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 11, 2009

Good morning. My name is Craig Fuller, and I am President and Chief Executive Officer of the Aircraft Owners and Pilots Association (AOPA), a not-for-profit individual membership organization representing more than 416,000 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.

We appreciate the opportunity to offer testimony at this hearing early in the new Congress because the enactment of long-term (four years) Federal Aviation Administration (FAA) authorization legislation is a top priority for AOPA and our members.

Current Economic Climate

The general aviation community, like many other parts of the aviation industry has been adversely impacted by the economic downturn. Sales of aviation gasoline, the life blood of light aircraft flying, is down by 12 percent. Flight training has slowed, with a more than 12 percent reduction in student pilot certificates issued for the first half of last year 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.

Over the past several months tens of thousands of manufacturing workers have been laid off from aircraft and parts production plants, and factories. Well known companies such as Cessna, Hawker/Beechcraft and Piper have all announced layoffs and have scaled back their rates of production. Mooney Aircraft has scaled back dramatically and is in "super hibernation," and last month while in Duluth, Minnesota, I saw firsthand the adverse effects of the economy on Cirrus aircraft.

Economic Stimulus Welcome First Step

This Committee with your leadership Mr. Chairman and this Congress through the passage of H.R. 1 have recognized the contribution aviation makes to the economic viability of this country and our members are grateful. Investing in aviation infrastructure with $3 billion in AIP will put people to work, help local communities, and encourage more economic investment.

There are plenty of "shovel ready" aviation projects out there and this money will benefit airports of all sizes and will undoubtedly provide needed stimulus to both large cities and rural communities in all 50 states. Certainly this Committee recognizes that it not just construction that will help aviation survive the economic downturn.

Charting new WAAS approaches and adding lights and runway markings will increase the safety and utility of GA airports by giving them satellite-based precision approaches, which will make them stronger engines of economic activity in smaller communities.

Perhaps the silver lining in this economic downturn that has resulted in decreased flight activity and reduced congestion, is the opportunity to modernize the aviation system and get ahead of an upturn in flying. If we invest wisely, the system will be prepared for the economic turn-around.

Aircraft Equipage Key to Air Traffic Control Modernization

We also believe federal assistance for aircraft avionics can help "jump start" the technology for implementing air traffic control modernization (Next Generation Air Traffic Control or NextGen). For nearly two decades the FAA has been in the process of migrating from a ground-based air traffic control system to a satellite based system that relies on the Global Positioning System (GPS) for navigation, aircraft position and precision timing.

While the specifics of the FAA's rulemaking for implementing the Automatic Dependant Surveillance-Broadcast (ADS-B) system that replaces ground based radar with GPS signals as the primary means of air traffic surveillance are still being refined, it is clear that aircraft owners will need new avionics.

In fact, much of the FAA's NextGen plan hinges on the installation of a new generation of electronics in nearly all aircraft. The result, aircraft equipment upgrades will be at least as much, if not more, than the FAA's upgrades for air traffic control modernization over the next two decades. That is why we have been a supporter of the industry-wide effort to have the stimulus legislation include an FAA grant program for these types of investments. This is also an important element that should be included in the FAA authorization legislation.

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.

AOPA members were extremely pleased by your leadership Mr. Chairman and Members of this Committee during the FAA Reauthorization debate in the last Congress that led to an agreement not to impose user fees – everybody knows how concerned our members are about user fees. AOPA strongly supported the financing approach contained in H.R. 2881 of using the time-tested system of passenger transportation and general aviation fuel taxes in combination with

general fund tax revenues to support the FAA and the aviation system. AOPA members continue to support the agreed-to increases in the aviation fuel taxes. We encourage the Committee to expeditiously approve legislation following that framework.

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. Specifically the plan suggests transitioning away from today's first-come/first-served airspace philosophy, into a new paradigm of best equipped/first-served. Implementation plans for such a policy shift will require full participation from AOPA and the entire aviation industry to avoid conflict.

The FAA has wisely created an industry Task Force to review the 10-year plan to identify areas of industry consensus on the FAA's NextGen plans. In the past, the absence of this type of planning has resulted in unresolved issues.

Finally, context is important when discussing Next Gen. While incorporating new technology will improve the air traffic control system, it takes time and there is a limit to the amount of improvement and capacity modernization brings.

Investment and Protections for Airports

As I travel to 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.

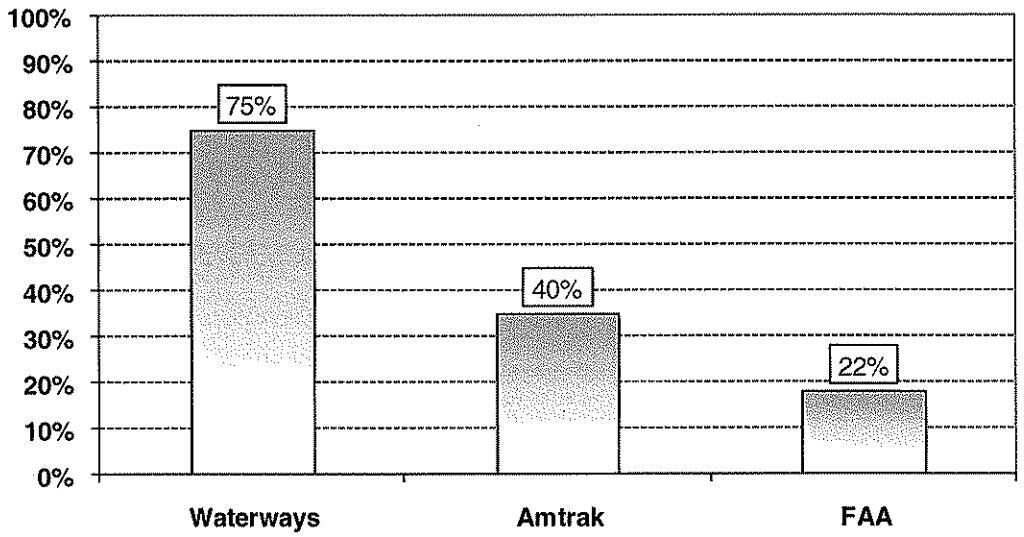
Repeatedly, I find communities enthusthiastic about airport expansions that produce immediate jobs as well as renewed opportunities in the community for economic growth. The importance of airports and runways was illustrated recently when the FAA commissioned new runways at three major airline airports, greatly increasing capacity and improving efficiency for the aviation system. Of course, it is not just airline airports that serve economic growth. General aviation facilities are an important part of the U.S. infrastructure and should not be left out of any infrastructure initiative.

AOPA appreciates the work of this Committee to fend off threats to critical aviation infrastructure by a robust federal airport grant program. The FAA should continue proactive efforts through its policies and enforcement of federal airport grant provisions to protect the aviation infrastructure.

Aviation Excise Taxes Combined with a General Fund Contribution Work
Historically, Congress has used a system of passenger transportation and general aviation fuel taxes in combination with general fund tax revenues to support the FAA and the aviation system. 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." We encourage the Committee to include a General Fund contribution of no less than 25 percent annually.

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.

Percent of Total Budget Paid by Taxpayers Through the General Fund



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 (AATF) 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 $11.25 billion. The revenue stream is likely to begin to gradually improve in 2010. 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 or $2.9 billion.

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 "their fair share" 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.

Registration Fees Impact General Aviation

Although not a topic of much discussion in consideration of H.R 2881, the legislation included 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. This research was specifically covered in Section 911 of last year's bill and we request that it be included in the legislation.

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 espond 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. In addition, the FAA Administrator should also have technical and people-management, including labor relations skills, combined with an understanding of the aviation industry and should have the political acumen necessary to lead the organization.

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 similar to that contained in H.R. 2881 approved by the House in the 110th Congress.

Thank you for the opportunity to appear before this Subcommittee.