

Statement of
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Before the
Subcommittee on Aviation Operations, Safety and Security
Committee on Commerce, Science and Transportation
United States Senate
May 13, 2009

Chairman Dorgan, Ranking Member DeMint and members of the Senate Science, Commerce and Transportation Subcommittee on Aviation Operations, Safety and Security, thank you for inviting me to participate in this hearing on the Federal Aviation Administration (FAA) reauthorization bill. I am Charles Barclay, the President of the American Association of Airport Executives (AAAE). AAAE is the world's largest professional organization representing the men and women who manage primary, commercial service, reliever and general aviation airports.

I would like to begin by commending members of this committee for all of the good work that you did on S. 1300, the Aviation Investment and Modernization Act of 2007. The FAA reauthorization bill, which this committee passed in the last Congress, called for expediting the implementation of the Next Generation Air Transportation System (NextGen). It also included a number of provisions that airport executives strongly support.

Airports were particularly pleased that the bill proposed to increase Airport Improvement Program (AIP) funding by \$100 million per year and that it addressed the needs of airports in small communities. Airports were also encouraged that it did not contain a provision that could have forced airports to comply with excessive National Fire Protection Association (NFPA) standards – a proposal that would impact airports of all sizes and could jeopardize service to small communities.

Airports also appreciate this committee's help in extending FAA programs and aviation excise taxes since Vision 100 expired over a year and a half ago. As members of this committee know, extensions and uncertain funding levels can be very disruptive to airports as they try to plan their construction projects. Airports around the country hope

that this committee will help guide an FAA reauthorization bill through Congress this year that increases funding for airport infrastructure projects, helps airports in small communities and allows for a fair conclusion to the Aircraft Rescue and Fire Fighting rulemaking process.

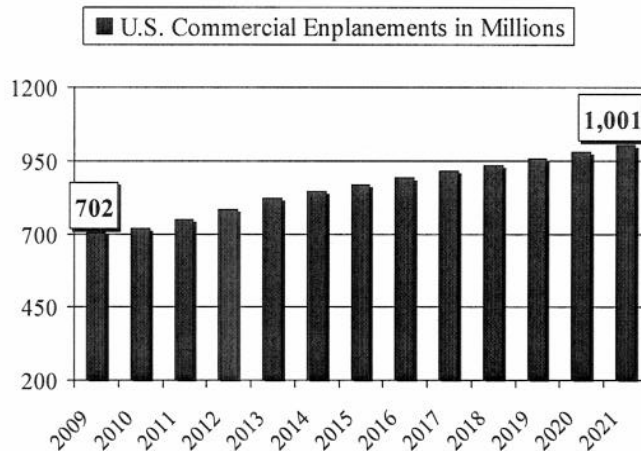
Future Demand, Continuing Delays and Rising Airport Capital Needs

Passenger Levels to Rebound: Much has changed since this committee introduced S. 1300 almost two years ago. Oil prices skyrocketed to nearly \$150 per barrel last year, and the airlines responded by reducing their capacity. Passenger levels declined 1 percent from 2007 to 2008, and the FAA is predicting that enplanements will dip again this year as our economic struggles continue.

However, passenger levels will undoubtedly rebound again as they did after the terrorist attacks in 2001. The FAA is predicting that enplanements will climb from just over 700 million this year to more than 1 billion passengers by 2021 – almost a 43 percent increase. Economic conditions may have pushed that threshold back a few years from previous estimates, but airports need additional resources now in order to take advantage of this temporary downturn and prepare for the inevitable higher passenger levels to come.

Projected Passenger Levels

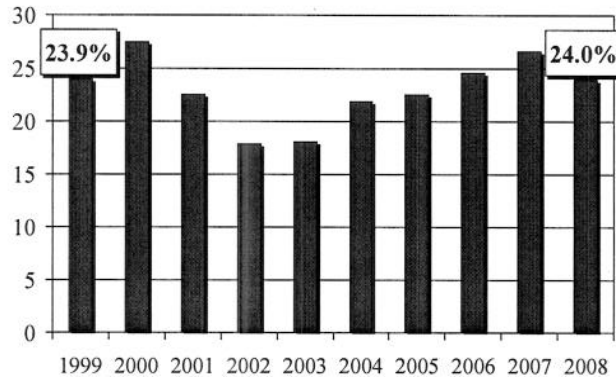
(Source: FAA Aerospace Forecast 2009-2025)



Airline Delays Continue to Frustrate Passengers: On-time arrivals improved slightly in 2008 as the airlines began cutting back service and reducing aircraft from their fleets. However, airline delays continue to plague the aviation industry. According to the Bureau of Transportation Statistics, 24 percent of all flights were delayed, diverted or cancelled last year. That’s higher than the percentage of flights that were delayed, diverted or cancelled in 1999 and in each year between 2001 and 2005.

Flights Delayed, Cancelled or Diverted

(January to December/Source: BTS)



Not surprisingly, airline passengers continue to express their frustrations with flight delays. According to the Department of Transportation's Air Travel Consumer Report, airline delays topped the list of passenger grievances again in 2008. The report indicates that airline passengers filed almost 11,000 complaints last year. Approximately 31 percent of those were related to flight delays, cancellations and misconnections. By contrast, complaints about fares accounted for less than 3.7 percent.

Airline delays are also having an adverse impact on our economy. Last year at this time, the Joint Economic Committee released a report on financial impact of airline delays. The report indicated that flight delays in 2007 cost the economy approximately \$41 billion. Of that amount, airlines were hit with \$19 billion in delay-related costs and passengers another \$12 billion. The report also described how delays harm the environment by pointing out that delays resulted in the use of 740 million gallons of jet fuel and the release of more than 7 million metric tons of carbon dioxide.

We should expect that flight delays, cancellations, diverted flights and passenger complaints will rise when the economy improves and more passengers and aircraft return to the system. The FAA's Aerospace Forecast for 2009 to 2025 indicates that "inadequate" infrastructure could "result in even more congestion and delays" in the future. Delay-related problems will continue to be exacerbated unless airports have the resources they need to increase capacity.

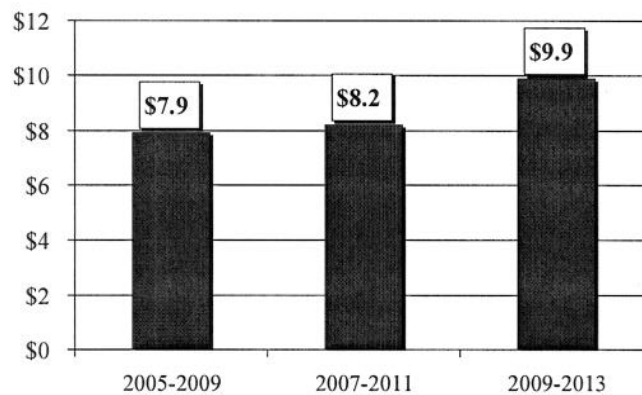
Rising Airport Capital Needs: Airport capital needs are continuing to rise as airports prepare for increasing passenger levels and work to reduce airline delays by increasing capacity. Late last year, the FAA released its National Plan of Integrated Airport Systems (NPIAS) for 2009 to 2013. The report indicates that there will be \$49.7 billion of AIP-eligible projects during the next five years – or an average of \$9.9 billion per year.

This is approximately 21 percent higher than the \$41.2 billion that FAA estimated for AIP-eligible construction projects for 2007 to 2011.

The NPIAS identifies 3,356 existing and 55 newly proposed public-use airports that are eligible to receive AIP grants. According to the report, 27 percent of the planned development is to bring airports up to current design standards and 17 percent is for capacity-related projects. Another 17 percent of the planned development is for replacing or rehabilitating airport facilities such as pavement and lighting systems.

Average Annual AIP-Eligible Projects

(Source: FAA NPIAS 2009-2013)
(Dollars in Billions)



Airports rely on a number of sources for airport capital development projects. The overwhelming majority of funds come from airport bonds, AIP and Passenger Facility Charges (PFCs). However, the FAA acknowledges that “the NPIAS only includes planned development that is eligible to receive Federal grants under the AIP. It does not include necessary but ineligible airport development, such as automobile parking structures, hangars, air cargo building, or the revenue-producing portion of large passenger terminal buildings.” So, the chart above only represents a portion of airport’s total capital needs.

The FAA suggests that high fuel prices last year and current economic conditions may affect its estimates for AIP-eligible projects. **However, the agency correctly points out that “the large scale, long-term programs (i.e. a new runway or a significant runway extension) involving a sequence of planning, environmental analysis, approval, financing, and construction, typically over a 10- to 15-year period, are not particularly sensitive to short-term fluctuations in traffic.”**

In November, Washington Dulles, Chicago O’Hare and Seattle-Tacoma International Airports opened new runways. According to the Department of Transportation (DOT), the three new runways will accommodate an additional 330,000 take-offs and landings per year. However, each of those critical projects took years to complete. For example,

the Port of Seattle began planning to increase capacity at its airport in 1989 -- approximately 20 years ago.

In 2007, the FAA also issued a report entitled, "Capacity Needs in the National Airspace System." The report examined which of the busiest 35 airports in the FAA's Operational Evolution Plan will be able to meet future demand. It indicates that "18 airports around the country are identified as needing additional capacity by 2015, and 27 by 2025, if the airport system remains the same as it is today without the planned improvements."

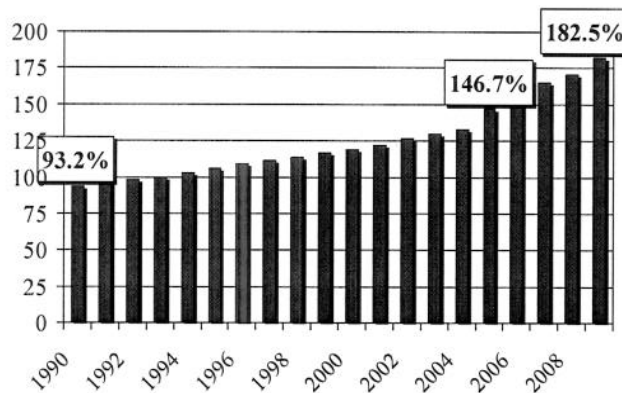
Even if planned improvements occur, the report identifies 6 airports that will need additional capacity by 2015 and 14 airports that will need additional capacity by 2025. Considering the long time it takes to complete capacity-enhancing projects it is critical that airports be able to prepare now for the increasing passenger levels to come.

Airports Squeezed by High Construction Costs: Airport efforts to prepare for higher passenger levels and increasing aircraft operations have been hampered by construction costs, which skyrocketed in recent years. According to the Means Construction Cost Indexes, the average construction costs for 30 major U.S. cities have jumped more than 24 percent since 2005 and almost 11 percent just since Congress began considering the FAA reauthorization bill in early 2007.

Some airports have experienced even higher increases than the national average. For example, the cost of runway reconstruction at the San Francisco International Airport has increased from \$201 to \$377 per square foot since 2000 – an 87 percent increase. Taxiway reconstruction has increased from \$161 to \$304 per square foot during the same time frame – an 89 percent increase. Even the cost of a simple runway light at the airport has increased from \$900 to \$1,700.

Rising Construction Costs

(Source: Means Construction Cost Indexes/Jan. 2009)
(Baseline: Jan. 1, 1993)



Airports Need Additional Resources to Accommodate Future Demand, Reduce Delays and Offset Construction Cost Inflation

Congress, the administration and aviation stakeholders should all be able to agree on the need to improve efficiencies and help reduce delays by implementing NextGen. Airports strongly support those efforts, and the Port Authority of New York and New Jersey is doing its part by heading the National Alliance to Advance NextGen. The group, which is pushing for the overhaul of our air traffic control system, includes 254 organizations including AAAE.

As I mentioned previously, the passenger level is expected to increase from an estimated 702 million in 2009 to more than 1 billion in the next 12 years. That is the equivalent of adding the entire population of the U.S. to our aviation system. While many are understandably focusing on the need to implement a satellite-based navigation system to reduce congestion in the skies, we should not lose sight of the need to increase capacity and reduce congestion on the ground.

According to the FAA, “new runways and runway extensions provide the most significant capacity increases.” In an effort to build the infrastructure necessary to accommodate higher passenger levels in the longer term, to help reduce delays and to offset the impacts of construction costs, airport executives are urging Congress to raise the federally imposed PFC cap, index the cap for construction cost inflation, increase AIP funding and permanently eliminate the Alternative Minimum Tax (AMT) penalty on airport private activity bonds.

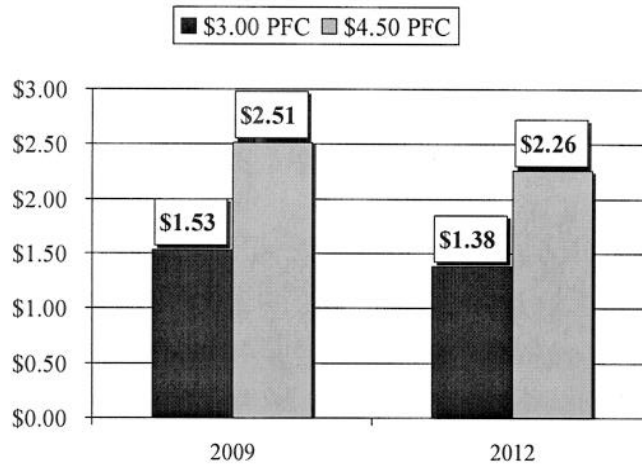
Raise the PFC Cap: The PFC program has helped airports increase safety, security and capacity and mitigate aircraft noise for almost 20 years. The Aviation Safety and Capacity and Expansion Act of 1990 included a provision that allowed airports to collect a local fee of up to \$3 on passengers boarding aircraft at their facilities. AIR-21, which Congress passed in 2000, raised the cap to \$4.50. Money generated from PFCs augments AIP funding and other sources of revenue that airports use for a variety of purposes including building new runways, taxiways and terminals.

H.R. 915, the FAA Reauthorization Act of 2009, which the House Transportation and Infrastructure Committee approved earlier this year, proposes to raise the PFC cap to \$7.00. That provision represents an enormous step in the right direction, but airports are encouraging Congress to raise the cap slightly higher to \$7.50 and to index the cap for construction cost inflation.

Airports collected about \$2.7 billion from PFCs in calendar year 2008 – down from more than \$2.8 billion the previous year. Airports are being hit on two fronts because overall PFC revenue is declining while the value of PFCs has eroded due to construction cost inflation. Since Congress raised the PFC cap to \$4.50 in 2000, construction costs have risen by more than 53 percent.

Due to construction cost inflation, a \$3.00 PFC is worth approximately \$1.53 today, and \$4.50 PFC is worth about \$2.51. Unless corrective action is taken, the value of PFCs will erode even more by 2012 when a \$3.00 PFC is expected to be worth only \$1.38 and a \$4.50 PFC is expected to be worth only \$2.26.

Erosion of PFC Value Due to Construction Cost Inflation



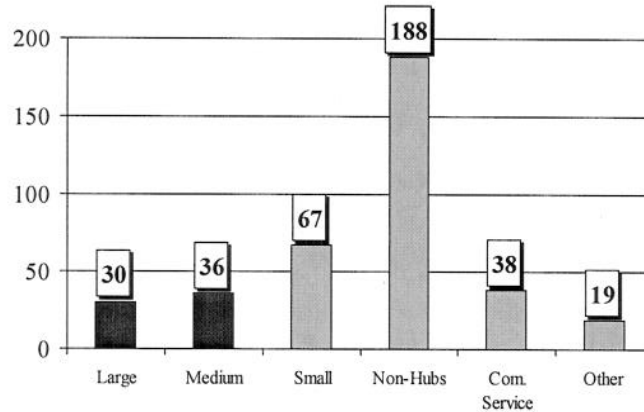
Some may suggest that raising the PFC cap by \$3.00 is too much. But raising the PFC cap to \$7.50 would not quite be enough to offset the impact of inflation in 2008. To accurately reflect construction cost inflation in 2009, the PFC cap would need to be raised to more than \$8.00.

According to the FAA, if all those airports collecting \$4.00 and \$4.50 PFCs today began collecting \$7.00 PFCs, raising the cap would generate approximately \$1.3 billion per year. Raising the cap to \$7.50 could generate slightly more funds for critical safety, security and delay-reducing capacity projects at airports around the country including 97 of the top 100 airports.

Overall, 66 large and medium hub airports collect PFCs. However, large airports are not the only beneficiaries of the PFC program. Small airports also rely on PFC revenue to augment AIP funding they receive. According to the FAA, more than 300 small hub and smaller airports have been approved to collect PFCs, and 252 small airports collect PFCs at the maximum \$4.50 level.

Airports Approved to Collect PFCs By Hub Size

(Source: FAA)



Even small airports that don't collect PFCs benefit from the program. That's because large and medium hub airports that collect PFCs have a portion of their AIP entitlements withheld. Specifically, large and medium hubs that collect \$4.50 PFCs have 75 percent of their entitlements withheld. Current law requires 87.5 percent of those withheld funds be redistributed to small airports through the Small Airport Fund. Small airports received almost a half-billion dollars from the fund in FY07.

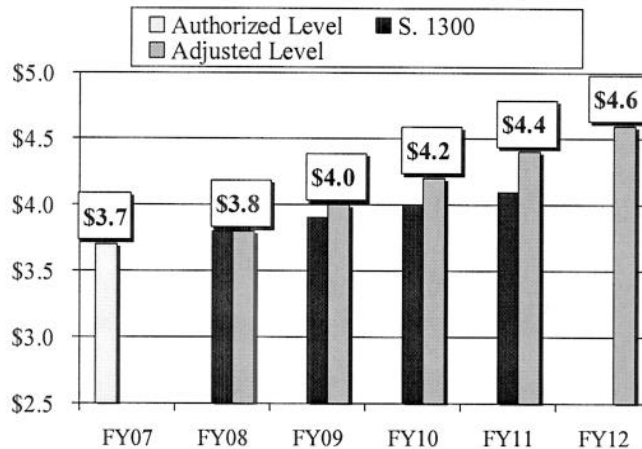
Raising the PFC cap would also help stimulate the economy by creating much-needed jobs. According to DOT, every \$1 billion invested in transportation infrastructure creates approximately 35,000 jobs. Raising the PFC cap to \$7.50 and indexing it for construction cost inflation would help stimulate the economy by creating tens of thousands of good-paying jobs every year.

Increase AIP Funding: In addition to raising the PFC cap, airport executives are continuing to urge Congress to increase AIP funding. AIP is an important source of funding for all sizes of airports and especially smaller airports around the country. Large and medium hub airports also depend on AIP funding – particularly money distributed through the Letter of Intent Program (both entitlement and discretionary funds) to help pay for large capacity projects.

Airport executives are grateful that this subcommittee recommended increasing funding for airport construction projects by \$100 million per year as part of S. 1300. We hope that you will increase AIP funding by at least that amount in the FAA reauthorization bill that you introduce this year and would encourage you to consider increasing funding so that the program keeps up with increased construction costs. Doing so would translate into \$4.2 billion for AIP in FY10, \$4.4 billion in FY11 and \$4.6 billion in FY12.

Adjusting AIP for Construction Cost Inflation

(Dollars in Billions)



Impact of Economic Stimulus Package: Some may suggest that it isn't necessary to raise the PFC cap or increase AIP funding because airports will receive an additional \$1.1 billion in AIP funds as part of the economic stimulus package that Congress passed earlier this year. Airports are grateful for the additional infrastructure funds. However, the additional revenue will essentially offset a shortfall in the amount of money that Congress appropriated for AIP in recent years.

As members of this subcommittee know, Vision 100 proposed increasing AIP funding by \$100 million per year and authorized \$3.6 billion for AIP in FY06 and \$3.7 billion in FY07. S. 1300, the FAA reauthorization bill that this panel approved in 2007, called for continuing that upward trend by authorizing \$3.8 billion for AIP in FY08 and \$3.9 billion in the following year.

Despite the authorizing committee's support for increasing AIP funding by \$100 million per year, Congress has appropriated approximately \$3.5 billion for AIP every year during the past four years. This means that airports received approximately \$1 billion less in AIP funds from FY06 through FY09 than this subcommittee approved. The additional AIP funding in the stimulus will help create jobs and make up the difference between the authorized and appropriated levels for AIP in recent years. However, the stimulus funding does not offset the need to raise the PFC cap or increase AIP funding.

Permanent Fix for Airport Private Activity Bonds: AAAE has long argued that federal tax law unfairly classified the vast majority of bonds that airports use as private activity even though they are used to finance runways, taxiways and other facilities that benefit the public. Since private activity bonds are subject to the AMT, airport bond issuers traditionally have been charged higher interest rates on their borrowing.

The economic stimulus package eliminated the AMT penalty on private activity bonds that airports and other entities issue in the next two years. The bill also allows airports

and others to current refund bonds issued in the past five years that are callable in 2009 and 2010. The AMT provisions are helping airports create jobs by moving forward with critical infrastructure projects that had been delayed because of the financial crisis and the collapse of the bond market.

The provisions in the stimulus package allowed the Metropolitan Washington Airports Authority to sell \$400 million in airport revenue bonds in March. Other airports have also sold bonds including the Miami International Airport, which sold \$600 million in airport revenue bonds just last week. Miami airport officials expect that eliminating the AMT penalty will save the airport between \$9 million and \$14 million per year. That's money that the airport could use to invest in other airport infrastructure projects and create even more jobs.

Airports around the country owe Senate Majority Leader Harry Reid and Senator John Ensign a debt of gratitude for their leadership on this issue. I urge members of this panel to work with their colleagues on the Finance Committee to implement a permanent fix so airport private activity bonds are not subject to the AMT penalty.

**Preserve Commercial Air Service To Small Communities:
Fairly Conclude ARFF Rulemaking Process**

Safety is by far the most important priority for airports around the country, and airport operators devote a great deal of time, effort and resources to continue to improve safety at their facilities. As part of that commitment to safety, airports work closely with the FAA and follow strict aircraft rescue and fire fighting requirements. Fire fighters are an integral component of a team of professionals dedicated to ensuring aviation safety, and all of us owe them a debt of gratitude for their service.

Despite our strong relationship with fire fighters and our tremendous respect for their mission, we strongly oppose a provision in H.R. 915 that could force airports to comply with National Fire Protection Association (NFPA) standards. At first glance, this may seem like a reasonable approach to improve aviation safety. Upon closer review, however, it is clear that the plan would have a huge financial impact on airports of all sizes without demonstrating a clear safety benefit. It could also cause some small communities to lose commercial air service.

To comply with NFPA standards airports would be required to dramatically increase the number of fire fighters at their facilities without any evidence that additional personnel are actually necessary. Airports would have no choice but to pass those additional operating costs on to the airlines at a time when large and small airports are trying to keep their costs low. Increased operating costs would be particularly devastating to small airports struggling to maintain and attract new commercial air service. In fact, many small airports fear that increased operating costs would cause them to completely lose commercial air service.

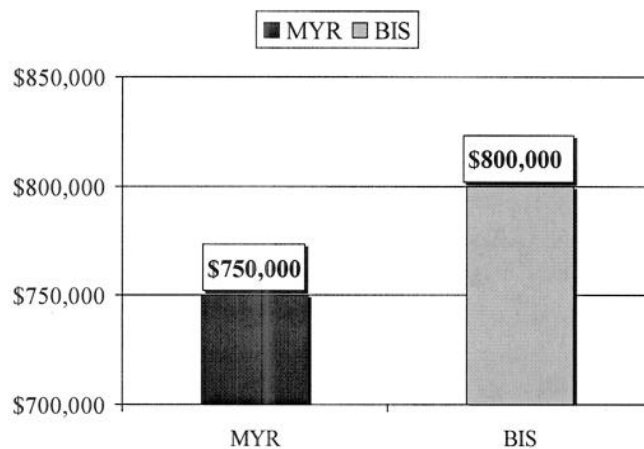
The proposed NFPA standards would also increase airport infrastructure and equipment costs with little benefit in terms of enhanced safety. These requirements would force airports to divert scarce AIP funds away from necessary safety, security and capacity projects. This subcommittee previously proposed to fund AIP at between \$3.8 billion and \$4.1 billion per year. It could take as much as a full year's worth of AIP funding to pay for the additional infrastructure and equipment necessary to comply with NFPA standards.

AAAE has been compiling information from airports around the country about the cost to comply with NFPA standards. Based on feedback the association has received from approximately 50 large, medium, small and non-hub airports, AAAE expects that the increased operating requirements could cost airports as much as \$1 billion per year and \$4 billion in increased infrastructure and equipment costs.

Again, these additional requirements would be particularly hard on small airports. For example, the Bismarck Municipal Airport would need to increase its roster of fire fighters from 7 to 27. The additional operating expenses would cost the airport almost \$800,000 per year – more than triple its current costs. The airport would also need to build a new ARFF station and purchase two new fire fighting vehicles costing a total of \$6 million.

The Myrtle Beach International Airport estimates that the NFPA standards would force the South Carolina airport to double the number of fire fighters from 13 to 23 – costing the airport approximately \$750,000 per year. Airport officials also anticipate that they would “incur increased infrastructure costs and equipment costs with little benefit in terms of enhanced safety.”

Additional Annual Operating Costs to Implement NFPA Standards



The NFPA standards would have a huge financial impact on large airports, too. As Ranking Member Hutchison knows, Dallas-Fort Worth International Airport has seven runways and covers approximately 30 square miles. It would cost the airport between \$68.8 million and \$83.8 million to construct new ARFF facilities and purchase new fire fighting vehicles to comply with NFPA standards. The annual operations costs would add on another \$25.6 million to \$28.4 million every year.

There is already an FAA-led process in place to review and update current fire fighting standards at airports. Rather than adopting a one-sided proposal that would tilt the playing field toward one particular stakeholder in that process, Congress should allow the FAA to continue to work with all aviation stakeholders toward bringing the existing rulemaking process to a fair conclusion instead.

AIP and PFC Modifications

Maintain Higher Federal Match for Small Airports: Vision 100 included a helpful provision that increased the federal share for small hub and smaller airports from 90 percent to 95 percent through FY07. Airport executives around the country appreciate that this subcommittee proposed to maintain that higher federal match in S. 1300. In these challenging economic times, small communities around the country are finding it very difficult to come up with a 5 percent local matching share. Increasing the amount to 10 percent could prevent certain small airports from moving forward with planned construction projects. We hope you will retain that provision in the next FAA bill.

Minimum Entitlements and Annual Apportionments: We also recommend that you include a provision in the bill that would allow airports to continue to receive the minimum entitlements even if their enplanements dipped below 10,000 in 2008 as a result of service cuts related to high fuel costs and/or the downturn in the economy. We are similarly proposing that entitlements for airports with more than 10,000 enplanements not be reduced if their passenger levels declined in 2008.

Commercial service airports rely on revenue generated from airlines, other airport tenants and passengers to meet their operational and infrastructure requirements. Decreasing numbers of flights and passengers translate into fewer dollars for airports to use for operational purposes or to invest in infrastructure projects that help stimulate the economy by creating jobs. Allowing airports to continue to maintain their minimum entitlements and annual apportionments would ensure that airports are not unnecessarily penalized even more.

Land Acquired for Noise Compatibility Purposes: Airports appreciate the fact that S. 1300 included a provision that would have made a grant assurance change regarding the sale of land that an airport initially acquired for a noise compatibility purpose but no longer needs. Current law requires that the proceeds proportional to the federal government's share of the land acquisition be returned to the aviation trust fund.

The Senate version of the reauthorization bill would have allowed DOT to reinvest the government's share of the proceeds in another project at that airport or another airport. However, when an airport leases land that it initially acquired for a noise compatibility purpose, the FAA considers that to be a disposal and requires the airport to return the federal funds it received to purchase the land.

Airports would like to be able to retain control of the land they acquired for noise compatibility purposes through leasing so they are not forced to sell land that they may need at a later date when that same parcel of land may be selling at a higher price (and at a greater cost to the federal government and the airport) or may not be available to purchase at all. We would like to continue to work with this subcommittee to achieve that goal.

Streamline PFC Process: Airports supported the previous Administration's proposal to streamline the PFC application and approval process. The FAA pointed out that "current law requires an application and approval of each PFC project (or amendment to a project) that sometimes involves prolonged reviews and delays." We agree with the FAA's assessment and strongly support streamlining the PFC process, which currently takes several months to complete.

Airports work closely with our airline partners to reach consensus on PFC-funded projects and will continue to do so if Congress endorses PFC streamlining. For instance, airports would continue to provide a reasonable notice and comment period for carriers operating at their facilities. However, airports should be allowed to impose a new PFC earlier in the process, avoid months in unnecessary delays, and create jobs more quickly. Should a carrier file an objection, DOT would have the authority to terminate the airport's authority to collect PFCs for the new project if the agency concurred with the objection.

Small Community Issues

Increase Funding for Small Community Air Service Development Program: AAAE has been a long-time proponent of the Small Community Air Service Development Program. Since Congress created the Small Community Program in 2000, it has helped numerous small communities around the country suffering from insufficient air service or unreasonably high fares. Airports are grateful that S. 1300 included \$35 million per year for this critical program.

Considering the number of communities that apply for funds from this program and the increasing pressures on small communities, we urge this subcommittee to consider making a greater investment in this critical program. Specifically, we urge you to authorize \$50 million for the program per year and allow communities to receive follow-on grants for the same project. We also recommend that small airports be allowed to reduce their operating costs by using small community grants for ground handling services.

Mr. Chairman, we would also like to bring to your attention an issue related to the Small Community Program. Last year, DOT received 66 proposals from communities in 32 states requesting more than \$36 million “to support new and ongoing air service development projects.” However, the demand for federal assistance far exceeded the approximately \$10 million that Congress approved for the program in the FY08.

In September, DOT announced that it had awarded grants that will benefit 16 communities in 12 states. Those communities will receive between \$100,000 and \$750,000 in grants and are contributing their own resources to their respective projects. However, airport executives were shocked to learn that of the \$10 million that Congress appropriated for this program, only \$6.85 million is actually slated to go to small communities that need assistance. According to DOT’s order, the other \$3.15 million will be used to cover “current and future administrative support costs.”

Designating 32 percent of funds appropriated for the Small Community Program for administrative purposes seems unreasonably high to us. By contrast, the FAA withheld \$75 million in Fiscal Year 2007 to distribute more than 2,000 AIP grants – or approximately 2 percent of the \$3.5 billion that Congress appropriated for the AIP program that year.

Many airport executives question why DOT needs \$3.2 million to administer only 16 Small Community Program grants. Some or all of those funds could be distributed to other small communities struggling to retain or attract new commercial air service instead. Based on the average grant award, \$3.2 million could be used to fund another seven projects.

We encourage you and your colleagues on the Aviation Subcommittee to examine DOT’s decision to allocate such a large portion of small community funds for administrative purposes. Airports would strongly prefer that DOT designate some or all of the \$3.2 million to other small communities that have applied for grants instead.

Maintain Essential Air Service Program: Last year was a challenging year for many EAS communities. Due, in part, to rapidly increasing fuel prices and air service cuts, 37 eligible EAS communities temporarily lost service last year. When all the service disruptions were added up, EAS communities were without air service for more than 200 months. Seven EAS communities still do not have air service.

Airport executives are pleased that this subcommittee rejected the previous Administration’s proposal to drastically cut funding for the EAS program to \$50 million per year. Small airports around the country were encouraged that this panel agreed to provide a total of \$175 million per year for the program instead. We encourage Congress to maintain adequate funding for EAS and continue to take steps to improve this critical program.

Invest in FAA's Contract Tower Program: Another program that has improved air traffic control efficiency and safety at airports in small communities is the FAA's

Contract Tower Program. This program has been in place since 1982 and currently provides for the efficient and cost-effective operation of air traffic control towers at 242 smaller airports in 46 states. Without the Contract Tower Program many simply would not have any air traffic control services at their facilities.

AIR-21 included a provision that created the Contract Tower Cost Share Program, which currently allows 16 airports in 12 states that fall slightly below the eligibility criteria to participate in the program if they provide local funds. We recommend that this subcommittee authorize \$9.5 million for the Contract Tower Cost Share Program in FY10 and increase the amount by \$500,000 per year. Doing so would keep the existing towers operating and allow additional non-towered airports to participate in the program.

Other Recommendations

Expand VALE Program: As a result of a provision contained in Vision 100, the FAA established the Voluntary Airport Low Emissions program to assist airports with implementing air quality emission reduction programs. Only those airports that are in nonattainment and maintenance areas for certain pollutants are eligible to participate in this program.

Given the importance of air quality to communities we believe that this program should be opened up to all airports, regardless of their air quality designation. As a recent Governmental Accountability Office report noted, airports are just beginning to take advantage of this program, and opening it to more airports would enhance its success and reduce emissions.

Phase Out Stage Two Aircraft: S. 1300 included a welcome provision calling for the phase out of Stage 2 aircraft with a maximum weight of 75,000 pounds by December 31, 2012. We encourage you to maintain the provision in next version of the FAA reauthorization bill.

Conclusion

Chairman Dorgan, Ranking Member DeMint and members of Aviation, thank you again for inviting me to appear before the Subcommittee on Aviation Operations, Safety and Security, to discuss the FAA reauthorization bill. As I mentioned at the beginning of my statement, airports are grateful to this subcommittee for including a number of key airport provisions S. 1300 in the last Congress. We look forward to continuing to work with as you reconsider the FAA reauthorization bill again this year.