

**STATEMENT OF THE HONORABLE DAVID R. HINSON, FEDERAL AVIATION ADMINISTRATOR, BEFORE THE HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT, CONCERNING AVIATION INFRASTRUCTURE NEEDS. APRIL 28, 1994.**

**Mr. Chairman and Members of the Subcommittee:**

I welcome the opportunity to appear before the Subcommittee today to discuss the FAA's aviation infrastructure programs. Accompanying me are Cynthia Rich, FAA's Assistant Administrator for Airports, and Martin Pozesky, Associate Administrator for System Engineering and Development.

As the Members of this Subcommittee know well, one of the most pressing needs in our air transportation system is the need for additional capacity to handle projected air traffic. The airport capacity of today will not meet the air transportation demands of tomorrow. We project, for example, that U.S. air carriers will increase their enplanements by about 60 percent by the year 2005, an average increase of 4 percent per year. In that same time, total aircraft operations at airports with FAA air traffic control services are expected to increase by 23 percent, or about 2 percent per year.

In 1991, 23 of our airports experienced more than 20,000 hours of airline flight delay each year; 33 airports may fall into that category by the year 2002 if no capacity improvements are made. It is readily apparent that without substantial improvements in system capacity, passengers and air carriers will face added costs and increased delays.

The FAA is responding to this challenge in many ways. The Airport Improvement Program (AIP), which is currently not authorized, permits us to assist in funding airport

capacity enhancement projects, such as the construction of new runways or terminal improvements. An additional funding source, passenger facility charges (PFCs), is contributing an increasing proportion of the costs of eligible projects. The conversion of former military air bases to civilian use provides a means of expanding civil capacity. Other capacity improvements require the development and use of new technology. More than three dozen programs, including the satellite-based Global Positioning System, are in progress at the FAA to provide that new technology.

The Airport Improvement Program has been the traditional means of Federal assistance to airports to provide additional capacity, and we are hopeful that a multi-year reauthorization bill for this program will be enacted soon. It is a major component of the financing necessary for airport planning and development, and it has provided the financial stability necessary for airports to obtain additional financing in the bond market for airport development. Historically, AIP assistance has provided about one-quarter to one-third of the funding for the capital investment in airport infrastructure, with bonds providing another third. The remainder is financed by other airport revenues and PFCs. The continued Federal presence provided by AIP funding remains important to support the annual public spending expected in the near-term for airport development.

I would like to take a moment to report to you on our AIP efforts of the last fiscal year. During FY 93, FAA issued 1434 grants. In FY 93, we devoted a record \$715 million in AIP funds to capacity infrastructure development. Capacity enhancement projects at primary airports continued to receive priority consideration under the discretionary portion of the AIP program, where we can target funding.

We have also funded work to provide new, relocated or extended runways at a number of key airports throughout the country. Most of these runways are needed to accommodate

a gradual increase in activity due either to airline hub operations (such as at Dallas/Fort Worth and Salt Lake City) or the growing demands of metropolitan areas (such as Washington Dulles). Other projects, such as the one planned in Philadelphia, will increase capacity by permitting independent approaches to parallel runways during all weather conditions, which is not possible under the current configuration.

The Military Airport Program, established as a key component of the AIP, provides an important opportunity to add new capacity. FY 93 brought an additional four military airports into the program, for a total of twelve airports, as well as an increase in set-aside funding. There is substantial airport infrastructure available for conversion throughout the country, which can provide valuable added capacity to complement capacity efforts at current civil airports.

We also have recently reviewed our Letter of Intent (LOI) program. As a result, we have developed a proposed LOI policy that assures we use LOIs only to invest in airside development projects providing the best system-wide capacity benefits. This new policy proposes to allow funding for airside development projects. It will require more rigorous analyses of the sponsor's financial commitment and the benefit/cost ratio of the projects, especially given the limited amount of funds available for LOI projects. The policy will be published in the very near future for comment by all interested parties. The FAA intends to use this policy in considering all future LOI requests. However, no new LOIs can be issued until the FAA has enabling legislation.

We are implementing a program to enhance the AIP investment criteria. The program is ongoing. Ultimately, it will include goals and performance measures for a National Airport System that is fully consistent with the National Transportation System. In addition, we are currently considering various innovative financing mechanisms to

encourage more capital investments from the private sector to enhance the transportation infrastructure.

To supplement AIP grant assistance, many commercial service airports now have available to them an added source of funding -- PFCs, or passenger facility charges. As of April 1994, the FAA has approved a total of \$9.3 billion in passenger facility charges throughout the country since collections began in June, 1992. When a large or medium hub airport imposes a PFC, its AIP entitlement funds are reduced by a set proportion. These funds, also known as "turnbacks," increase the amount of AIP discretionary assistance available to airports nationwide. Entitlement reductions increased our AIP discretionary funds by over \$57 million in 1993, and are expected to exceed \$100 million in 1994, depending on reauthorization legislation. Together, the AIP and PFC programs provide the investment in infrastructure that is so important to the economic well-being and growth of our air transportation industry. In addition, PFCs provide a predictable funding stream that gives airports the added flexibility they need for long-term planning and development projects.

We are also pursuing a variety of technological improvements that will add to the FAA's investment in the infrastructure, providing increased safety and efficiencies in our air transportation system. FAA continues to press for the development and exploitation of technologies that will increase system capacity, and for the installation of capacity-enhancing navigational aids and facilities. In FY 81, FAA developed the National Airspace System (NAS) Plan, which was the blueprint for modernization of the air traffic control system. Since that time, the FAA has issued a comprehensive statement of capital needs, known as the Capital Investment Plan (CIP). The CIP is based on a detailed capital planning process, and contains projects complementing the NAS Plan baseline program to update and maintain America's air traffic control system.

While the United States air transportation system operates very safely and efficiently, delays are a concern to aviation productivity, especially at the major hub airports. Although more than half of all delays are due to adverse weather, CIP investments can provide increased capacity through better use of air traffic control and management automation systems. The continuing growth in the volume and complexity of aircraft operations will place unprecedented demands on the NAS through the turn of the century. The 1993 Capital Investment Plan describes the FAA's efforts to prepare for these increasing demands by investing in infrastructure modernization. Users of the NAS system will benefit from improvements in flight services, more efficient routing, reduced delay, and enhanced safety.

Overall, we have made substantial progress in implementing the CIP, and many of our major efforts have begun to deliver tangible benefits to today's passengers. Over 85 percent of the systems covered by the NAS plan have been delivered to the field, including 183 radars, 273 airport surface observing systems, and 110 low-level wind shear alert systems. The benefits realized since 1981 total \$35 billion in 1992 dollars. These benefits come from minimizing delays caused by air traffic congestion and down-time of old, obsolete equipment. These improvements have led to savings in FAA operations and maintenance expenses, and increased productivity for air carriers.

To meet worldwide air traffic demands, fundamental technologies and procedures of the future system must be global. Satellite technology, for example, will become an increasingly attractive option for providing regional and worldwide services. For this reason, the 1993 CIP reflects a new policy direction for the NAS: our accelerated commitment to a satellite-based navigation system that uses the global positioning system (GPS) as its foundation. GPS is now an operational part of the U.S. air traffic control

6

system. FAA has certificated the first two GPS signal receivers for oceanic, domestic en route, terminal, and non-precision approaches. And Department of Defense specifications for initial system operation have been accepted by the FAA for civil aviation purposes. In the future, aircraft will relay positional signals from their GPS receivers to ground stations, increasing safety and accuracy, and reducing costs of aircraft operation. Airlines will save millions of dollars each year in fuel costs.

In closing, Mr. Chairman, I would like to stress that the FAA shares your concern for ensuring that there is adequate infrastructure to support the projected growth in air transportation well into the next century. We are working on ways to expand airport capacity through AIP-funded projects. And we are investigating the technological improvements necessary to ensure that our air traffic control system remains the world's safest and most efficient.

That completes my prepared statement, Mr. Chairman. I would be pleased to respond to any questions you may have at this time.