



AIRCRAFT OWNERS AND PILOTS ASSOCIATION

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**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 revenues¹ 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

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.

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.

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 provision² 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

² H.R. 915, 110th Congress, section 105(a)-(c).

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.
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.

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Craig L. Fuller has enjoyed an extensive and varied career in public service, government affairs, public policy, and association management. He served in both the Reagan and first Bush administrations before moving into government affairs consulting and later into association leadership, heading the National Association of Chain Drug Stores before accepting his current position as President and CEO of the Aircraft Owners and Pilots Association (AOPA). He is an active pilot with more than 40 years aviation experience. He owns and operates a Beechcraft Bonanza A36 and flies numerous other aircraft, including a Cessna Citation jet, for both business and personal transportation.

Education

M.A., Urban Planning, Occidental College	1974
Fellowship, Coro Foundation	1974
B.S., Political Science, University of California Los Angeles	1973

Professional Experience

Aircraft Owners and Pilots Association President and CEO	2009-Present
APCO Worldwide Executive Vice President	2007
The Fuller Company LLC Chairman and CEO	2006
National Association of Chain Drug Stores President and CEO	1999

Korn/Ferry International Managing Partner	1996
Philip Morris Companies Inc. Senior Vice President	1992
Wexler, Reynolds, Fuller, Harrison, Schule Inc. President	1989
President-Elect George Bush Transition Co-Chairman	1988
Office of Vice President George Bush Chief of Staff	1985
Office of President Ronald Reagan Assistant to the President for Cabinet Affairs	1981
Deaver & Hannaford Vice President	1977
Pacific Mutual Manager, Public Affairs	1974

Memberships

Aircraft Owners and Pilots Association, Board of Trustees
U.S. Chamber of Commerce, Board of Directors and Executive Committee
Stillwater Mining Corporation, Board of Directors
PharmMD, Board of Directors

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
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Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

Craig Fuller

(2) Other than yourself, name of entity you are representing:

Aircraft Owners AND Pilots ASSOCIATION

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

NONE

Signature



Date

2/7/2011