Statement of
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Committee on Transportation and Infrastructure
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Mr. Chairman and members of the Subcommittee, thank you for inviting me to appear before you today to offer the Air Transport Association's (ATA) observations on the financial condition of the Aviation Trust Fund and alternative mechanisms for financing future needs. While we are only at the opening stages of what will surely be a robust debate on how to "fix" the Trust Fund, it is never too soon to identify the drawbacks of the current scheme and begin the discussion of potential solutions. The airlines have a direct interest in this debate because we provide well over ninety percent of the revenue for the Trust Fund [CHART 1], even though we account for roughly only two-thirds of the operations. And we pay more: once in the form of taxes and fees, and again in future delay costs when Trust Fund monies are not properly invested in system modernization.

We have an appreciation for the enormous challenge facing the Federal Aviation Administration (FAA) because it is all too similar to what the airline industry has been struggling with for the past four years. Revenue shortfall in the billions? We know all about it. Outdated "legacy" systems? We've been there. High labor costs? We feel your pain. And having grappled with these tough issues, we know that the next few years will not be easy. But just as the airlines have responded to the challenge by shedding more than one out of six jobs, restructuring employee compensation and

benefits, changing work rules to increase productivity, parking inefficient and expensive-to-maintain equipment, and consolidating facilities and operations, the FAA will need to take meaningful steps to improve efficiency .

I. State of the Trust Fund – How We Got Here

For too long, the Trust Fund has been viewed as a bottomless pot of money that is easily replenished by taxes on commercial aviation. To an extent, the Trust Fund is suffering not so much from a lack of funds as from an abundance of demands on those funds. Everyone, it seems, wants his slice, and over the years the Trust Fund has been carved up to the point where there is no longer enough left to do what it was originally intended to do: *expand and improve the national airport and airway system*.[1] We've reached the point where less than 20 percent of annual appropriations from the Trust Fund is made available to expand capacity or improve the efficiency of the system. The rest goes to operate and maintain the existing system, cover administrative costs and to fund various set-asides that have at best a tangential relation to the national system. [CHART 2]

In the past few years, we have seen the Trust Fund go from allowing significant surpluses to accumulate to drawing down the balance of the Trust Fund to the point where the bottom of the pot is coming into view. The FAA recently reduced its estimate of Trust Fund revenues for FY2005 by nearly 25 percent – from $14.5 billion (projected in 2001) to $10.9 billion,[2] and the Air Traffic Organization (ATO) is projecting an $8.2 billion

[1] H.R. Conf. Rep. 91-1074, reprinted in 1970 U.S.C.C.A.N. 3101.
[2] *Next Steps for the Air Traffic Organization*, Statement of the Honorable Kenneth M. Mead Before the Committee on Transportation and Infrastructure, Subcommittee on Aviation, United States House of Representatives (April 14, 2005) p. 2 ("Mead Testimony").

cumulative gap between projected revenue and spending over the next five years.[3] Appropriately, the Trust Fund's balance and revenue projections are requiring a reexamination of spending priorities and calling into question the cost-effectiveness of expenditures and the benefits derived by various users of the National Airspace System (NAS). At the same time, the dire financial state of the U.S. airline industry is forcing a reassessment of the growing tax burden imposed on commercial aviation and the value we receive for our tax dollars.

The ATO Annual Report for 2004 sounds the alarm: "Revenue per flight is trending downwards in unprecedented ways."[4] One cause, of course, has been a sharp decline in fares, which has reduced revenue from the 7.5 percent ticket tax. In fact, FAA estimates that ticket tax revenues per aircraft decreased 33 percent in real terms from 2000 to 2003.[5] Of course, affordability of air service was one of the hoped-for benefits of deregulation and ticket tax revenues simply mirror what people are willing to pay for air travel. Ticket tax receipts have never been a good indicator of demand on the system. At the same time, what is often lost sight of is that non-commercial flights make up a large and growing proportion of NAS users but generate *de minimis* receipts – around two percent of Trust Fund revenue.[6] Overall, the excise taxes that make up the revenue stream for the Trust Fund are not keeping up with the growth in demand for ATC

[3] Statement of Gerald Dillingham, General Accounting Office, *National Airspace System: Progress and Ongoing Challenges for the Air Traffic Organization,* Testimony Before the Subcommittee on Aviation, Committee on Transportation and Infrastructure, House of Representatives (April 14, 2005), p.13 ("Dillingham Testimony").
[4] *Year One – Taking Flight: 2004 Annual Performance Report*, Federal Aviation Administration, Air Traffic Organization (March 2005), p. 23 ("ATO 2004 Annual Report").
[5] ATO 2004 Annual Report, p. 24
[6] This includes the excise tax on gasoline used for aviation purposes (AvGas), the excise tax on noncommercial use of jet fuel, and a nominal portion of ticket tax receipts.

services. Between FY 2003 and FY 2004, IFR operations increased by 5.5%, but Trust Fund revenue increased by only 3.95%, and revenue per IFR operation actually *decreased* by 2%.[7]

Administrator Blakey and ATO Chief Operating Officer Russ Chew have both recently called for "a revenue stream based both on our costs and on our actual units of production."[8] This has been over-simplified by some as a call for "user fees," and just as quickly opposed on that basis. It is important to keep in mind, however, that the *existing* Trust Fund was established by Congress to hold revenue generated "through the imposition . . . of airport and airway user charges" and that Trust Fund revenues were intended to be "raised and allocated according to the costs imposed by the respective system users."[9]

The question, then, isn't whether the Trust Fund should be funded by its users. Regardless of whether they are called "user charges," "user taxes," or "excise taxes" the fact remains that the system is *already* funded by its users – indeed, it is funded almost entirely by commercial aviation – a subset of its users. Rather, the question is whether the funding formula should be re-calculated or entirely reconceived to correspond more closely to the costs imposed by the respective system users. There are many competing theories on the best way to do this. While it is too early in the process to start debating

[7] ATO 2004 Annual Report, p. 21.
[8] Statement of Russ Chew, Chief Operating Officer, Air Traffic Organization, Federal Aviation Administration, on Transforming the FAA: A Review of the ATO, Before the Committee on Transportation and Infrastructure, Subcommittee on Aviation, United States House of Representatives (April 7, 2005) ("Chew Testimony").
[9] H.R. Rep. No. 91-601, reprinted in 1970 U.S.C.C.A.N. 3047.

the relative merits of one method over another, we believe that an approach that ties revenues to actual costs and assesses the burden proportionately can produce a funding mechanism that is simpler and more equitable, and a revenue stream that is able to keep pace with changes in the use of the aviation system.

II. Allocation of Trust Fund Expenditures

A. Funding for Air Traffic Management

The lion's share of appropriations from the Trust Fund – $7.9 billion in FY 2004 – goes to supporting and improving the air traffic control system, including maintenance of a nationwide infrastructure of more than 631 staffed air traffic facilities and nearly 41,000 systems such as radars and antennae.[10] Not surprisingly, the financial state of the Trust Fund has a direct bearing on the ability of the Air Traffic Organization (ATO) to carry out its mission:

> "The continued growth in cost of the air traffic control system at the same time that trust fund revenues are flattening and record high deficits are expected will put continued financial pressure on the ATO. All of the ATO's efforts to improve financial management, cost awareness, and management accountability will allow us to aggressively manage costs. However, even with an aggressive cost management program in place, we expect significant future gaps between FAA's annual costs and annual trust fund revenue."[11]

The cause of the predicament outlined above is not just a temporary shortfall in funds – it is rooted in the funding scheme itself. Because the excise taxes that go into the Trust Fund are unrelated to the cost of providing service to NAS users, it is virtually guaranteed that revenue will not be synchronized with operating expenses.

[10] ATO 2004 Annual Report p. 11.
[11] ATO 2004 Annual Report, p. 28.

1. The ATO Today

The challenge of maintaining the safe and efficient operation of the NAS while simultaneously investing in new technology and infrastructure necessary to meet future demands is nothing new – back in 1997, the National Civil Aviation Review Commission (NCARC) identified the urgent need to make significant changes in our aviation system:

> "The aviation system of the United States is at a critical crossroads . . . Unless the FAA and various aviation stakeholders – the Congress, the Executive Branch, and the aviation community – change the status quo, internal and external to the FAA, our nation's aviation system will succumb to gridlock. Delays will skyrocket while we reminisce about the 'reliable' flight schedules of the past. This current course will impair our domestic economy , reduce our standing in the global marketplace, and result in a long-term deterioration of aviation safety."[12]

The Commission called for "dramatic changes in the way that the air traffic system and airport development are managed and financed," and in partial response, Congress passed the reforms of AIR-21, which created a performance-based organization with greater flexibility as well as greater accountability. With Russ Chew's appointment as Chief Operating Officer in 2003 and the formal establishment of the ATO in February 2004, the FAA has taken important first steps towards averting the calamitous vision described above – but we know much more remains to be accomplished.

Unfortunately, time has not stood still in the half-dozen years it took to launch the ATO. Although the unforeseeable events of September 11, 2001 resulted in a brief decline in

[12] *Avoiding Aviation Gridlock and Reducing the Accident* Rate, Report of the President's National Civil Aviation Review Commission (December 1997) ("NCARC Report").

operations, the gridlock predicted by the Mineta Commission has advanced rapidly. The challenge described in 1997 still confronts us, with the difference today that the FAA must strive to meet the challenge in the face of unprecedented fiscal constraints, and service demands from a growing variety of other system users.

There is no doubt that the NAS will have to expand capacity and improve efficiency over the next decade to keep pace with the demand for air travel. Passenger enplanements last year were close to pre-September 11 levels, and the FAA is predicting that by the end of 2005 commercial aviation flights will have regained the peak levels of 2000. [13] Fourteen key airports – representing 23 percent of the total ATC operational workload – are experiencing unprecedented demand for air traffic services.[14] Growth in business aviation, spurred by models such as fractional ownership, has added significant flight operations at commercial and general aviation airports and in the surrounding airspace. A shift to smaller aircraft – regional jets as well as business jets – has increased both the number of operations and the complexity of air traffic management. Operations at en route centers actually surpassed the number handled in 2000.[15] Although these numbers are positive signs of a much-needed rebound in air travel, a less positive indicator of the return to pre-9/11 conditions is the steady increase in delays, which for the first few months of this year are also at or above year 2000 levels. "Aviation gridlock" was only briefly delayed by 9/11, and in the interim few measures have been taken to avoid it.

[13] ATO 2004 Annual Report, p.23.
[14] ATO 2004 Annual Report, p.23.
[15] Mead testimony. p.2.

The ATO has gotten off to a good start by focusing on finally establishing a true cost accounting system, streamlining functions, flattening hierarchy and developing new methods for evaluating performance, but the hard choices lie ahead. The ATO has inherited a long list of legacy systems with inscrutable acronyms, some of which have been in the pipeline for a decade and are still far from implementation or have failed to achieve their goals. Just sifting through these projects and determining which ones are still viable – and more importantly, would deliver benefits commensurate with their costs – is an overwhelming task. But that's not all – the ATO has also inherited a maintenance and repair backlog for the physical infrastructure that houses the ATC system. The existing physical structures – the air traffic towers, en route centers and terminal approach control centers – are on average 30 to 40 years old. They will require refurbishing, replacement and constructive consolidation in the near future, to the tune of $2.5 billion a year.[16] In addition, the FAA is confronting the overwhelming task of hiring and training thousands of air traffic controllers to replace the estimated 11,000 controllers due to retire in the next decade. Like Lewis Carroll's Red Queen, Russ and his team are finding that it takes all the running he can do just to keep in the same place. But as Russ has observed, that's not good enough: "Air traffic in this country is dynamic and the ATO must be able to adapt to future demands seamlessly and effectively without compromising safety."[17]

Just maintaining the safety and efficiency of our air traffic system at the current level of operations is not an option. The ATO will have to increase capacity of the system to

[16] Dillingham Testimony, p. 13.
[17] Chew Testimony.

accommodate an estimated 25 percent increase in the volume of air traffic in the next decade.[18] Moreover, changes in the way the NAS is used – such as increased use by non-scheduled operations and smaller jets – are placing very substantial and largely unanticipated new demands on the ATC system,[19] while new technologies, such as "micro-jets" or "very light jets," could even more dramatically increase the number of operations. In fact, the Joint Planning and Development Office is seeking to expand capacity by as much as 300% by 2015 to accommodate changes in aircraft size as well as the projected growth in demand.[20]

Today's system is still built around an outdated 1950s radar control architecture, which has been described as "ground-based radars tracking congested flyways and passing information from control center to control center on the ground throughout the flight of an aircraft."[21] This results in gross inefficiency, high maintenance and operational costs and inflexible systems that cannot easily respond to changes in use patterns. In order to meet future demands, it will not be enough to simply add more capacity to the old ground-based technology. The air traffic system must be completely redesigned; we can't afford to simply recreate the present system and repeat the mistakes of the past.

Some of the measures needed to accomplish this goal will be unpopular and even painful, and once again, the airlines can relate. The ATO has already begun implementing some long-needed changes, but will have to do more in the coming years to increase

[18] Federal Aviation Administration, *Aerospace Forecasts, Fiscal Years 2005-2016*, Table 36, X-37.
[19] ATO 2004 Annual Report p. 23.
[20] Joint Planning and Development Office, Next Generation Air Transportation System Integrated Plan December 2004), p. 8 ("JPDO Plan").
[21] JPDO Plan, p. 2.

productivity and bring labor costs in line with other sectors, consolidate en route centers, improve efficiency of tower operations, maximize use of all resources, and make hard choices about whether to continue investment in legacy systems that provide marginal benefit.

Operating costs to support the existing NAS have become an increasingly significant portion of the ATO's capital account, leaving less and less available to invest in the future. In fact, according to the Inspector General, FAA's "modernization projects" now consist predominantly of "keeping things running" [22] and deploying long-delayed systems that are outdated before they are brought on line. Forty-five percent ($4.4 billion) of FAA's planned funding for the next five years would go to sustaining the major ATC systems. [23] All told, there is not much left over to apply to development and deployment of new systems – a result that does not bode well for the future. As one of the experts assembled by GAO last year observed, "Who anywhere would have a capital investment plan that was predominantly about standing still?"[24]

According to a recent study by two researchers associated with the DOT Office of Inspector General, FAA invested $43.5 billion to modernize the NAS[25] over the past twenty years without *any* reduction in costs per operation.[26] As the ATO 2004 Annual Report acknowledges:

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[22] *See* Mead Testimony, p. 3.
[23] Dillingham Testimony, p. 11.
[24] GAO, National Airspace System: Experts Views on Improving the U.S. Air Traffic Control Modernization Program, April 2005, p. 18 ("Experts Report")
[25] Experts Report, p. 1.
[26] Arthur A. Shantz and Matthew Hampton, National Airspace System Capital Investments Have Not Reduced FAA Operating Costs, *presented at* Transportation Research Forum Panel, March 8, 2005, p. 1.

> Historically, capital projects were geared to introduce newer technology and more reliable service to customers. We did not invest systematically in internal productivity improvements and cost-savings initiatives. Up to now, the FAA has developed capital and operating budgets separately, with success defined as completing the capital programs. The result was often higher operating costs regardless of the benefits realized.[27]

Due in large part to this bifurcation between capital and operating budgets, NAS infrastructure modernization has actually resulted in *higher* operating costs.[28] In the absence of an ever-increasing amount of funds, operating costs will inevitably grow to the point where they swallow up the entire capital account.

2. The Future of the ATO

Although the ATO is to be congratulated on reducing unit costs and increasing productivity over the past year,[29] challenges abound. Moving forward, operating cost efficiency must be the criterion for new capital improvements; operations and capital budgets must be linked and a cost-based accounting system must be fully implemented and strengthened. As acknowledged by the ATO, it "must understand the cost of our services, in order to balance supply and demand in the short run and to know what steps are needed to meet customer demand in the long run."[30] New technology has the potential to "open up the sky to much greater and more efficient utilization of airspace,"[31] but only if investments are made rationally and with an eye to future reductions in operating costs.

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[27] ATO 2004 Annual Report, p. 28.
[28] Shantz and Hampton, p. 5.
[29] Overall, the unit cost (cost per IFR operation) decreased by $17 or 3.62%, while productivity of controllers increased by 7-10%. ATO 2004 Annual Report, p. 44.
[30] ATO 2004 Annual Report, p. 13.
[31] JPDO Plan, p. 2/

The structural problems inherent in the way the work of the ATO is funded is widely recognized, with recent reports issued and statements offered by many leading experts. Secretary Mineta himself recently harkened back to the recommendations of the commission he chaired, and issued a call to "open the dialogue" on the financing of the aviation system of tomorrow:

> Back in 1997, we concluded that FAA needed a more sustainable and more predictable funding stream and suggested separating it from the appropriations process. Today, I believe more than ever that the time has come to take those recommendations off the table and get to work on them.[32]

A stable funding mechanism which collects revenue from all users of the system in direct relation to costs imposed would allow the ATO to engage in realistic capital planning and respond more nimbly to changes in the use of the NAS.

The ATO cannot accomplish this on its own. Congress must give the ATO the tools it needs to complete its transformation into a more business-like organization that is responsive to customer needs. One bipartisan commission after another has called for "a stable, predictable source of revenue that can be leveraged for future improvements,"[33] and we agree with Secretary Mineta that it is time to get to work on those recommendations. We cannot solve the current dilemma by simply increasing the existing revenue stream – alternative funding mechanisms *must* be considered. The most obvious and widely discussed is revenue bonding, which should be fully explored as a source for capital investments. Bonding offers one possible funding stream that may

[32] Speech of Secretary of Transportation Norman Y. Mineta, given at the FFA Forecast Conference, Washington, D.C. (March 17, 2005).
[33] The National Commission to Ensure a Strong Competitive Airline Industry, *Change, Challenge and Competition: A Report to the President and Congress* (August 1993), p. 2.

more closely match the modernization needs of the NAS by providing an infusion of capital to purchase and install equipment before it becomes obsolete, while bond-financed capital investments that result in greater efficiencies and expanded use of the NAS could pay back the investment over time. There are many details to be explored, but the concept is worthy of a close look and serious consideration.

B. Funding for Airport Improvements

In FY 2004, almost 30 percent of Trust Fund expenditures – nearly $3.4 billion – went to the Airport Improvement Program. This $3.4 billion accounts for about 25 percent of the total capital revenue stream available for airport infrastructure improvements, and helps airports fill the gap between perceived future needs and currently available capital. In theory, the users of the NAS, who pay the excise taxes that fund the Trust Fund and in turn the AIP, derive benefit from these infrastructure improvements in the form of increased capacity and reduced delay throughout the system. Unfortunately more and more AIP funds are set aside for programs that have only a remote effect on system capacity. By law, state apportionments, the noise set-aside, and programs for reliever and other general aviation airports claim over 36 percent of the funds available, and most of the rest is apportioned according to a complex formula that has little to do with the needs of the national system. Only a small percentage – just 3.8% in FY 2003 – is available to the FAA as discretionary funding to be awarded where it is most needed to address capacity or safety requirements.

Moreover, the commercial airlines and their customers who provide the bulk of Trust Fund revenues through ticket and waybill taxes do not reap the benefit of many of the investments funded through the AIP. More than a third of AIP grants – over $1 billion – go to airports without commercial service.[34] And many of the critical improvements at commercial airports are funded through passenger facility charges (PFCs) that are collected from airline passengers on top of the taxes and fees paid into the Trust Fund.

C. Administrative and Operating Costs

The Trust Fund currently supports a significant portion of the FAA's overall operating expenses. Although some amount of Trust Fund revenue has historically covered non-capital expenses, the amount appropriated for operations and FAA administrative expenses has increased to an average of $5 billion a year over the past five years, while general fund revenue has not kept pace with the increase in operating costs. Operating costs are even threatening to overtake FAA's Facilities and Equipment Account – traditionally considered the primary source of capital funding – which currently allocates only 57% of its $2.5 billion budget to developing and acquiring air traffic modernization projects.[35] And even less will be going to developing new technology in the future. To remain within its budget targets through 2009 FAA has to cut its capital investment plan funding, a strategy that is at odds with the well-established need to modernize and expand the system.[36]

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[34] ATO 2004 Annual Report, p. 23, based on information provided by the Aircraft Owners and Pilots Association.
[35] In FY 2005, 17% of the F&E budget was allocated to personnel and related equipment, 11% to mission support (support contracts), and 15% to FAA facilities. *See* Mead testimony, p. 17.
[36] Dillingham Testimony, p. 15.

The difference between Trust Fund revenue and FAA budgetary needs cannot continue to be made by shifting money from capital improvements to operating costs. General fund revenue is a key part of any funding formula for the FAA. "The general fund contribution recognizes the relative value of public benefit (as opposed to aviation community-specific benefit) derived from FAA services."[37] Sufficient general fund revenues must be provided to support programs that benefit the general public, whether ensuring the safety of aircraft or providing economic benefits to small communities that otherwise would not attract commercial air service.

The Trust Fund was established with the primary goal of providing a dedicated source of funds to expand and improve the system. While there has been near-continuous debate over the amount, if any, that could go to cover operating costs, it has always been the case that capital improvements were intended to take priority. "The Airport and Airway Trust Fund was designed to provide a dedicated source of user funding to pay for airport and airspace improvements. It should not serve as a general fund asset for the federal government."[38] We have reached a point where that priority is no longer reflected in appropriations from the Trust Fund.

[37] ATO Annual Report p. 22.
[38] *Change, Challenge and Competition*, p. 8.

III. Equitable Allocation of Costs and Benefits

The concept behind the establishment of the original Trust Fund remains sound: that the users of the national aviation system, rather than the general taxpayer, "should properly pay for a greater share of the cost" of that system.[39] ATA's passenger and cargo members have always been willing to pay their fair share of those costs, but the excise taxes that provide the revenue for the Trust Fund no longer bear any relation to the cost of the system. Moreover, the burden of those taxes falls virtually exclusively on providers of commercial service, including ATA's member airlines. Scheduled operations accounted for only 66 percent of IFR departures last year, yet commercial airlines and their customers contributed 91 percent of Trust Fund revenues through ticket taxes, segment fees, cargo waybills, and the like. Taking into account accrued interest and passenger facility charges, which airlines pay directly to airports for infrastructure improvements, this contribution exceeds 100% of the costs imposed on the NAS. In contrast, business aviation, which currently uses somewhere between twenty and thirty percent of air traffic services, contributes only minimally to its support. Commercial airline operations are subsidizing a significant and growing portion of system users.

I want to be clear here; we are not talking about personal aviation, visual flight rule types of activity, but rather the fact that a Gulfstream IV looks a lot like a commercial-service 737 to an air traffic controller – it uses the same services and facilities – but its operator pays a mere fraction of the taxes and fees imposed on the airliner. In 2004 more than a quarter of IFR departures were by non-scheduled operations, and over two million of these operations involved jet aircraft that are in most relevant respects indistinguishable

[39] H.R. Rep. No. 91-601, reprinted in 1970 U.S.C.C.A.N. 3083.

from their counterparts in scheduled service. The assumption of the original drafters of the Trust Fund that "heavier and faster aircraft are generally responsible for much of the increased need of sophisticated control facilities and approach and landing facilities"[40] is certainly no longer the case. Scheduled commercial service is just one of a growing number of system users placing demand on the air traffic system and requiring airport capacity. In fact, one of the primary justifications for the work on the Next Generation Air Traffic System (NGATS) is the "increasingly diverse future marketplace demanding a broader range of air transportation services," including a shift to smaller aircraft.[41] This makes it imperative that the funding system for the next decade be designed to dynamically match cost drivers with revenue.

The drafters of the Trust Fund authorization recognized the need to revisit whether the original excise taxes assured "an equitable distribution of the tax burden among the various classes of persons using the airports and airways of the United States or otherwise deriving benefits from such airports and airways."[42] These principles should guide reauthorization of the Trust Fund. Whether revenue is generated through traditional excise taxes or new fees and charges, the burden must be proportional and allocated based on the actual costs imposed by each user or class of users, and not according to an arbitrary formula. In addition to being cost-based, any funding mechanism adopted must be simple, transparent and dynamic, so that the demands placed on the system by growth in any part of the sector will be immediately reflected in the revenue stream.

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[40] The House Ways and Means Committee cited this as a justification for the weight-based component of the aircraft registration tax. *See* 1970 U.S.C.C.A.N. 3093.
[41] JPDO Plan, p. 4.
[42] *See* Airport and Airway Revenue Act of 1970, P.L. 91-258, section 209.

Furthermore, Trust Fund revenue must be tied to the legitimate costs of the NAS. Again, in the words of the drafters of the original Trust Fund authorization: "Because this legislation relates primarily to the development of the national system, it proposes to levy only such user fees as are necessary to meet the Federal responsibility to expand and improve the national airport and airway system."[43] Today, approximately 85 percent of *all* FAA appropriations are drawn from the Trust Fund,[44] including $4.5 billion to cover FAA operations. Siphoning money from the Trust Fund to support aviation programs that do not contribute to the NAS is something we can ill-afford.

A healthy commercial aviation sector is critical to the U.S. economy. The present system for funding the Trust Fund and allocating money from it is out of sync with the reality of today's NAS. A cost-based funding mechanism that is simple, transparent, dynamic and equitable could do much to restore the health of U.S. commercial airlines by reducing their disproportionate tax burden while simultaneously providing the funds necessary to improve and expand the NAS. Congress should seize this opportunity to restore the Trust Fund to its origins, wherein users of our national airport and airway system should pay for its maintenance and improvement through an equitable, cost-based system.

[43] H.R. Conf. Rep. 91-1074, reprinted in 1970 U.S.C.C.A.N. 3101.
[44] ATO 2004 Annual Report, p. 21.