

**JURISDICTION AND ACTIVITIES
SUBCOMMITTEE ON AVIATION
110TH CONGRESS**

January 2007

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I. EXECUTIVE SUMMARY

The Subcommittee on Aviation has jurisdiction over all aspects of civil aviation, including safety, infrastructure, labor, and international issues. This jurisdiction covers all Federal Aviation Administration (FAA) programs, except for research activities, which are within the jurisdiction of the Committee on Science. In addition, the Subcommittee has jurisdiction over the National Transportation Safety Board (NTSB). This jurisdiction is shared with the other subcommittees of the Committee on Transportation and Infrastructure (T&I Committee), but the Aviation Subcommittee has traditionally taken the lead on this issue. Other areas of the Subcommittee's jurisdiction include the essential air service program and the war risk insurance program.

Since 2001, the Subcommittee has exercised jurisdiction over transportation security, including programs administered by the Transportation Security Administration (TSA), which is within the U.S. Department of Homeland Security. The Subcommittee will continue to exercise oversight jurisdiction, in cooperation with the Committee on Homeland Security, over TSA's aviation security programs, and the impact that such security measures may have on the aviation industry. Issues under the Aviation Subcommittee's jurisdiction include:

- Federal Aviation Administration
- Air Traffic Control Modernization
- Use of the Navigable Airspace
- Airport Improvement Program Grants
- Airport Capacity
- Aviation Safety
- Aviation Antitrust Issues
- Aviation Labor and the Railway Labor Act
- Commercial Aviation
- General Aviation
- Aircraft Manufacturing
- Air Carrier Operations
- Essential Air Service for Small Communities
- Aviation Security, including the Transportation Security Administration
- National Transportation Safety Board
- International Aviation
- War Risk Insurance

II. FAA OVERVIEW

The FAA's prime mission is to ensure the safe operation of the aviation system. It has the responsibility to certify, monitor, and regulate the operations and safety of airlines, airports, and aircraft manufacturers as well as establish licensing and training requirements for pilots and other aviation-related professionals. One of the FAA's most visible functions is the operation of the Air Traffic Control (ATC) system. The ATC is a complex system of air traffic controllers, computers, procedures, and navigation, surveillance and communications equipment designed to control the air space over the United States and portions of the Atlantic and Pacific oceans. The ATC has been built to be 99.99999 percent reliable and operates 7 days a week, 24 hours a day.

A. Funding

The Airport and Airway Revenue Act of 1970 (P.L. 91-258) established the Airport and Airway Trust Fund (Trust Fund) to help fund the development of a nationwide airport and airway system, as well as FAA investments in ATC facilities. The Trust Fund provides all of the funding for the Airport Improvement Program (AIP), which provides grants for construction and safety projects at airports; the Facilities and Equipment (F&E) program, which funds technological improvements to the air traffic control system; and a Research, Engineering, and Development (RE&D) program. The Trust Fund also partially pays for FAA salaries, expenses, and operations. The Trust Fund contribution to FAA operations varies from year to year depending on Trust Fund receipts and the amount invested in capital programs. Under the Vision 100-Century of Aviation Reauthorization Act (Vision 100) (P.L. 108-176), the Trust Fund share is calculated by subtracting total projected Trust Fund tax receipts and interest minus the amount appropriated for capital programs. The FAA's capital and research programs are 100 percent funded from the Trust Fund. In terms of FAA's total budget (operations, capital, and research programs), the Trust Fund has provided approximately 76-82 percent of FAA's total funding in each of the last four years.

The Trust Fund, in turn, is supported by the following taxes on aviation users (as well as interest earned on the cash balance), grouped below per IRS/Treasury Line Items for FY 2005:

Transportation of Persons: \$7.061 billion, accounting for 68.5 percent of Trust Fund Tax Revenue

- **Passenger ticket tax – 7.5 percent**
 - *Description:* A percentage of the fare that the passenger pays on a domestic flight.
- **Passenger flight segment tax – \$3.20 (increased to \$3.30 in 2006)**
 - *Description:* An additional tax paid by the passenger based on the number of segments in that passenger's trip. A segment is a take-off and a landing. Thus, for example, a person who flew from point A to point B would pay one segment tax while a person who flew from A to B with a stop at C would pay 2 segment taxes. Note that this tax does not apply to passengers departing from a rural airport, defined as an airport that has less than 100,000 passengers per year.
- **Rural airport tax – 7.5 percent**
 - *Description:* A ticket tax on passengers whose flights begin/end at rural airports. This tax is assessed in lieu of the general passenger ticket tax. When the rural airport tax applies, there is no segment fee assessed.

FAA FUNDING FISCAL YEARS 1996-2006

(in billions)

Program	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Operations	4.6	5.0	5.3	5.6	6.0	6.9	7.1	7.0	7.5	7.7	8.2
F&E	1.9	1.9	1.9	2.1	2.0	2.7	3.0	2.9	2.9	2.5	2.6
AIP	1.5	1.5	1.7	1.95	1.95	3.2	3.3	3.4	3.4	3.5	3.6
RED	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Total*	8.1	8.6	9.1	9.8	10.1	13.0	13.6	13.5	13.9	13.8	14.5

*Total may not add to total due to rounding.

1. Activities in the 109th Congress

Hearings

On May 4, 2005, *Financial Condition of the Aviation Trust Fund: Are Reforms Needed?* This hearing's purpose was to assess the Trust Fund's financial condition, and discuss possible alternative mechanisms for financing the future needs of the aviation system.

III. AIRPORT IMPROVEMENT PROGRAM

A. Background

The Airport Improvement Program (AIP) funds projects for new and improved facilities at airports, including runways, taxiways, terminal buildings, land acquisition, and noise abatement. AIR 21 guaranteed that the AIP program will be funded at its authorized levels through a series of parliamentary protections (i.e., points of order) that apply to consideration of FAA funding bills in the House of Representatives. Vision 100 continued these AIR 21 parliamentary points of order.

AIP is subject to periodic legislative reauthorizations. The most recent reauthorization (Vision 100) was enacted in December 2003 and expires at the end of FY 2007.

Each reauthorization act sets forth the method by which AIP funds are distributed among the various airports in the nation. Under current law, AIP money is divided into two broad categories: entitlement funds (also called apportionment funds) and discretionary funds.

Passenger and cargo entitlement funds are distributed to primary, commercial service airports (airports that board at least 10,000 passengers), and cargo service airports in accordance with a formula that takes account of the number of passengers and amount of cargo that go through each airport. AIR 21 ensured that beginning in FY 2001, primary, commercial service airports must receive at least \$650,000 (\$1 million if AIP is at least \$3.2 billion) per year. Larger airports can receive a passenger entitlement as high as \$26 million per year.

Each state is entitled to AIP funds for its general aviation airports and commercial service non-primary airports. The formula for the distribution of this money is based on the area and population of the state. In most states, the FAA, working with the state aviation authority, decides which general aviation airports receive AIP funding. Eight states (out of a total of 10 authorized slots) have authority to allocate the money themselves through the Block Grant program. Alaskan airports receive their own separate entitlement, in addition to the amount apportioned to Alaska as a state.

Beginning in FY 2001, general aviation airports, commercial service, non-primary airports and reliever airports received entitlements based on one-fifth of their expected infrastructure requirements as published in the National Plan of Integrated Airports System (NPIAS), capped at \$150,000 annually.

The FAA has discretion over the allocation of any AIP money remaining after all entitlements have been funded. However, provisions requiring that a certain percentage go to designated set-asides limit this discretion. The law requires that 35 percent be allocated to noise abatement projects and 4 percent to current or former military airports designated by the FAA. An additional set-aside for reliever airports equal to 0.66 percent of the discretionary fund is distributed when AIP is at or above \$3.2 billion.

After the entitlements and set-asides are funded, and Letter of Intent (LOI) commitments are satisfied, the FAA allocates the remaining funds using a priority-based system and subject to the requirement that 75 percent of funds be invested to enhance capacity, safety, or security or to reduce noise.

The FAA's LOI program helps fund large-scale capacity projects at primary or reliever airports. In an LOI, the FAA commits to obligate discretionary and entitlement funds from future budget authority in an amount not greater than the Federal Government share of allowable costs for that project.

To receive AIP discretionary funds, an airport files an application with the FAA. The FAA weighs the application against applications from other airports. If the FAA decides to award a grant, it pays 75 percent of the cost of a project at medium- and large-hub airports (80 percent for noise projects). The Federal share at other airports is temporarily set by Vision 100 at 95 percent of the cost (after FY 2007, the share returns to 90 percent).

However, AIP meets only a portion of airport infrastructure needs. To provide additional resources for airport improvements, the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) permitted an airport to assess a fee on passengers. This airport fee is known as the Passenger Facility Charge (PFC). PFC eligibility is similar to AIP eligibility but with fewer limitations. PFCs are more likely to be used for "groundside" projects (e.g., terminals, airport access (roads and rail), and gates). The PFC is added to the ticket price, collected by the airlines, then turned over to the airport imposing the fee. The FAA approves PFC applications from public agencies controlling commercial airports and PFC authority is only in effect as long as is necessary to fund projects in approved applications for the airport. PFCs also differ from AIP in that PFC revenue can be used to fund debt service for approved projects. The PFC is a supplemental funding source to AIP.

AIR 21 increased the cap on the PFC from \$3 to \$4.50 per passenger per flight segment, and no passenger can be required to pay more than \$18 in PFCs per round-trip. In addition, no airport can implement a PFC until the FAA approves it. FAA has approved PFC collections at 362 airports. If a medium- or large-hub airport charges a PFC of \$3 or less, it must forego up to one-half of its AIP entitlement. If one of these airports charges a fee greater than \$3, it must forego 75 percent of its AIP entitlement. The foregone entitlements go into a small airport fund that is distributed primarily to non-hub and general aviation airports.

Over the life of the PFC program, \$57 billion has been generated in revenue (excluding Denver Airport), including: \$9.5 billion for airside projects (18%); \$20 billion for landside projects (37%); \$2.8 billion for noise mitigation projects (5%); \$3.9 billion for access projects (i.e. roads, rail, land) (7%); and \$18 billion to pay interest on debt (33%). For Denver Airport, \$3.1 billion (6% of total PFC revenue) has been raised.

B. Airport Capacity Issues

Over the last 20 years, air travel in the U.S. has grown faster than any other mode of transportation. As a result of increased guaranteed funding under Vision 100 and its predecessor FAA reauthorization acts, 12 new runways have been opened at some of the nation's busiest airports since 2000, including runways in Detroit, Cleveland, Denver, Miami, Houston, Orlando, Minneapolis-St. Paul, and Cincinnati. A major runway project is underway at Chicago O'Hare and additional runways in Boston, Philadelphia, and Seattle are expected to be completed by 2008.

Over the next five years, eight airfield projects – five runways, one runway extension, and two airfield reconfigurations – will be commissioned providing the airports with the potential to accommodate more than one million additional annual operations, while decreasing the average delay per operation by approximately five minutes at these airports.

Yet, despite this progress, much more is needed. The FAA forecasts that airlines are expected to carry more than 1 billion passengers by 2015, increasing from approximately 740 million in 2005. The FAA estimates that \$39.5 billion of AIP-eligible infrastructure development will be needed between 2005 and 2009. An airport association's most recent Capital Needs Survey estimates that airport capital development costs for AIP-eligible and other necessary projects will total more than \$71.5 billion during the same time frame. In addition, projections developed by the Department of Transportation (DOT), FAA, and the MITRE Corporation indicate that by as early as 2013, 16 airports and 7 metropolitan areas will need additional capacity to meet expected demand.

1. Activities in the 109th Congress

Hearings

On March 20, 2006, *Meeting Future Aviation Capacity Needs in Southern California*. This field hearing in Corona, California, was held to discuss future aviation capacity needs in Southern California and possible regional solutions.

On July 12, 2006, *Reforming the Wright Amendment*. This hearing's purpose was to examine the proposed agreement on reforming the Wright Amendment and its economic, regional, and national impacts on the U.S. aviation system.

Legislation

Wright Amendment Reform Act of 2006 (P.L. 109-352). This legislation amended the International Air Transportation Competition Act of 1979 to repeal the so-called "Wright Amendment" restrictions at Love Field Airport, Texas in 2014.

IV. FACILITIES AND EQUIPMENT

A. Background

The FAA's Facilities and Equipment (F&E) program includes development, installation, and transitional maintenance of navigational and communication equipment to aid aircraft travel. This program supplies equipment for more than 3,500 facilities, including ATC towers, flight service stations in Alaska, and radar facilities. The F&E program is funded completely by the Trust Fund. Like the AIP program, Vision 100 guaranteed that the F&E program will be funded at its authorized levels through a series of parliamentary protections (i.e., points of order) that apply to consideration of FAA funding bills in the House of Representatives.

F&E programs are first identified in FAA's National Airspace System (NAS) Enterprise Architecture. The NAS architecture is a planning document published by the FAA outlining all of its current and future modernization or replacement projects. The most recent NAS Architecture update covers fiscal years 2006 through 2025.

Future benefits outlined in the NAS Architecture include: 1) fuel savings for air carriers due to more direct routes instead of following designated airways determined by land-based navigational aids; 2) increased airport and air space capacity and safety, especially in poor weather; and 3) reductions in the number of government personnel needed at remote facilities as a result of installing FAA equipment with automatic monitoring systems.

The FAA's ATC facilities and equipment are aging. According to the FAA's own analysis, two thirds of its \$30 billion worth of assets is beyond their useful life. Air traffic control towers average 30 years in age. Terminal Radar Approach Control (TRACON) facilities average 34 years. Primary En Route Radar Systems average 27 years. En Route Control Centers average 40 years and are rated by the General Services Administration as being in poor condition. The FAA estimates requirements of more than \$30 billion over the next ten years just to maintain the current condition of the system.

B. The Air Traffic Control Modernization Effort

The ATC modernization effort is geared toward replacing most of the air traffic controllers' radar screens, computers, navigation, surveillance equipment and software. Benefits of this project include: color radar displays, which highlight weather and emergency situations; increased capacity,

accuracy, and reliability in the equipment and software; and the capability for future computer enhancements.

However, this effort has experienced substantial problems and program changes since it began in the early 1980s. Several programs have been fraught with significant cost overruns and delays, including: the Standard Terminal Automation Replacement System (STARS); the Wide Area Augmentation System (WAAS); and the Airport Surveillance Radar-Model 11 (ASR-11). The FAA has been working to address the problems with several of these programs.

The FAA's Air Traffic Organization (ATO) has made some progress in cost control of the operations and capital budgets. Through capital program reviews, quarterly reviews, and service level reviews, the focus on cost, schedule, and performance has resulted in more efficient program execution. During the past two years, six capital programs have been terminated or restructured with a reduction of capital investment required for FY 2008 and beyond of approximately \$390 million. For FY 2006, more than 90 percent of the capital investment programs met or exceeded ATO cost and acquisition goals.

V. FAA OPERATIONS

A. Air Traffic Control

1. Overview

The FAA's ATC system operates 24 hours a day, 365 days a year, providing aircraft separation and guidance services to commercial, military, and general aviation users. The ATC system consists of ATC and flight services facilities, navigation, and landing aids, staff to operate and maintain existing facilities, and staff that conducts research into future ATC systems.

The U.S. operates the largest and safest ATC system in the world. The fatal accident rate for commercial aircraft for the last three years is .017 per 100,000 flights, or one fatal accident for every 5 million flights.

Fourteen of the world's 15 busiest commercial airports (in terms of commercial aircraft operations) are in the U.S. The U.S. handles almost one-half of the world's air traffic. The DOT predicts up to a tripling of passengers, operations, and cargo by 2025.

The major types of ATC facilities include the following:

Air Route Traffic Control Centers (ARTCCs), also known as "en route" centers. The FAA operates 20 ARTCCs, which provide radar separation for aircraft flying at high altitudes between terminal areas.

Oceanic ATC Centers. The FAA has been allocated 80 percent of the world's controlled oceanic airspace by the International Civil Aviation Organization. The FAA has three centers, located in New York, New York; Oakland, California; and Anchorage, Alaska. Until the Advanced Technologies and Oceanic Procedures (ATOP) automation and display system was deployed, there were no surveillance systems to provide the exact location of aircraft over the ocean. ATOP

provides controllers with a more precise display of aircraft position, which allows reduced separation of aircraft flying over the oceans – from 100 nautical miles to 30 miles, thus increasing capacity.

The FAA operates and oversees 524 facilities that provide ATC services to airports. These facilities are divided into the following types of facilities:

Terminal Radar Approach Controls (TRACONs). The FAA operates 168 radar approach control facilities that provide separation services for aircraft operating in busy terminal areas (the airspace located within 40 miles of a major airport). Of the 168 TRACONs, 140 TRACONs include Air Traffic Control Towers, 26 TRACONs are stand-alone facilities, and 2 TRACONs are Combined Control Facilities (that have other functionality). The Department of Defense (DOD) also operates radar approach control facilities, which serve both civil and military traffic. The FAA has consolidated some TRACON facilities and is reviewing whether to consolidate others.

Air Traffic Control Towers (ATCTs). These 123 FAA-operated facilities control aircraft on the airport surface and landing or taking off at the airport.

Contract Towers. Since 1982, the FAA has contracted with the private sector to provide ATC services at visual flight rule airports. There are currently 230 contract towers in the NAS.

Flight Service Stations (FSSs). FSSs principally serve general aviation, providing flight plan filing and pre-flight weather briefing services. FSSs also remain in contact with flights to provide updated weather information and to provide advisory and other services. The FAA has recently completed a program to consolidate FSS facilities into automated flight service stations (AFSS). The FAA is transitioning the AFSS in the continental U.S. to contractor-operated and maintained services and capabilities. This effort does not include the four Automated Alaska AFSS and 14 FSSs network, which FAA still operates and maintains.

2. Next Generation Air Traffic Control

Vision 100 directed the Administration to create a comprehensive plan for a Next Generation Air Transportation Control System (NGATS) that will accommodate the changing needs of the aviation industry. The Joint Planning and Development Office (JPDO) of the FAA, along with the National Aeronautics and Space Administration, DOD, the Department of Commerce, the Department of Homeland Security, and the Office of Science and Technology Policy, has begun to develop a unified approach to transforming the system over the next two decades to allow for the growth of unmanned aviation vehicles (UAVs), manned commercial space launches, and micro-jets. NGATS capabilities are being coordinated by the JPDO to ensure future growth is met by future capacity in the ATC system.

3. Air Traffic Controller Workforce

FAA controllers staff some 316 federally operated facilities. The FAA states that to address expected air traffic controller retirements, more than 11,800 controllers will need to be hired through FY 2015. Since the end of fiscal year 2002, the FAA has hired more than 2,400 controllers.

The FAA hired 1,116 controllers in FY 2006. Because the total loss of controllers (including retirements) was higher than estimated, the FAA adjusted its hiring in September to bring in more new hires in that fiscal year. In FY 2007, the FAA plans to hire more than 1,400 controllers; however, if a full-year continuing resolution is passed, controller hiring could be affected. Currently, the FAA has approximately 2,000 eligible controller candidates on a hiring waitlist. Nearly 1,600 recent selections from the hiring pool are currently in the clearance process. The FAA plans to increase this hiring pool through open public job announcements for specific areas (commencing in February), additional December Air Traffic Collegiate Training Initiative school graduates, and annual job application updates from Veterans Readjustment Act and Retired Military Controller applicants to maintain a list of about 3,000 to 5,000 qualified applicants.

However, hiring new controllers is a complex process. Controllers are highly skilled professionals and it takes several years to train a controller. According to the FAA, the failure rate for controller trainees in both the FAA Academy and in ATC facilities is approximately five and eight percent, respectively. Replacing a controller who retires must begin several years in advance.

4. Activities in the 109th Congress

Hearings

On June 21, 2006, *Air Traffic Control Modernization*. This hearing's purpose was to review the progress and challenges facing the FAA and the JPDO in modernizing the NAS to meet projected increases in traffic volumes, enhance the system's margin of safety, and increase the efficiency of the ATC system, the principal component of the NAS.

On March 29, 2006, *Unmanned Aerial Vehicles (UAV's) and the National Airspace System*. This hearing's purpose was to discuss the use of UAVs in the NAS and the FAA's authority to provide safety oversight and ATC service for these systems.

On April 20, 2005, *Air Traffic Management by Foreign Countries*. This hearing's purpose was to review and obtain perspectives on the governance, organizational structure, modernization efforts, and system funding of commercialized international ATC providers.

B. FAA Reform

After almost a decade of Congressional efforts designed to improve performance and reduce costs, the FAA reorganized to create a new performance-based, value-driven organization within the agency to provide ATC services. The ATO consists of FAA's 38,000-member air traffic services workforce. The ATO, led by Chief Operating Officer Russ Chew, began operations in March 2004. The new organization is expected to be more customer-oriented and will use wide-reaching performance metrics to assess its progress.

1. Activities in the 109th Congress

Hearings

On April 14, 2005, *Transforming the Federal Aviation Administration: A Review of the Air Traffic Organization and the Joint Planning and Development Office*. This hearing's purpose was to review the progress and challenges facing the FAA's ATO and the JPDO.

C. Aviation Safety

The FAA's Office of Aviation Safety (AVS) has the responsibility to promote aviation safety by regulating and overseeing the civil aviation industry. To fulfill this mission, AVS establishes aviation safety standards; monitors safety performance; conducts aviation safety education and research; issues and maintains aviation certificates and licenses; and manages the FAA rulemaking program.

AVS consists of eight distinct organizational elements employing 6,400 personnel. Five of these organizations – the Office of Accident Investigation, the Office of Rulemaking, the Suspected Unapproved Parts Program Office, the Air Traffic Safety Oversight Service, and the Office of Quality, Integration, and Executive Services – are primarily managed by FAA headquarters in Washington, D.C. The other three organizations – Flight Standards Service, Aircraft Certification Service, and the Office of Aerospace Medicine – also have extensive field structures (including some overseas offices).

The FAA leverages its resources through the designee system. The designee program authorizes private persons and organizations to perform many activities acting on behalf of the FAA. According to the FAA, the use of designees allows it to concentrate on the most critical safety areas, while designees conduct more routine functions. AVS currently uses more than 11,000 designees, plus another 27,000 people involved in programs such as Flight Check Pilots and Mechanics with Inspection Authority.

Much of the AVS workload is demand driven. These workload drivers can be grouped into four general areas: (1) growth in aviation activity, both commercial and general aviation, by existing operators; (2) the introduction of new operators, new aircraft, new equipment, and new technology; (3) the introduction of new practices; and (4) the globalization of the aviation industry and the increasing need for international standardization of regulations and safety criteria.

The major activities of AVS are performed by the following organizations:

The **Flight Standards Service** ensures compliance with the operations and maintenance safety standards and certification standards for air carriers, commercial operators, air agencies, airmen, and civil aircraft, including aircraft registration.

The **Aircraft Certification Service** develops and administers safety standards governing the type, production, and original airworthiness certification of aircraft, engines, propellers, and appliances, and noise-level certification.

The **Office of Aerospace Medicine** administers medical standards and certification for airmen (pilots and air traffic controllers) and compliance and enforcement of drug and alcohol programs for employees in safety-sensitive positions both in the aviation industry and the FAA.

The **Office of Accident Investigation** investigates aviation accidents and incidents to identify unsafe conditions and trends in the NAS and coordinates the corrective action process.

The **Office of Rulemaking** directs and manages the FAA rulemaking program and process, and supports the Agency's regulatory priorities.

The **Suspected Unapproved Parts Program Office (SUPS)** provides oversight for the development, coordination, and dissemination of SUPS policy and management and oversight of FAA SUPS data gathering and investigations.

The **Air Traffic Safety Oversight Service** provides safety oversight of ATO, including oversight of safety management systems, new acquisitions, ATC procedures and operations, technical operations, and personnel certification criteria.

The **Office of Quality, Integration, and Executive Services** provides overall planning, direction, management, and evaluation of AVS programs. This office also directs and manages the implementation of an ISO-9001:2000 based Quality Management System for all AVS services and offices and establishes integration policy and processes for safety systems

1. Activities in the 109th Congress

Hearings

On September 20, 2006, *Oversight of Federal Aviation Administration Safety Programs*. This hearing's purpose was to review the FAA's safety programs.

On March 15, 2005, *Lasers: A Hazard to Aviation Safety and Security?* This hearing's purpose was to examine the potential safety and security implications of visible lasers to civil aircraft.

On February 9, 2005, *Commercial Space Transportation: Beyond the X Prize*. This hearing's purpose was to discuss the status and future of the U.S. commercial space transportation industry and the FAA's role in providing safety oversight of the industry.

Legislation

Limited Exception from Type Certificate Requirement. Section 4405 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (P.L. 109-59) provides a narrow exception to the requirement that aircraft builders obtain the permission of the type certificate holder before building an aircraft using the type certificate holder's design. Under section 4405, aircraft that were already in the process of being built prior to the date on which FAA field offices were informed of this requirement may continue to be certificated without the permission of the type certificate holder, if certain conditions are met.

VI. AVIATION SECURITY

In response to recommendations of the National Commission on Terrorist Attacks Upon the United States (the 9/11 Commission) Report, Congress passed the Intelligence Reform and Terrorism Prevention Act of 2004 (the “Intelligence Reform Act”) (P.L. 108-458), to implement 9/11 Commission recommendations and to respond to other studies and related commissions on intelligence reform. The Intelligence Reform Act also included provisions addressing aviation security needs including: strategic planning, pilot licensing, biometrics technology for airport access control, screening technology at airport passenger checkpoints and checked baggage systems, and missile defense systems for civil aircraft.

The Intelligence Reform Act followed earlier laws that responded to the 9/11 terrorist attacks, including the Aviation and Transportation Security Act of 2001 (ATSA) (P.L. 107-71), which created TSA within the DOT and transferred responsibility for aviation security from the FAA to TSA. In addition, in 2002, Congress passed the Homeland Security Act of 2002 (P.L. 107-296), which created the Department of Homeland Security (DHS) to oversee and coordinate Federal homeland security activities. Under the Homeland Security Act, TSA was transferred from DOT to DHS.

Pursuant to H. Res. 5, establishing the Rules of the House of Representatives for the 109th Congress, jurisdiction over TSA was generally transferred from the Committee on Transportation and Infrastructure to the new Committee on Homeland Security. The T&I Committee retains legislative jurisdiction over the DOT, transportation safety, DOT’s transportation security programs, and expenditures from the Airport and Airway Trust Fund and other transportation trust funds. In addition, with regard to civil aviation, Congress specifically reserved jurisdiction over civil aviation safety, air carrier operations, aircraft airworthiness, and the use of the navigable airspace to the FAA in the Homeland Security Act (P.L. 107-296, Sec. 423(j); see also ATSA (P.L. 107-71) and 49 U.S.C. 114(f)(13). Finally, pursuant to the legislative history included in the *Congressional Record* to accompany H. Res. 5, the T&I Committee also retains its oversight authority over homeland security activities to the extent that such activities directly affect matters within the jurisdiction of the T&I Committee.

A. Explosive Detection Systems

ATSA required TSA to deploy enough explosive detection systems by December 31, 2002, to screen all checked baggage. To meet this requirement, TSA employed a strategy of using both bulk explosive detection systems (EDS) and manual explosive trace detection systems (ETDS). Many of these machines were placed in the lobbies of the Nation’s airports. This arrangement was intended to be temporary; however, many of these machines have remained in airport lobbies, negatively impacting airport operations. The installation of in-line baggage screening systems that integrate security screening with the baggage systems behind the “check-in counters” improves both baggage security screening and airport efficiency.

In Vision 100, Congress gave DHS the authority to issue Letters of Intent (LOI) to obligate from future budget authority the Government’s share of airport security projects, including the installation of in-line baggage screening systems. Congress also created the Aviation Security Capital Fund to fund such projects.

According to TSA and the airport community, a total of 23 airports have converted to full in-line EDS systems. TSA and airports also report that 27 airports have partially converted to in-line EDS systems. Eight airport authorities have signed LOIs with TSA to fund in-line installation and have facility modifications underway or completed at nine airports. TSA does not expect to issue any additional LOIs.

Yet, based on TSA's February 2006 "Strategic Planning Framework for the Electronic Baggage Screening Program," between \$4-6 billion will be needed to achieve TSA's *optimal* performance solution for EDS systems (including in-line EDS systems) by 2019. Based on the TSA Strategic Plan, the top 25 airports requiring EDS installations will cost approximately \$1.4 billion. Furthermore, assuming completion of current FY 2006 projects and the Strategic Plan Deployment Model, approximately 200 airports still require some form of in-line system.

B. Funding

Commercial airline passengers are assessed a \$2.50 security fee for every flight segment, with no passenger paying more than \$10 per round trip ticket. This passenger fee is expected to raise roughly \$2 billion in FY 2007 to help defray some of TSA's passenger and property screening costs. Air carriers are also assessed a security fee. This air carrier fee is equal to the amount an air carrier spent on passenger and property screening during calendar year 2000. This air carrier security fee is expected to generate approximately \$546 million in FY 2007, which also helps to defray some of TSA's passenger and property screening costs.

1. Activities in the 109th Congress

Hearings

On June 29, 2006, *Airline Passenger Baggage Screening: Technology and Airport Deployment Update*. The Subcommittee received testimony from TSA, the Government Accountability Office, airport representatives, and EDS manufacturers concerning the financing and deployment of integrated in-line EDS systems for screening checked baggage. The hearing also reviewed the Reveal EDS Machine pilot program at Newark Liberty International Airport.

Legislation

Liability Protection for Airport Operators. Section 547 of the Department of Homeland Security Appropriations Act, 2006 (P.L. 109-90) provides all airports, those with Federal Screeners and those choosing to participate in the Federal Screening Partnership Program (SPP), with liability protection for the decision to file or not file an application with TSA to participate in the Federal SPP; and protections from liability arising out of negligent acts of security screeners. The provision does not grant airports liability protection for their own acts of negligence.

VII. ESSENTIAL AIR SERVICE

Prior to airline deregulation, domestic air transportation was subject to detailed economic regulation. Each airline was issued a certificate by the Federal government specifying which routes the airline would fly. A minimum level of service was required to be maintained at each airport. Air service could be terminated at a community only after the government held hearings and decided that deleting the community from the airline's certificate would be in the public interest. Despite this protection, about 120 communities were deleted from airline certificates in the 10 years prior to deregulation.

In 1978, the Airline Deregulation Act was enacted. This law phased out economic regulation of the airline industry. It permitted airlines to decide which routes to fly and, except as described below, to terminate service at communities without seeking government approval. The rationale was that reliance on free market forces would be the best way to ensure an efficient air transportation system.

However, it was recognized that market forces alone would not ensure air service to many small communities because some communities do not produce enough passenger traffic to support profitable air service. Accordingly, the Deregulation Act included a provision, known as the Essential Air Service (EAS) program, to guarantee a minimum level of air service to small communities. The program was originally authorized for 10 years and was later made permanent.

Under the EAS program, DOT establishes a minimum level of air service for each of the eligible airports. The minimum level is usually two round-trips per day to a medium- or large-hub airport using 15-seat or larger aircraft. Eligible communities are those communities that were listed on an airline's certificate when the Deregulation Act was passed. Tying eligibility to the old certificates ensures that communities that had service before deregulation will continue to receive it.

If an airline serving an eligible community wants to terminate service, which would reduce air service below the level that DOT deemed essential, it must notify DOT and the community 90 days before the termination or reduction would take effect. DOT then attempts to find a replacement airline. DOT must prohibit the service termination until a replacement is found. If no airline is willing to provide the service on its own, DOT must offer a subsidy to attract a carrier to provide the essential air service.

The EAS budget has ranged from about \$100 million early in the program down to \$26 million as recently as FY 1997. Beginning in FY 1998, Congress set up a permanent funding mechanism to guarantee at least \$50 million for EAS each year, derived from over-flight fees or FAA's budget. Funding requirements for the EAS program increased significantly after the 9/11 terrorist attacks, which caused carriers' revenues to go down and costs to increase. The carrier's increased costs, in turn, caused existing EAS contract costs to increase. In addition to existing contracts requiring more subsidy upon renewal, the number of subsidized EAS communities increased from 75 to 115 (not counting Alaska) as formerly profitable routes became unprofitable, and carriers filed notice to suspend service, thus triggering first-time subsidies. The program is currently funded at \$109.4 million in FY 2006. About 150 communities currently benefit from the EAS subsidies.

1. Activities in the 109th Congress

Legislation

Essential Air Service Program. Section 3012 of The Deficit Reduction Act of 2005 (P.L. 109-171) provides an additional \$15 million in each of fiscal years 2007 and 2008 for the EAS program. The additional \$15 million is contingent upon at least \$110 million being provided for EAS from current sources (i.e., appropriated funds and overflight fees). Together with base funding of at least \$110 million, the additional \$15 million will increase EAS funding to at least \$125 million in fiscal years 2007 and 2008.

VIII. U.S. COMMERCIAL AVIATION

A. Commercial Airlines

U.S. commercial aviation helps contribute to \$1.2 trillion in output and approximately 11.4 million U.S. jobs. Between 2001 and 2005, the aviation industry posted \$35 billion in cumulative net losses, including a \$5.7 billion net loss in 2005. These losses are the result of many different factors, including: the economic slowdown, a decline in business travel, the aftermath of the 9/11 terrorist attacks, the SARS epidemic, increased competition from low-cost carriers and, most recently, record fuel prices. As a result, more than 167,000 airline employees have lost their jobs.

According to an airline association, high fuel prices have had an overwhelming impact on the airline business. In 2005, airlines worldwide spent more than \$90 billion on fuel and have stated that they expect their fuel bills to increase by \$22 billion, to more than \$110 billion dollars in 2006. To combat these significant losses, the six largest network carriers have shed \$16 billion in annual operating expenses since 2001 through renegotiating labor contracts, trimming capacity, and downsizing their fleets by more than 750 jets. Several airlines declared bankruptcy and are restructuring through that process.

In addition, a combination of historically low interest rates and poor stock market returns resulted in significant under-funding of airline pension plans. Several airlines have terminated their pension plans and have replaced them with defined contribution plans.

As to the future financial condition of the airlines, an airline association is forecasting an aggregate net profit (excluding bankruptcy restructuring and/or reorganization charges) of \$2-3 billion for 2006 and \$4 billion for 2007 for U.S. passenger and cargo airlines.

1. Activities in the 109th Congress

Hearings

On May 3, 2006, *Mishandled Baggage: Problems and Solutions*. This hearing's purpose was to examine issues related to lost, delayed, damaged, or pilfered baggage, and to explore potential solutions to those problems.

On February 15, 2006, *Commercial Jet Fuel Supply: Impact and Cost on the U.S. Airline Industry*. This hearing's purpose was to examine the impact and cost of commercial jet fuel on the U.S. airline industry.

On September 28, 2005, *Current Outlook and Future of the U.S. Commercial Airline Industry*. This hearing's purpose was to examine the current situation of the U.S. commercial airline industry, the impact of recent bankruptcies and increased fuel prices, and the outlook for the industry's future.

On June 22, 2005, *Airline Pensions: Avoiding Further Collapse*. This hearing's purpose was to examine the current status of airline pension plans, the impact of the termination of United's and US Airways' plans, and how further terminations may be avoided.

On April 6, 2005, *Efforts to Prevent Pandemic by Air Travel*. This hearing's purpose was to receive testimony on efforts to prevent the spread of disease by air travel.

Legislation

The Pension Protection Act of 2006 (P.L. 109-280) provides limited interest rate relief to airlines that have decided not to freeze their defined benefit plans. The act allows airlines with frozen plans to immediately amortize their unfunded liability over 17 years at 8.85 percent. Airlines with non-frozen defined benefit plans may begin amortizing their past under funding in 2008 for ten years at an interest rate of slightly more than six percent.

B. Aircraft Manufacturers

According to an aerospace industry association, the U.S. aerospace industry (both defense and civilian) was highly successful in 2006 with total deliveries projected to surpass \$184 billion, up more than eight percent from 2005. Sales of civil aircraft increased 21 percent in 2006. Large commercial aircraft deliveries are projected to exceed 400 units for 2006, with an estimated value reaching \$28 billion. The total revenue for civil aircraft deliveries in 2006, including helicopters, aircraft, engines and related components, is estimated at \$47.5 billion, and further gains in 2007 are likely.

In addition, the association states that as of September 30, 2006, a total of 2,231 commercial transport aircraft remained in the unfulfilled order backlog. About two thirds of that backlog comes from foreign orders. The U.S. industry is expected to place large orders for narrow and wide-body aircraft as they slowly return to profitability.

According to a general aviation manufacturers association, in the first three quarters of 2006, the U.S. general aviation (GA) manufacturing industry produced 2,842 new airplanes for \$7.5 billion, which accounts for approximately 80 percent of the number of GA airplanes produced worldwide. This production level is an increase of more than 900 airplanes compared to last year's 1,921 new airplanes during the same three quarters. Many observers argue that the current good health of the U.S. GA industry is a direct result of the General Aviation Revitalization Act of 1994.

1. Activities in the 109th Congress

Hearings

On March 22, 2006, *Keeping U.S. Aviation Manufacturing Competitive*. This field hearing in Wichita, Kansas, examined issues important to keeping the U.S. aviation manufacturing industry competitive in the global marketplace.

On May 25, 2005, *The U.S. Jet Transport Industry: Global Market Factors affecting U.S. Producers (Boeing-Airbus Trade Case)*. This hearing's purpose was to receive testimony on competition, regulation, and global market factors affecting U.S. aircraft manufacturers.

IX. INTERNATIONAL AVIATION

A. Background

Over the next decade, for U.S. airlines, international air travel is expected to grow more rapidly than U.S. domestic travel. From 2005 to 2017, the FAA is projecting international revenue passenger miles (RPM) on U.S. carriers to grow at an average annual rate of 5.5 percent, outpacing forecast domestic RPMs at 3.6 percent.

B. Bilateral Agreements

Unlike domestic aviation where airlines are free to choose routes and set fares without government interference, international aviation relations are typically governed by "bilateral aviation agreements." These agreements establish the routes that can be flown between the two countries and a mechanism for determining the fares that can be charged. The agreements can also limit capacity on the routes and regulate other matters – such as codesharing opportunities – that affect air service between the two countries. There are nearly 150 bilateral aviation agreements between the U.S. and foreign governments. Many of these bilateral agreements are Open Skies agreements, as discussed below.

Congress has long been concerned about the tendency of some countries to discriminate against U.S. airlines to give their flag carriers a competitive advantage. Congress has responded by passing legislation giving DOT broad authority to retaliate against a foreign country's airlines and/or suspend a foreign airline's permit when that airline's country has treated U.S. airlines unfairly.

1. C. Open Skies

"Open Skies" is a concept strongly advocated by the U.S. Government that gives airlines of each signatory country the freedom to establish rates, routes, and services between the two (or more) participating countries without requiring prior review or approval. The U.S. Government takes the position that open aviation competition between countries generates superior international service at the lowest prices. The U.S. currently has 78 Open Skies partners.

1. U.S. and European Union Relations

In November 2002, the European Court of Justice ruled against Open Skies agreements between seven individual European countries and the U.S., as well as the U.S.-United Kingdom (U.K.) agreement. The Court said the agreements discriminated in favor of European national airlines by giving them preference over rival European Union (EU) carriers in operating routes to the U.S. While the current agreements remain in force, the ruling places into question the long-term validity of these agreements. The EU would like to replace the current bilateral agreements with an overall agreement negotiated by the European Commission that would also increase European access to U.S. domestic markets.

In June 2004, U.S. negotiators offered a global U.S.-EU Open Skies package that included equal access for all European carriers to U.S. destinations, and open access for U.S. carriers to U.K. destinations. The package did not include any liberalization of cabotage rules. The EU member states rejected the proposal.

Between June 2004 and October 2005, U.S. and EU negotiators met informally to determine whether there was a basis to resume formal negotiations. In October, the two sides re-launched negotiations, and on November 18, 2005, after one additional round, the U.S. and EU reached agreement on the text of a first-stage comprehensive air transport agreement and related Memorandum of Consultations. If approved by the EU Transport Council, the agreement would replace existing bilateral agreements with the Member States, thus establishing Open Skies between the U.S. and the entire EU.

Although not formally a part of the Open Skies agreement, the issue of foreign investment in U.S. air carriers became a pivotal issue to the discussions between the U.S. and the EU.

On November 7, 2005, DOT issued a Notice of Proposed Rulemaking (NPRM) that would allow foreign interests to control U.S. airlines. Current statutory law requires that U.S. citizens have "actual control" over a U.S. airline. In the NPRM, DOT attempted to interpret this requirement to provide that U.S. citizens *only* control decisions affecting the Civil Reserve Air Fleet, security, and safety. DOT's proposed rule would have allowed foreign interests to control all commercial aspects of a U.S. airline's operations, including fleet mix, routes, frequency, classes of service, and pricing.

There was strong bipartisan opposition to the DOT's NPRM. DOT's proposed policy would have unilaterally made fundamental changes to the nation's aviation system, contrary to statutory law and without consultation with Congress. During consideration of H.R. 5576, the Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act for Fiscal Year 2007, the House of Representatives adopted, by an overwhelming vote of 291 to 137, an amendment prohibiting DOT from finalizing

or implementing the policy proposed in the rulemaking during the next fiscal year. In addition, the Senate Appropriations Committee, by a vote of 19 to 6, approved an amendment to its FY 2007 Transportation Appropriations bill blocking DOT from attempting to change its policies prohibiting foreign ownership of U.S. air carriers.

In the face of this bipartisan, bicameral opposition, DOT withdrew the NPRM on December 5, 2005. The EU has not yet decided whether to endorse the proposed Open Skies agreement without the change in foreign investment policy. The U.S. and EU are set to resume informal discussions in early January.

X. NATIONAL TRANSPORTATION SAFETY BOARD

The National Transportation Safety Board (NTSB) was established as an independent agency in 1974. Prior to this, the NTSB was part of DOT. The NTSB is charged with determining the probable causes of transportation accidents and promoting transportation safety. Since the NTSB has no authority to issue regulations, its effectiveness is dependent upon timely accident reports and safety recommendations.

The Aviation Subcommittee traditionally takes the lead on reauthorization of the NTSB, even though the NTSB investigates many transportation accidents, including aviation, highway, marine, rail, and pipeline. The NTSB reauthorization will expire at the end of FY 2008.

A. NTSB Structure

The NTSB is composed of five members appointed by the President, and confirmed by the Senate. Not more than three members may be appointed from the same political party. The term of office of each member is five years. The President designates, by and with the advice and consent of the Senate, a Chairman of the Board. The President also designates a Vice Chairman of the Board. The terms of office of both the Chairman and Vice Chairman are 2 years.

Board Members	Appointment	Term Expires
Mark V. Rosenker, Chairman	August 11, 2006	August 10, 2008
Mark V. Rosenker, Member	March 23, 2003	December 31, 2010
Robert L. Sumwalt, Vice Chairman	August 21, 2006	August 20, 2008
Robert L. Sumwalt, Member	August 21, 2006	December 31, 2011
Deborah A. P. Hersman, Member	June 21, 2004	December 31, 2008
Kathryn O'Leary Higgins, Member	January 3, 2006	December 31, 2009
Steven R. Chealander, Member	December 21, 2006	December 31, 2007

B. NTSB's Responsibilities

The NTSB investigates many transportation accidents, including aviation accidents and major highway, railroad, pipeline, maritime, and public transit accidents. After investigating an

accident, the NTSB determines the probable cause(s) of the accident and issues a formal report. This process typically takes from nine to eighteen months.

The NTSB is statutorily required to make a probable cause determination on all aviation accidents. In general, the NTSB relies upon the FAA to conduct the on-scene investigation on its behalf for most non-fatal aviation accidents and for some fatal aviation accidents in which the cause is obvious and there is little chance of deriving a safety benefit from the investigation. States or other agencies often investigate accidents in other modes of transportation.

Since its inception in 1967, the NTSB has investigated more than 124,000 aviation accidents and over 10,000 surface transportation accidents, making it the world's premier accident investigation agency. In the last six years alone, the NTSB has investigated, or caused to be investigated, more than 11,000 aviation accidents, 205 highway accidents, 91 railroad accidents, 33 pipeline accidents, 38 marine accidents; and a total of 1,129 safety recommendations have been issued. This record is significant because the agency only has a total of 387 employees located in Washington D.C. and 10 regional offices.

1. Activities in the 109th Congress

Hearings

On March 8, 2006, *Reauthorization of the National Transportation Safety Board*. This hearing's purpose was to review NTSB programs and needs.

Legislation

The National Transportation Safety Board Reauthorization Act of 2006 (P.L. 109-443). This legislation reauthorized the NTSB through FY 2008, providing \$81.6 million in FY2007 and \$92.6 million in FY2008.

XI. WAR RISK INSURANCE

Aircraft insurance is essential to any airline operation. However, commercial insurance companies often will not insure flights to high-risk areas, such as countries at war or on the verge of war. In many cases, these flights are required to further the foreign policy or national security of the U.S. For example, during Operation Desert Shield and Desert Storm, commercial airlines were needed to ferry troops and equipment to the Middle East.

Chapter 443 of title 49 of the U.S. Code authorizes the Secretary of Transportation to provide insurance or reinsurance to air carriers if certain conditions specified in it are met. This authority applies to "any risk" from the operation of an aircraft. 49 U.S.C. 44302(a). However, the Secretary has most often used this authority to provide war-risk insurance. Prior to the 9/11 terrorist attacks, the use of this authority typically involved the Secretary providing war-risk insurance for flights operated to foreign locations that were considered high risk and which commercial insurance companies would not insure.

Before the Secretary can issue insurance, two tests must be satisfied. First, the Secretary must find that the airline cannot acquire the insurance from an insurance company on reasonable terms and conditions. Second, the President must find that the continued operation of the aircraft to be insured is necessary in the interest of air commerce or national security, or to carry out the foreign policy of the U.S. Government. The insurance can be provided for a period of not more than one year but can be extended for additional periods of not more than one year each if the President determines that an extension is needed. The FAA issues and administers the insurance policies.

The war-risk insurance program that the Secretary has provided under this authority offers both a premium and a non-premium policy. Under the premium policy, the FAA issues insurance and a premium is paid by the airline for the coverage. The non-premium policy is issued to airlines operating under contract to a government agency, usually the State or Defense Department. Although no premium is required to be paid by the airline under this policy, the contracting government agency would have to indemnify the FAA for any claims it had to pay. Premiums paid for coverage and any sums appropriated support a revolving fund that is used to defray the cost of operating the war risk program.

The war-risk insurance program was first authorized in 1951. Insurance was provided under this program in the early 1970s in the aftermath of attacks on aircraft by Palestinian terrorists, and also during the final days of the Vietnam War.

Related to the issue of war-risk insurance is the Civil Reserve Air Fleet (CRAF) Program. Airlines performing missions for the DOD under CRAF are insured under the war-risk program. DOD has an indemnity agreement with DOT whereby the FAA extends war risk insurance to airlines without a premium with the understanding that any losses resulting from insurance claims will be reimbursed by the DOD.

The CRAF program arose out of the experience of World War II and the Berlin Airlift where the problems of a massive military mobilization were first encountered. In 1951, President Truman issued Executive Order 10219 directing that a plan be established for the utilization of the nation's civilian airlines during a national emergency.

The CRAF program is voluntary. Its purpose is to provide civil aircraft to augment DOD's military airlift capability. Without it, the military would have to keep many more aircraft in reserve. Currently, about 20 airlines have contracted with the Military Airlift Command to provide 674 aircraft for the CRAF program. In return for agreeing to make their aircraft available during an emergency, the DOD gives these airlines preference in selecting carriers for commercial peacetime flights.

Until the Persian Gulf War, CRAF had never been utilized. Activation during that war did not necessitate calling up all the aircraft that had agreed to participate. If that had happened, it probably would have caused many civilian flights to be cancelled. At the time, a drop in civilian traffic meant that there were aircraft available for the limited CRAF that was needed. The general consensus seems to be that the CRAF program has worked well both during the Persian Gulf War and the current Iraq War.

The Air Transportation Safety and System Stabilization Act (P.L. 107-42), allowed war-risk insurance to be offered for domestic flights, not just international ones, and limited the liability of airlines for third party damages from an act of terrorism to \$100 million for a six-month period. This limit does not apply to passengers but only to people on the ground.

ATSA (P.L. 107-71) allowed DOT and the FAA to extend aviation insurance policies for one-year increments rather than the 60-day periods that had previously been the limit.

The Homeland Security Act of 2002 (P.L. 107-296) extended existing airline war risk insurance policies to the end of August 2003 and gave the Secretary the discretionary authority to extend the policies through December 31, 2003. In addition, DOT and the FAA were directed to extend the coverage of those policies to hull, passenger and crew losses at a total premium that is no more than double what the airlines were paying on June 19, 2002. Previously, these policies had only covered third parties. In addition, the Homeland Security Act reinstated the \$100 million liability limit in the Stabilization Act to the end of 2003. In 2004 and 2005, Congress extended for one year the requirement that the Secretary provide war-risk insurance policies through August 31st and the Secretary's discretionary authority to provide the policies through December 31st. In both years, the Secretary exercised that discretionary authority and the policies remained in effect uninterrupted.

1. Activities in the 109th Congress

Legislation

Third Continuing Appropriations Resolution, 2007 (P.L. 109-383). The Continuing Resolution Act extended the war-risk insurance program through February 15, 2007. On December 21, 2006, the President issued a Presidential Memorandum that authorized DOT to extend the war risk insurance program through December 31, 2007.