

Testimony of Peter J. Bunce
President & CEO, General Aviation Manufacturers Association
Hearing on FAA Reauthorization
House Subcommittee on Aviation
Rayburn HOB Room 2167
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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.

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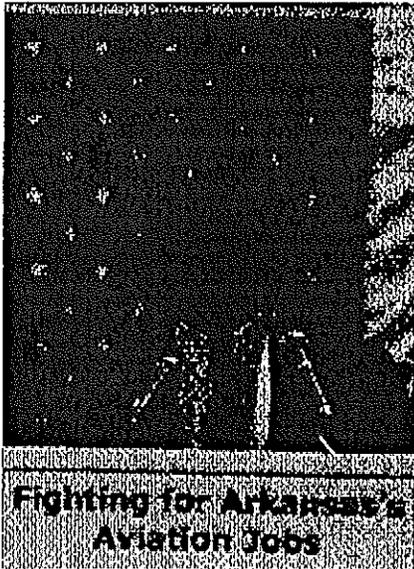
In April 2005, Peter (Pete) Bunce became President and CEO of the General Aviation Manufacturers Association (GAMA) which is headquartered in Washington, D.C. with additional offices in Brussels, Belgium. He and the GAMA staff travel worldwide engaging regulators, policymakers and elected officials to promote general aviation and advance the interests of GAMA's international membership of more than 65 airframe, avionics, engine and component manufacturers.

Pete retired from the United States Air Force in March 2005, with his last assignment as the Director of the Air Force Congressional Budget and Appropriations Liaison. During his 26 year Air Force career, Pete flew F-15s and A-10s, while commanding several large operational fighter units.

A Wisconsin native, Pete learned to fly as a teenager in the skies over southern Wisconsin. He entered the Air Force in 1979 as an honor graduate of the United States Air Force Academy. He received his master's degree in International Affairs from Troy State University in 1988 and was an International Affairs Fellow at Harvard University in 1996-97.

Pete is an active pilot with more than 5,800 hours in military fighter and training aircraft as well as civil piston, turboprop and business jet aircraft. He holds an FAA airline transport certificate in addition to seaplane and business jet type ratings. Pete serves on the board of directors of Mercy Medical Airlift, Veterans Airlift Command, the International Council of Airshows, the Aviation Accreditation Board International and Build a Plane. He is also a trustee of the Air Force Academy Falcon Foundation.

Pete was named the 2007 Aviation Industry Leader of the Year by the Living Legends of Aviation. In December 2009, Pete was awarded the ICAS Sword of Excellence, the air show industry's premier annual award. In January 2010, he was inducted as one of the seventy Living Legends of Aviation. Pete and his wife Patty reside in Arlington, Virginia and have six children.



COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

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: *Peter J. Bance*

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

Peter J. Bance

Signature

2/9/11

Date