
Statement For The Record
“FAA Reauthorization: Air Traffic Control Modernization and Reform”
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May 19, 2015

Chairman Thune, Ranking Member Nelson, members of the Commerce Committee, thank you for the opportunity to submit comments for the record on the Committee’s review of air traffic control reform. My name is Thomas L. Hendricks and I serve as President and CEO of the National Air Transportation Association (NATA).

NATA represents the interests of the general aviation business community before the Congress as well as federal, state and local government agencies. Representing nearly 2,300 aviation businesses, NATA’s member companies provide a broad range of services to general aviation, the airlines and the military. Our members range in size from large companies with international presence to smaller, single-location operators that depend exclusively on general aviation for their livelihood. Smaller companies account for the majority of NATA’s membership and most of our members have fewer than 40 employees and are designated as small businesses by the U.S. Small Business Administration.

We understand the major reauthorization issue the Committee must address this year is whether and how we might alter the FAA's organization and funding stream. This is certainly an appropriate discussion to have in light of the recent sequesters, government shutdown and criticisms of the FAA’s modernization plans. As the Committee looks at this very important issue, NATA shares many of the core reauthorization principles outlined by FAA Administrator Huerta -- particularly the need to maintain our system’s excellent safety record. I have had the opportunity to captain passenger aircraft all over the world and I can tell you that there is no air traffic control system in the world that compares with ours, and certainly nowhere else in the world that compares with the challenges of managing the airspace in the U.S. northeast corridor. While we should support the injection of more private sector practices into the FAA, it is important how we manage any changes to the agency in order to maintain a stable, safe and efficient system that protects access for all users of our system. We should begin by determining whether the issues identified as needing reform can be addressed within the current construct.

NATA believes the Committee should build on its excellent work begun in the last reauthorization and continue to assist the agency toward a more efficient operating structure. We believe it is possible to develop and deploy cutting-edge technology within the government structure and this is already occurring at the FAA. But, like other stakeholders, we believe more remains to be done. As Administrator Huerta has noted, the FAA must continue to foster a culture of innovation and efficiency. So if the question is whether the agency can efficiently deploy and certify cutting-edge technology, then let us provide the agency with the flexibility it needs in order to make that happen.

In a discussion I had with one of the leading proponents of an alternative ATC structure, I identified another government agency that develops and deploys cutting edge technologies. The response was a horrified, "The FAA could never manage programs that way, it can't fire people!" While somewhat humorous, it begs a larger question. Will an alternative air traffic control structure really be able to operate more efficiently? Compensation is the number one driver of air traffic control costs and of the approximately 35,000 employees that would presumably move to a new air traffic control organization, are they the ones from where efficiencies will be derived? Or will it inadvertently create a situation where costs will not in fact be controlled and the travelling public saddled with new and ever increasing fees?

One of the benefits of the current authorization/appropriations process is the agency's accountability to the taxpayer. I cannot think of any government agency that does not want its money without strings from Congress and I have never known an era where government spending was not described as "constrained." When pressed for what is not being funded in modernization, the grudging response is that new technology is being deployed and that is certainly something to which I can personally attest as a user of the system. Of course, industry is then told the central issue is not modernization funding *today* but in the *future* while also being reminded that other aspects of the FAA suffer as a result of budgetary tradeoffs. NATA believes that before accepting this at face value, one must ask -- is the agency doing everything it can to operate at its most efficient? If not, what additional authorities does it need to achieve that goal?

Certainly, the FAA, as well as other agencies of the federal government that depend on discretionary funding, has been impacted by the budget impasses between Congress and the Administration. Experience tells us though that there is a limit to which discretionary spending can be reduced. In fact, it was the inability to bring to the House floor a transportation appropriation bill that resulted in the Ryan-Murray budget deal that has provided us with stable FAA funding for the past few fiscal years. A user-fee funded agency is not necessarily exempt from sequestration. So again, should the Congress consider changes to the current funding stream or instead provide the agency with a clear, unambiguous exemption from the impacts of sequestration and government shutdowns?

Further, we cannot underestimate the potential impact of separating air traffic from the agency's safety functions. Administrator Huerta recently observed that breaking down stovepipes means close interaction between the operations and safety functions of FAA. Turning the FAA's safety organization into a solely

regulatory body, including overseeing operational standards, creates potential unintended consequences that might undermine many of the efficiencies that would come from a new air traffic control structure.

Finally, we must discuss the potential risks to America's general aviation community, including the investment and jobs created by the members of NATA. Recently, eight general aviation associations, including NATA, unveiled a new industry-wide study detailing the economic contributions of general aviation to the nation. That study, conducted by PricewaterhouseCoopers, determined that general aviation supports 1.1 million total jobs and supplies \$219 billion in total economic output in the United States.

Reform to the FAA's management structure and funding could put that investment and those jobs at risk. We understand that our nation's air traffic control system was not built primarily with the general aviation fleet in mind. While we do not challenge what drives the construct of the system, it is certainly the one within which general aviation must operate and requires us to be a voice at the table of any discussion and not just a sole voice, but rather one that includes the many segments of our industry.

Just as important is general aviation's contribution to the system's operation. Clearly, general aviation is an incremental user of a system built for other users. We cannot think of a more efficient method for capturing general aviation's use of the system than the current system of excise taxes. What we fear is what transpired in Canada, the collection of new user fees while still being saddled with old taxes -- double taxation. And we cannot have it both ways, claiming the current discretionary funding situation drives this debate while not acknowledging how difficult it will be to pull those revenues out of the current budget construct.

If we eventually conclude the challenges to the agency cannot be addressed in its current construct, then we urge the Committee to be very deliberate in what comes next. NATA cannot support any de facto "leap of faith" proposals that would put general aviation's fate in the hands of undefined management structures or leave unresolved its contribution to the system. We are particularly concerned by Business Roundtable's corporatization proposal -- what we view as a classic example of logrolling. Entirely funded via user fees and controlled in perpetuity by a board of industry insiders, general aviation would find itself in constant peril and the travelling public paying ever increasing fees.

Chairman Thune, Ranking Member Nelson, members of the Committee, thank you for your consideration of our views. While maintaining the status quo risks our nation's supremacy in aviation, it is equally true that radical change to the FAA's management structure and funding poses equal risks, including to the safe and stable nature of the world's best air traffic control system. We look forward to working with the Committee and assisting the agency toward a more efficient operating structure.