

INTRODUCTION

The future of aviation in the United States is being determined now, and the year 1990 may prove to be the most important year in aviation's modern history. The tough decisions which will be made during the next several months will chart air transportation's course into the 21st century.

Many exciting technologies are on the horizon--indeed, within our grasp. Airways modernization is now on the doorstep of advanced satellite technology, and America must be ready to take advantage of this and other available opportunities.

The development of a comprehensive National Aviation Policy is the critical first step in determining the direction of aviation as we move toward the 21st century. AOPA has led the call for such a policy, which received widespread support from the aviation and business communities, and the United States Congress.

Federal Aviation Administration Administrator James Busey has committed to initiate the process of designing a National Aviation Policy beginning in January 1990. While this is a step in the right direction, an initiative of this magnitude will have such a far-reaching influence on the social, cultural, and economic fabric of the nation that AOPA is urging the President to put the weight of the Oval Office behind this initiative by sponsoring a National Aviation Policy White House Conference. We believe this approach would yield far more substantive and broad-based debate and greater results.

While a national aviation policy is being developed, an effort of equal relevance will be unfolding as the United States Congress debates the reauthorization of the Airport and Airway Trust Fund, which will re-establish aviation's funding priorities and tax levels. By doing so, the Congress will play a leading role in setting both the philosophical tone and specific direction for aviation's future.

AOPA believes that the focus of the upcoming congressional debate must be on three critical areas of significance:

FEDERAL AVIATION ADMINISTRATION

The FAA must be held accountable for its actions to the American people and be required to live within its fiscal means. We can no longer afford to mismanage aviation programs and waste tax dollars.

AIRWAYS MODERNIZATION

Substantive, priority-based, cost-effective improvements must be made to the air traffic system. We can no longer afford to throw away billions of taxpayer dollars on flawed technical designs and equipment which either don't work or which offer little, if any, benefit to the air traveling public.

AIRPORT INFRASTRUCTURE

We must move forward aggressively and build an airport infrastructure capable of meeting the needs of all people. We can no longer afford to accept second-class status for whole regions of the country and permit constraint and rationing as a viable course for the future.

The congressional debate over aviation's future will involve the Department of Transportation, Federal Aviation Administration, other elements of the Bush Administration, the aviation community, the general public, and aviation system users. Ultimately, however, it will be up to Congress to separate fact from fiction and make the all-important final decisions.

The burden on the Congress is great, but the stakes are high.

CONGRESS AND AVIATION

In Washington, Congress-bashing has become the aviation community's new pastime. In the past, the FAA has artfully and successfully practiced the shell game of deniability, shielding itself from responsibility and pointing fingers at Congress for its own failures.

If one listens to the aviation "experts," America has failed to modernize the air traffic system and expand airport capacity either because it hasn't had enough money or because Congress failed either to authorize or appropriate the resources needed to do the job.

AOPA's response to that can be summed up in one word: nonsense!

Funds have not been in short supply. There has been an abundance of money in the Aviation Trust Fund and there still is. The problem is that we have lacked the national leadership and political will to establish realistic technical priorities, manage projects efficiently, and live within our fiscal means. In the process, billions of taxpayer dollars have been wasted.

The lack of substantive progress in airport and airway modernization is not the fault of Congress, which has been and continues to be aviation's friend. The burden of accountability lies directly with each Administration since that of President Nixon.

Only Congress will prevent a runaway federal aviation bureaucracy, the wasting of billions more dollars, further erosion of the ATC system, and the elimination of air service for millions of people in rural America. In fact, to suggest, as many have, that Congress should not be a significant part of the decision-making process regarding aviation's future and the allocation of aviation user taxes is both irresponsible and naive.

America's air transportation system is a national resource, designed to serve all people. Congressional leadership and oversight is vital to ensuring that we maintain a national focus on air transportation.

AOPA opposes any initiative which would take the United States Congress out of the decision-making process or would serve to strip or dilute Congressional oversight authority.

AOPA opposes any measure which would establish an independent bank account for aviation funding that is outside of the Congressional appropriations process.

AOPA opposes any proposal which would permit direct funding to airports without adequate and continuous congressional involvement in how the money is spent or fails to contain appropriate federal safeguards to ensure national interest.

PUBLIC BENEFIT OF AVIATION

Much of the reauthorization dialogue will focus on the public benefit of aviation, which is significant because the public benefit of aviation directly relates to the fair and equitable collection and allocation of excise taxes to fund the development of the nation's aviation system.

There are those who suggest that only air travelers benefit from aviation and thus should pay all costs of the capital development and management of the nation's aviation system. However, this approach fails to recognize the broad public benefit of aviation, which was clearly recognized by the U.S. Congress in 1970 when the then new Aviation Trust Fund and increased taxes on users were debated. Indeed, the public benefit argument was used to support the concept of spending user taxes primarily for the "expansion and improvement of the Nation's airport and airway system."

In House Report 91-601 issued by the Committee on Interstate and Foreign Commerce prior to the passage of the Airport and Airway Development and Revenue Acts of the same year--under the section titled Impact on Nation's Commerce--was the following language:

"In addition to the actual users of the airport and airway system ...there are others who benefit substantially from aviation [examples of how aviation benefits nonaviation interests such as real estate brokers, builders, doctors, dentists, school teachers, etc. were used] ...

"This is brought forth here to establish the fact that air transportation in a true sense touches every American home, whether those in the home ever fly or not."

Now, nearly 20 years later, the standard rhetoric is that the general taxpayer is paying a disproportionate share of "system" costs and is, in effect, subsidizing aviation. Yet when aviation is viewed on the basis of cost versus benefit, a strong case can be made that just the opposite may be true.

PUBLIC DEMAND

Aviation's benefit to the American people is great, and can be demonstrated in many ways. One way is to consider the growing number of passengers moved and shipments transported. The air carriers currently transport approximately 450 million passengers annually, with general aviation transporting nearly a quarter of the nation's air travelers, or 120 million people annually.

Government activity forecasts predict a dramatic increase in aviation use in the future: a doubling of air carrier passenger traffic by the turn of the century and a general aviation increase of approximately five million flying hours.

Many of these air travelers are moving between the thousands of airports that serve small or rural communities that have no commercial service. Without general aviation, these citizens would have no access to air transportation.

General aviation serves all 17,300 landing facilities in the U.S., while the air carriers concentrate more than three-fourths of their flights at just 48 locations across the country. Indeed, more than one-half of all scheduled airline flights take place at just 22 U.S. airports. And, as the air carriers continue to reduce service to more locations, general aviation's intercity transportation capabilities will continue to be in greater public demand.

Consider the comments of some of the nation's Governors:

"General aviation is a vital link utilized by our rural state to foster economic development in small communities that would otherwise be restricted to the major U.S. cities. Economic development requires the continuing ability to fly from a small community in our state to large cities and not face general aviation barriers placed at major airports to ease air traffic burdens."

*George S. Mickelson
Governor, South Dakota*

"In Nevada there is a very strong need for general aviation [and its ability] to adequately and efficiently function within the national airspace."

Bob Miller
Governor, Nevada

"As Governor of Nebraska, I am also quite concerned with the future of transportation for rural America, including the role of general aviation."

Kay A. Orr
Governor, Nebraska

"The State of Maine shares [AOPA's] concern that a national aviation policy be integrated into the overall National Transportation Policy and that any policy developed, clearly should address the needs of general aviation. As you know, the State of Maine has been outspoken in protecting the rights of our aviation community to have equal access to the national system."

John R. McKernan, Jr.
Governor, Maine

"For our island State, general aviation is a crucial transportation link for smaller communities."

John Waihee
Governor, Hawaii

SOCIAL BENEFITS

The public benefit of aviation also can be demonstrated by looking at the broad social implications of aviation, and in particular, general aviation.

For example, agricultural application (estimated to have a \$13 billion annual impact on consumers), cattle management, air ambulance, medical evacuation, oil and gas pipeline patrol, airborne law enforcement, environmental analysis, topographical surveys, and news and traffic reporting all have an enormous social impact on the nation and must be considered in the public benefit equation.

ECONOMIC BENEFITS

The public benefit of aviation is crystal clear when the cost/benefit relationship--the investment of tax dollars in aviation weighed against the return on investment--is evaluated.

This year, the U.S. government--or public investment--budget for aviation (facilities and equipment, operations and maintenance, research and development, and airport improvements) will be approximately \$7.1 billion, or approximately \$28 per American citizen.

A study conducted by Wilbur Smith Associates for the Partnership for Improved Air Travel found that in a one-year period aviation returns in direct public benefits approximately \$254 billion, or 5.6 percent of the nation's Gross National Product (GNP). The indirect impact of aviation more than doubles the total impact.

Thus for every one dollar invested in aviation, the nation receives \$35 in economic benefits--a return on investment of 3,500 percent. Another way to look at it is that for every \$28 invested by each of the nation's citizens, more than \$1,000 in economic benefits is returned per individual.

Historically, for every dollar invested in aviation, 62 cents comes from direct users and is spent to enhance the airport and airway infrastructure and pay a portion of the Federal Aviation Administration's administrative bureaucracy. Only 38 cents of every dollar invested comes from public taxes and is used to pay for the remainder of the federal bureaucracy. Therefore, the general public receives a \$35 return on investment for every 38 cents invested or \$92 for every \$1 invested.

PERSONAL INVESTMENT

The nation's cadre of 700,000 pilots have personally invested between \$1 billion and \$3.5 billion in flight training, and since 1960, according to figures from the General Aviation Manufacturers Association (GAMA), approximately 220,000 new general aviation aircraft were purchased in the United States at a purchase value of \$21.8 billion.

And, since U.S. government figures show that more than half of the general aviation fleet is personally owned, aircraft ownership is a personal investment of approximately \$11 billion.

General aviation also is the only direct user of the system to pay federal and state excise taxes on aviation fuel.

Clearly, aviation--especially the individual aircraft owner or pilot and the individual airline ticket purchaser who bears the brunt of all airline costs--contributes significantly to the well-being of all citizens.

The Congress and American people must therefore strike an equitable balance between the public and private benefit of aviation when considering the fair collection and allocation of public and private taxes to finance the capital development needs of the air transportation system.

ESTABLISHING PRIORITIES

As our nation enters the 1990s, Congress is faced with the challenge of providing for the basic needs of people in an era of tight federal budgets. Transportation will have to be balanced against other national requirements in the areas of foreign policy, defense, energy, social services, and the environment. As a result, cost-cutting is inevitable; prioritization is paramount.

President Bush made a commitment to the American people that there would be "no new taxes." AOPA supports the President's position on tax increases.

The answer to the problems we face as a nation and those we face in aviation is not new taxes, but the establishment of realistic priorities and more efficient management of the funds we already have. We must learn to live within our means. That is the challenge which confronts us and which must be the underpinning of the upcoming reauthorization debate.

Making the tough aviation decisions will begin with the ability of the Federal Aviation Administration to adequately plan for the future, set realistic priorities, manage its programs efficiently, and responsibly spend our tax dollars. Unfortunately, the FAA's record in this arena is less than glowing. If the past is any indication of the future, the prospects for improvement and heightened accountability are not encouraging, with the most ominous threat being the estimated cost of FAA's airspace modernization plan, which continues to increase at an alarming rate. Unless aggressive action is taken by the Congress, additional wasteful expenditures of tax dollars is a certainty.