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**Statement for the Record  
“Review of ATC Reform Proposals”**

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Chairman Shuster, Ranking Member DeFazio, members of the 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.

NATA deeply appreciates the time and deliberation devoted to the development of H.R. 4441, the Aviation Innovation, Reform, and Reauthorization (AIRR) Act. As a result of the Committee’s efforts to solicit stakeholder input, the legislation contains numerous provisions that will allow the Federal Aviation Administration to pursue its critical safety mission more effectively and efficiently. While we disagree with one policy prescription, it does not take away from the fact that the process undertaken by the Committee will surely result in numerous safety benefits to aviation.

**Focused Policy Initiatives Will Better Achieve the Committee’s Aims**

We understand the major issue the Committee considered in the development of this legislation is whether and how to alter the FAA's organization and funding stream. This is a healthy and certainly appropriate discussion in light of the recent sequesters, government shutdown and criticisms of the FAA’s modernization execution. While we salute the Chairman’s desire for transformational change at the agency, we believe that more focused policy initiatives will better achieve the Committee’s aims. It is

NATA's view that the creation of a federally chartered, not-for-profit air traffic control corporation will erode system safety, stifle the deployment of important NextGen technology and saddle the traveling public with ever increasing travel costs – which will likely be passed along in a manner that will make it harder, not easier, to see.

We also find this proposed policy prescription somewhat bewildering to explain as it is outside of other recent congressional action to bring certainty to aviation businesses. The duration of the last FAA reauthorization provided a much needed strategic benefit in that its provisions improved regulatory consistency and certification reform and provided aviation businesses with much sought confidence to make important business investment decisions. Congress built on this progress last year, providing similar long-term certainty for investment decisions by approving a multi-year extension of bonus depreciation and a permanent increase in Section 179 expensing regulations.

NATA made it clear from the outset of the legislation's development that we cannot support "leap of faith" proposals that place the fate of any segment of general aviation — in this case air charter and other commercial general aviation activities — in the hands of a yet to be determined board of directors — especially given the fact this segment of general aviation is denied a voice in the Corporation's proposed governance. One must ask why most major airlines are so aggressive in their support of this proposal? Simply put, though the fee structure of the proposed Corporation is yet to be defined, and will be defined by the Corporation itself, the Corporation's proposed leadership structure provides major airlines the confidence they seek to control a future air traffic control system primarily for their benefit. Absent Congressional oversight, this proposed construct risks unconstrained cost increases being passed along to other users of the system.

### **An Academic, Not Operational View Of Reality**

Many of the principal supporters of this proposal, largely academics and economists, sorely lack the necessary operational experience and expertise required to develop a fully integrated perspective of the "puts and takes" critical to ensuring a balanced approach to safeguarding the unprecedented level of safety performance that is the hallmark of the U.S. air traffic control system.

Among other things, this lack of real world depth of experience blithely leads to simplistic pronouncements such as "a blip is just a blip" when referring to aircraft displayed on air traffic control systems and similarly, that the U.S. is "using World War II technology" as the foundation for our air traffic control system. These views are simplistic, uninformed and clearly point to an academic, not operational view of reality.

To be clear, the incredibly robust U.S. air traffic control system is modern, highly-integrated and provides for an extremely high level of continuity in the face of disruptive meteorological and technological challenges. This system was designed with the predominant users of the system in mind – major airlines. One must only visit state-of-the-art FAA facilities like the Atlanta Terminal Radar Approach Control Facility, the FAA Command Center in Warrenton, Virginia, the FAA William J. Hughes Technical Center in New Jersey

and others to realize that these extremely robust and modern facilities leave “World War II” technology in the dust.

These facilities, along with the Enroute Automation Modernization-equipped high altitude enroute air traffic control centers, are already fusing multiple sensor sources, including radar, Global Positioning System inputs and other sources into these highly-integrated systems. Additionally, general and business aviation aircraft do not require technologies such as Precision Runway Monitoring for closely-spaced instrument approaches at major airports. Clearly, much of the technology at work in these facilities is simply not needed for the incremental impact of general and business aviation aircraft on the air traffic control system.

### **Too Big to Fail**

We understand the idea of creating an air traffic control corporation is appealing to many as a way to bring private sector efficiency to government. While that is a worthy goal, our nation’s ATC system is a national asset that we should not corporatize any more than we should spin-off another national asset that also develops and deploys cutting-edge technology – the Department of Defense. Air traffic control is a monopoly and the governance of this proposed Corporation is already precooked in this legislation to pick its winners and losers, leaving general aviation and the consumer largely on the outside looking in.

Let us also dispel the myth that by federally chartering an air traffic control corporation the U.S. government somehow supervises it. While these corporations are required to provide annual independent audits and reports to Congress, controversies surrounding such corporations often come down to issues of managerial accountability and fiduciary responsibility. Examples include Fannie Mae, Freddie Mac, the Red Cross and the Smithsonian. It is notable that each of these federally chartered institutions have required in their history some form of government intervention.

Instead, what the proposed legislation creates is an entity too big to fail. As a monopoly provider, the United State government is hardly going to let a critical element of its national economy go out of business. In fact, in another major effort to corporatize air traffic control in Great Britain, the corporation found itself in over its head. There was only one place to go for a bailout – the British government.

A major benefit of the current authorization/appropriations process is the FAA’s accountability to the taxpayer. One cannot think of any government agency in recent history that does not desire funding without strings from Congress, nor an era where government spending was not described as “constrained.” The proposed legislation envisions retaining the FAA’s safety, regulatory and airport functions within the budgetary and oversight functions of Congress. If Congress desires, for example, to remove “politicization” from the FAA, retaining the Corporation’s regulatory body under the congressional budget process hardly removes the Corporation from Congress’ grip. Wouldn’t it be easier to provide the entire agency with a clear, unambiguous exemption from the impacts of sequestration and government shutdowns?

### **It's More Than User Fees**

Once our nation commits to this path, there is no turning back. To be clear, the general aviation community has very real and long-standing concerns about foreign air traffic control models, which go well beyond the user fee issue. Congress should consider and discuss the potential risks to America's general aviation community, including the investment and jobs created by the members of NATA. In 2015, 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 of the FAA's organizational and management structures and funding could put that investment and those jobs at risk.

NATA urges the Committee to be very wary of proposals that purport to be all things to all people. General aviation often hears from proponents this Corporation will be so efficient that it will be able to do inefficient things, including deploying and maintaining cutting-edge equipment to rural America. Not unlike the idea that NATA's small businesses (or any business) can accept a future that includes undefined costs to be determined by the major airlines, this is another "leap of faith" that we cannot support.

### **Going Forward**

Those who have had the opportunity to fly passenger aircraft all over the world can confidently state that there is no air traffic control system in the world that compares with ours in terms of quality, complexity, safety and access. Further, nowhere else in the world comes close to the challenges of safely and routinely managing the uniquely complex airspace in the U.S. Northeast corridor.

NATA is certainly not an apologist for the FAA, we should support the injection of more private sector practices into the FAA. Two reports from the Department of Transportation's Inspector General offer both perspective and policy prescriptions we hope the Committee will consider in lieu of establishing an air traffic control corporation.

In September, the DOT IG released a report comparing the U.S. air traffic control system with the air navigation service providers of Canada, France, Germany and the United Kingdom. The report clearly demonstrates these international air traffic control systems are much smaller and less complex than our own, yet another validation of why Congress should proceed very cautiously in contemplating massive structural changes to America's air traffic control, acknowledged as the world's safest, largest and most complex.

Most importantly, the IG also concluded these foreign air traffic control providers, unlike the FAA, "do not embark on large, comprehensive modernization efforts such as NextGen transformational programs or conduct extensive aviation research and development." Instead, as the report noted, these air traffic providers rely on small, incremental changes using off-the-shelf technology. Europe's efforts to orchestrate a multi-national modernization effort similar to the FAA's, called SESAR, is producing mixed results and

limited progress.

But just as important, the report highlights the risks these models pose to continued American leadership in aviation. There is no facility in Europe or Canada dedicated to aviation technology research such as the FAA's world-leading William J. Hughes Technical Center in New Jersey. Further, Europe and Canada lack sophisticated policy mechanisms like the NextGen Advisory Committee (NAC) that gather America's aviation thought leaders together to provide highly valuable advice to policymakers. This effort is already helping transform our air traffic control system for both today and tomorrow. Interestingly, Europeans are key participants on the NAC. No other country or region in the world is providing this degree of aviation leadership to help guide this massive modernization effort.

Just last month the DOT IG reviewed FAA's progress on NextGen. Significantly, the IG did not recommend separation of the agency's air traffic control and safety functions. It did however make several recommendations to improve FAA's management of major acquisitions to better meet the goals of its reforms. We understand the FAA concurred with its recommendations and hope the Committee will review them and provide whatever additional authorities are required to affect their priority implementation.

Chairman Shuster, Ranking Member DeFazio, 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 organizational structure and funding poses even greater risks, including to the safe and stable nature of the world's best air traffic control system. NATA understands and respects the process the Committee undertook. We appreciate that process resulted in a bill that, in many respects, will fulfill the goal of helping the FAA in its important safety mission. NATA regrets that we cannot support a bill that however well intended, will not in its current form, achieve the policy goals it was created to address.