, Indiana and Texas have "subsidized" federal-aid highway construction in 35 other states and the District of Columbia.

AOPA strongly supports the financing approach of using the time-tested system of passenger transportation and aviation fuel taxes in combination with general fund tax revenues to support the FAA and the aviation system.

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. Even though economic times are worse now than one year ago, and the United States is going through the worst economic crisis since the Great Depression, AOPA members continue to support the agreed-to increases in the general aviation fuel taxes which would achieve additional revenue to the Aviation Trust Fund for air traffic control modernization in lieu of user fees. We encourage the Committee to expeditiously approve legislation following that framework.

We are disappointed that the Administration's FY2010 Budget Revenue Proposal assumes that the air traffic control system will be funded with direct charges levied on users of the system beginning October 1, 2011 and that aviation excise taxes will be commensurately reduced.

Looking Ahead on Air Traffic Control Modernization

Aviation in America is growing in size and diversity in both the civilian and military sectors. New technologies have resulted in engine and airframe enhancements that have sparked the introduction of several new general aviation airplane designs. Meanwhile, the Department of Defense has increased their use of unmanned aircraft, resulting in the need for the FAA to accommodate their operations without affecting current airspace users.

In late January the FAA released their ten-year (mid-term) plan for NextGen, called the NextGen Implementation Plan (NGIP), outlining key projects and activities that the FAA wants to complete by 2018. It is encouraging that the FAA plan includes the proliferation of much needed precision approaches at thousands of general aviation airports, and the FAA intends to improve services at small airports, upgrading the level of ATC services to nearly the same quality as those found only at large hub airports. However, the ten-year plan also recommends policy changes that raise concerns about general aviation's access to airports and airspace.

AOPA supports and is participating in the recent FAA initiative to create an industry Task Force to review Next Generation Implementation Plan, and identify areas of agreement on priorities. We urge this Subcommittee to track the progress made by the task force and we ask that you consider monitoring the FAA response, to ensure that the recommendations are accepted and addressed. Because the Task Force is asked to look at the near-term and mid-term timeframe, quick action will be needed by the FAA, industry and Congress to remove any of the identified roadblocks and address the critical policy issues.

ATC Modernization

AOPA believes that the Congress should require the FAA to develop plans for the next five years that will help implement existing modernization efforts and lay the groundwork for others under development. It is also necessary for this Subcommittee to maintain a high degree of oversight to ensure that the plans continue to proceed.

AOPA has identified three modernization efforts that can be implemented in the next 5-8 years.

- 1. Commit to 500 Precision Wide Area Augmentation System (WAAS) approaches annually –** An exciting example of a new technology that efficiently improves safety and enhances access to airports across the country is WAAS. Because of WAAS, more than 340 airports are accessible with precision approaches for the first time, and 785 runways now support all-weather access. In fact, there are now more precision WAAS LPV approaches published than the much more expensive Instrument Landing System (ILS). However, more WAAS approaches are needed, and if the FAA develops 500 WAAS approaches per year, many more communities will have improved access to the aviation system.
- 2. Modify procedures and policies to improve GPS use for navigation—**The FAA has greatly enhanced navigation by enabling pilots to use the Global Positioning System (GPS) and WAAS. However, pilots flying throughout the country continue to be assigned routes and clearances that follow the zigzag ground path of the 1960's and 1970's ground based navigation systems such as Very High Frequency Omni Range (VOR). This is inefficient, wasting time and increasing fuel consumption.

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 throughout the entire country. This includes the publication of low-altitude airways through congested airspace and a much greater use of direct-to navigation. Navigation along the east coast of the United States remains largely as it was two decades ago, and the voluntary equipage by general aviation could be more fully utilized with a comprehensive overhaul of routes flown by our membership. In addition, pilots should not be required to rely on VORs or other ground based navigation for departure from general aviation airports. The FAA should design new, easy to use departures that can be flown using a GPS and that offer multiple departure directions. Finalizing the transition of our airspace so that it fully supports GPS navigation will deliver the added benefits that motivates pilots to continue their voluntarily transition to satellite navigation.

3. Identify and implement incentives that encourage ADS-B adoption and equipage--For the longer term, Automatic Dependant Surveillance-Broadcast(ADS-B) will require extensive investments in ground and air borne equipment as the FAA shifts from a ground based radar system, to one relying on GPS and ADS-B transmitters installed in aircraft. Unfortunately, ADS-B does not share the same good news equipage story associated with GPS navigation. Instead, our members tell us that ADS-B incentives are difficult to identify and the investment costs are excessive.

The FAA must define an acceptable approach to move ahead, one that addresses the benefits, costs and the schedule for the future. As you know from our previous testimony during the economic recovery efforts, one near term way to facilitate this would be for Congress to approve a pilot program that provides for reimbursement or tax incentives to aircraft owners for ADS-B equipment installations on aircraft involved in evaluations and demonstrations. The FAA can also take steps to increase general aviation pilot access to the services and information enabled with ADS-B. The current FAA plan is to provide ADS-B services in the same geographical footprint as today's radar coverage. As you are likely aware, thousands of general aviation airports are outside radar coverage, and may never benefit from ADS-B unless this strategy is changed.

Air Traffic Control Modernization Has Limits; Airport Improvements and Adequate Airport Funding are also Critical to Aviation Growth

Context is also important when discussing NextGen. Without a doubt, incorporating new technology will improve the air traffic control system, but it takes time and there is a limit to the amount of improvement and capacity enhancements that modernization brings. In fact, as I travel to general aviation airports across the nation, I am constantly reminded that airports are as critical to the aviation transportation system as on-and-off-ramps are to our federal highway system. Federal airport funding should be no less than \$3.8 billion.

Repeatedly, I find communities enthusiastic about airport expansions that produce immediate jobs as well as renewed opportunities in the community for economic growth. My staff reviews news headlines across the country and the economic recovery funding is making a difference at general aviation airports, and is proving that Congress understands the value of local airports. It is important to note that all of the new technology and capabilities will be underutilized unless pilots have a place to take off and land. America's airports foster air transportation and a discussion about modernization cannot be complete without an integrated plan for airport improvements. General aviation facilities are an important part of the U.S. infrastructure and should not be left out of any infrastructure initiative.

Registration Fees Impact General Aviation

The House FAA reauthorization bill, H.R. 915, includes significant increases in various FAA fees for aircraft and airman registration. Many of these fees have not been increased since 1963. Based on an analysis conducted by AOPA in 2007, many of these adjusted fees would be similar, or in the range of those imposed on automobiles and boats. However, many members objected to establishing a new \$42 fee for issuing an airman's medical certificate. Unique to aviation, the FAA requires each Aviation Medical Examiner to not only evaluate an airman's medical condition, but also to process and transmit the completed medical application and approval package to the FAA, and the medical examiner currently recovers the costs associated with this service. Therefore, AOPA questions the extent to which the FAA incurs any additional expenses to simply file airman medicals, and therefore we do not believe an FAA medical issuance fee is warranted.

Aviation and the Environment

It is important that the Department of Transportation and the FAA be involved in environmental issues that affect aviation. AOPA urges the Committee to ensure that the FAA is prepared to address proposed policies, regulations and standards that target aviation gasoline, greenhouse gas emissions, and aircraft noise. It is also important that the FAA continue supporting efforts by the aviation industry to identify an unleaded replacement for aviation gasoline.

FAA Administrator Will Play Vital Role in Aviation's Future

This Committee is well aware how important strong leadership is for the FAA. The FAA must respond to the challenges being faced by the aviation industry and ensures that the air transportation system continues its role in the economic revitalization of the country. AOPA believes that the next Administrator must make unifying the aviation community a priority.

Conclusion

On behalf of the members of AOPA, thank you for your leadership in examining the need for action on the FAA Authorization legislation. We urge you to move expeditiously in approving a four-year bill that provides support for federal investments in safety, modernizing the air traffic control system, FAA operations, airport improvements and aviation research efforts. We endorse the financing mechanism of using the time-tested system of passenger transportation and the agreed to increases in general aviation fuel taxes in combination with general fund tax revenues to support the FAA and the aviation system.