



Fact Sheet

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Passage of FAA Reauthorization Would Secure Jobs, Support Economic Growth and Improve Aviation Safety

In the near future, the Senate will consider the *FAA Air Transportation Modernization and Safety Improvement Act (S. 1451)* which would help to put Americans back to work by funding critical improvements to the nation's aviation infrastructure. The legislation would authorize additional investments in the Federal Aviation Administration's (FAA) Airport Improvement Program (AIP), as well as programs that modernize the air traffic control system. These investments would promote economic growth by supporting thousands of jobs and improve the nation's economy as a whole through reduced delays and fuel consumption at airports and in the air.

Need for Investments

Since the *Vision 100—Century of Aviation Reauthorization Act* expired in September 2007, Congress has passed eleven separate extensions of the law. These short-term extensions, while necessary to allow vital aviation and revenue programs to continue, do not provide the opportunity to make important changes that could help spur job creation, economic growth, and improve aviation safety. Nor do these short-term extensions provide the consistency in federal funding required for airports and the private sector to make vital investments in aviation infrastructure and air traffic control modernization. Airports spend billions of dollars every year on infrastructure projects that support hundreds of thousands of construction and related jobs. Modernizing the nation's air transportation system will create thousands of additional jobs.

Unfortunately in the 110th Congress, Senate Republicans blocked the passage of legislation that would have provided a long-term reauthorization to the nation's aviation laws. This two and half-year lapse has allowed deficiencies in the nation's aviation laws to grow, and this can only be solved through congressional action. The following information highlights some of the most important reasons why Congress needs to take action to invest in the nation's air transportation system.

Need for investment—NextGen. Today’s air traffic control system relies on ground-based radar systems, voice communications, and inadequate weather forecast services. The Next Generation Air Transportation System (NextGen), the FAA’s modernization program, would provide substantial operational, environmental, and safety benefits through the use of satellite-based navigation and surveillance, digital communications, and more accurate weather services.

Questions about the FAA’s ability to implement NextGen in a timely and effective manner have been raised due to the complexity, resource requirements, and sheer size of the modernization effort. Planning efforts have taken longer than expected, and there are difficulties in coordinating NextGen activities across federal agencies. **S. 1451** includes several provisions to address these issues, improve accountability, and accelerate modernization programs where possible.

Need for investment—Congestion. Recently, the FAA has faced challenges in keeping pace with the growing demands of air travel and overseeing the safety of the aviation industry. These challenges show little sign of abating, because despite recent drops in airline passenger traffic, the FAA forecasts indicate that the aviation system will transport more than one billion airline passengers annually in 2023. This is a 30 percent increase from the 757 million airline passengers in 2008.

This growing passenger demand has led to growing congestion and delay problems in the air transportation system. Despite significant cuts in capacity over the past few years, nearly 20 percent of all flights were delayed in 2009. These delays have a significant economic impact on the national economy. While estimates vary, it is clear that delays cost the national economy billions of dollars annually. In 2008, the Department of Transportation found that the cost of delays to the national economy totaled \$9.4 billion and those delays added hundreds of millions of dollars in costs to general aviation and commercial cargo operators. The Joint Economic Committee has estimated that domestic air traffic delays cost as much as \$41 billion in 2007.

Need for investment—Safety. NextGen will drive significant improvements in aviation safety and there has been strong Congressional interest in these issues. The FAA’s safety record has also come under intense scrutiny after the FAA discovered that some of the nation’s air carriers had operated aircraft that had not received all safety inspections required by airworthiness directives. Moreover, the February 2009 crash of Flight 3407 in Buffalo, New York, has raised concerns regarding pilot training, flight crew fatigue, and ensuring one level of safety exists throughout the entire airline industry. **S. 1451** take several steps to ensure one level of safety exists throughout the entire transportation system.

Need for investment—Airport and Airway Trust Fund. The Airport and Airway Trust Fund (Trust Fund) is one of the primary funding sources for aviation related capital projects. Beginning in Fiscal Year 2001, however, revenue into the Trust Fund began to decline, which meant that more money began being committed to capital projects than was being collected.

For the last nine fiscal years (Fiscal Year 2001 to Fiscal Year 2010) the Trust Fund has been able to sustain this imbalance by relying on uncommitted revenues that had accumulated in prior years. These accumulated funds have significantly diminished over the past decade. Although the Trust Fund had an uncommitted balance of \$7.3 billion in Fiscal Year 2001, the Congressional Budget Office's most recent estimate indicates there will be a negative balance by the end of Fiscal Year 2010. If this occurs the FAA will have to delay capital programs until additional funding is made available. **S. 1451** will boost Trust Fund revenues dedicated to modernization programs.

Jobs

The *FAA Air Transportation Modernization and Safety Improvement Act* would help to support jobs through additional investment in the nation's aviation industries. The legislation would authorize a total of \$8.1 billion for critical infrastructure investments through the AIP. Thousands of additional jobs would be supported through authorized funding for the FAA's three other accounts: Operations; Facilities and Equipment; and Research, Engineering, and Development. A total of more than \$17 billion annually is authorized for all of the FAA's programs.

These additional investments are important because, according to DOT data, aviation investments are estimated to create 21,000 jobs for each \$1 billion invested. Following this formula, the capital investments authorized through **S. 1451** can be estimated to support approximately 150,000 jobs nationwide on an annual basis through Fiscal Year 2011. The following information provides estimates of the job benefits that the legislation would support by authorizing additional investments in FAA programs.

Airport Improvement Program. The FAA's AIP provides grants through the Trust Fund for capital projects like runway and taxiway construction. Using the DOT formula, the \$4 billion that would be authorized annually for the AIP by passing **S. 1451** would support more than 80,000 jobs a year.

The funding provided by this program is especially important in rural areas because small airports typically cannot finance the debt necessary for major capital projects. In fact, small-hub airports relied on the AIP to finance approximately 50 percent of their capital projects, while smaller airports relied on the AIP to meet 89 percent of their capital project needs.

Facilities and Equipment. The FAA's facilities and equipment program provides funding for air traffic control and airway facilities. The \$3.5 billion that would be authorized annually by passing **S. 1451** would support thousands of public and private sector jobs. The additional funding provided is important because these upgrades help to improve aviation safety and the capacity of the nation's airspace system. This account is also the primary source of NextGen funding.

Operations. The FAA's operations program provides funding necessary to operate, maintain, and support the operation of the nation's air traffic control and air navigation systems. This account supports the majority of the FAA's 45,000 member workforce, including nearly 16,000 air traffic controllers.