

## PRESS RELEASE



### Committee on Transportation & Infrastructure

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**To: National Desk/Transportation Reporter**

**September 25, 2006**

## Financing Options For FAA & Redesign Of Air Transportation System To Be Focus Of Congressional Oversight Hearing

**Washington, D.C. - Options for financing the Federal Aviation Administration (FAA) and the next generation of the air transportation system will be the subject of a Congressional hearing Wednesday afternoon.**

The hearing by the **U.S. House Aviation Subcommittee**, chaired by **U.S. Rep. John Mica (R-FL)**, is scheduled to begin at **2 p.m. on Wednesday, September 27<sup>th</sup>, in 2167 Rayburn House Office Building**. A live webcast of the markup will be available at the Committee's website:

[www.house.gov/transportation](http://www.house.gov/transportation)

### Wednesday's Witness List

- Dr. Gerald Dillingham, Director, Civil Aviation Issues, U.S. Government Accountability Office  
*Accompanied by: Dr. Susan Irving, Director, Federal Budget Issues, U.S. Government Accountability Office*
- Donald B. Marron, Acting Director, Congressional Budget Office
- Professor R. John Hansman, Director, MIT International Center for Air Transportation, Massachusetts Institute of Technology; and Chairman, FAA's Research, Engineering & Development Advisory Committee (REDAC)  
*Accompanied by: Gerald L. Thompson, Jerry Thompson & Associates, Chairman, NAS Operations Subcommittee of REDAC*
- Ellen Jewett, Vice President and Manager, Transportation Group, Infrastructure Investment Banking, Goldman, Sachs & Co.

### Background Information

The FAA has a total budget of \$14.3 billion in FY 2006. This funds four different programs: Operations (\$8.1 billion); Facilities & Equipment (\$2.5 billion); Research, Engineering & Development (\$137 million); and the Airport Improvement Program (\$3.5 billion).

Most of the FAA's funding is derived from the Airport and Airway Trust Fund (commonly known as the Aviation Trust Fund). This Trust Fund holds the revenues from the various aviation excise taxes that are paid by aviation system users. Trust Fund receipts totaled \$10.75 billion in FY 2005, with about \$5 billion of this total coming from the 7.5 percent passenger ticket tax.

Although most of the FAA's budget is derived from the Trust Fund, it also receives funding from the General Fund. The size of this General Fund contribution has varied greatly over time. During the past 20 years (1987-2006), the General Fund contribution has averaged 27 percent of FAA's total budget. Over the past 10 years (1997-2006), it has averaged 20 percent.

## **Next Generation Air Transportation System (NGATS)**

NGATS is envisioned as a major redesign of the air transportation system that will involve precision satellite navigation; digital, networked communications; an integrated weather system; layered, adaptive security; and more. As discussed in the Subcommittee's June 2006 hearing on Air Traffic Control (ATC) modernization, NGATS will move much of the existing air traffic control infrastructure from Earth to sky by replacing antiquated, costly ground infrastructure with orbiting satellites, on-board automation and data-link communications.

## **Preliminary Cost Estimates for NGATS**

Although the Administration has not yet officially adopted any cost estimates for NGATS, some preliminary cost estimates have been presented by the FAA's Air Traffic Organization (ATO) at industry workshops. These estimates have focused solely on the cost of NGATS to the FAA's Facilities & Equipment (F&E) program. They do not include FAA research or operating costs, or the costs of other agencies. These limited, preliminary estimates indicate that, from FY 2008 through FY 2025, a total of \$15.2 billion in additional F&E investment will be needed to implement NGATS. (This is in addition to the \$50 billion that would be needed just to sustain the existing ATC system during these same years.) The additional \$15.2 billion investment is not distributed evenly over this time period. In the near-term (FYs 2008-2014), roughly \$1 billion more per year is needed for NGATS. From FY 2015-2021, this increases to roughly \$1.2 billion - \$1.6 billion per year. After FY 2021, costs are estimated to be minimal.

**For additional information, access the Transportation & Infrastructure Committee website at:  
[www.house.gov/transportation](http://www.house.gov/transportation)**

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