JURISDICTION AND ACTIVITIES
SUBCOMMITTEE ON AVIATION
112TH CONGRESS
January 2011

I. INTRODUCTION

The Subcommittee on Aviation has jurisdiction over all aspects of civil aviation, including safety, infrastructure, labor, and international issues. This jurisdiction includes all aspects of the Federal Aviation Administration (FAA) except for research activities, which are within the jurisdiction of the Science Committee. 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, 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 the Transportation Security Administration (TSA). The Subcommittee will continue to exercise oversight jurisdiction over transportation security, including TSA, which is now under the Department of Homeland Security, and the impact that security measures may have on the aviation industry, passengers and commerce. As a result of changes in the House rules, legislative jurisdiction over certain aspects of transportation security was moved to the Committee on Homeland Security.

Issues under the Aviation Subcommittee include:

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

II. FAA OVERVIEW

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

In 2000, led by the Committee on Transportation and Infrastructure, Congress passed the Aviation Investment and Reform Act for the 21st Century (AIR 21), Public Law 106-181, to unlock the Aviation Trust Fund and substantially increase the funding available for FAA. The following table summarizes historical FAA funding levels.

FAA FUNDING FISCAL YEARS 2001-2010
(dollars in billions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009*	2010
Operations	6.9	7.1	7.0	7.5	7.7	8.1	8.4	8.7	9.0	9.4
Facilities and Equipment	2.7	3.0	2.9	2.9	2.5	2.6	2.5	2.5	2.9	2.9
Airport Grants	3.2	3.3	3.4	3.4	3.5	3.5	3.5	3.5	4.6	3.5
Research	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Total	13.0	13.6	13.5	13.9	13.8	14.3	14.5	14.9	16.8	16.0

Note: Detail may not add to total due to rounding.
*Includes funding from American Reinvestment and Recovery Act of 2009 with $200 million in facilities and equipment and additional $1.1 billion in Grants-in-Aid for Airports.

As discussed above, the Aviation Subcommittee has jurisdiction over all FAA activities except the Research, Engineering and Development account, which is approximately 1 - 2 percent of FAA's total budget. FAA's major program areas are discussed below.

III. AIRPORT IMPROVEMENT PROGRAM

The Airport Improvement Program (AIP) funds projects for new and improved infrastructure and facilities at airports, including runways, taxiways, terminal buildings, land acquisition, and noise abatement.

AIP is funded entirely by the Airport & Airway Trust Fund. The Trust Fund, in turn, is supported entirely by aviation user fees, including:

- 7.5 percent domestic air passenger ticket tax;
- $3.70 passenger flight segment fee[1];
- 6.25 percent cargo waybill tax;
- $16.30 tax on both international arrivals and departures;
- 7.5% frequent flyer award tax;
- $8.20 Alaska and Hawaii international air facilities tax;
- 19.3 cents per gallon fuel tax for piston-engine aircraft gasoline;
- 21.8 cents per gallon fuel tax on general aviation jet fuel; and
- 4.3 cents per gallon fuel tax on commercial airlines.

These taxes raised $10.6 billion in fiscal year 2010. The Trust Fund also continues to earn interest on its cash balance, in fiscal year 2010 this amounted to $195 million. AIR-21 guarantees that the AIP program will be funded at its authorized levels through a series of points-of-order. The Vision 100 – Century of Aviation Reauthorization Act (P.L. 108-168) protected these AIR-21 points of order.

AIP is subject to periodic legislative reauthorizations. The most recent reauthorization was enacted in December 2003 and expired at the end of FY2007. Since its expiration no new FAA Reauthorization law has been enacted, instead the FAA has received funding from 17 of short-term extensions.

Each reauthorization 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 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 into account the number of passengers and amount of cargo that go through each airport. AIR 21 ensured that beginning in FY2001, primary, commercial service airports must receive at least $650,000 and no more than $22 million ($1 million per year and not more than $26 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. Ten States have authority to allocate the money themselves. Alaskan airports receive their own separate entitlement in addition to the amount apportioned to Alaska as a State.

1 No flight segment fee is imposed on flights to or from qualified rural airports.

Beginning in FY2001, 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, the discretionary funds are subject to three set-asides. The law requires that 34 percent be allocated to noise abatement projects and 4 percent to current or former military airports designated by the FAA. The law also requires that two-thirds of 1% of the discretionary funds is set aside for reliever airports that meet very specific criteria.

After the entitlements and set-asides are funded, the remaining funding can be spent as the FAA sees fit, using a priority-based system and subject to the requirement that 75 percent be spent to enhance capacity, safety, or security or to reduce noise.

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 was temporarily set by Vision 100 at 95 percent of the cost. The increase in share to 95% was established to provide relief to operators of small airports after the 9/11 terrorist attacks. The 95% share has been continued in legislation that has extended AIP's authorization through March 31, 2011.

AIP meets only a portion of airport infrastructure needs. FAA estimates in its NPIAS that airports needs are approximately $10.4 billion per year while AIP has been authorized from $3.4 billion to $3.7 billion per year. To provide additional resources for airport improvements, the 1990 AIP reauthorization permitted an airport to assess a fee on passengers. This is known as the Passenger Facility Charge (PFC). PFCs are a local fee, with Federal approval, collected by the airlines and paid directly to the airport without going through the Federal Treasury. The PFC is intended to supplement AIP, not replace it.

AIR 21 increased the cap on the PFC from $3 to $4.50 per passenger per leg, and no passenger can be required to pay more than $18 in PFCs per round-trip. No airport can implement a PFC until the FAA approves it. FAA has approved PFCs at 380 airports and 353 are actually collecting money. 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. Of the foregone entitlements, 87.5% go into a special small airport fund that is distributed primarily to non-hub and general aviation airports.

A. Airport Capacity Issues

Just like other sectors of the economy, the last decade has been a difficult one for the commercial airline industry. The impacts of 9/11, SARS, spikes in fuel prices and the global recession have all taken their toll. Air traffic operations and total enplanements have dropped in the last three years. However, over the next decade, the FAA predicts that air traffic operations will increase 2% each year, and although cumulative losses over the last decade have been as high as $58 billion, industry financial data from 2010 indicate the industry was profitable last year. In 2010, more than 603 million people traveled by commercial airline. The FAA forecasts that the U.S. commercial aviation industry will carry one billion passengers by 2021. Air cargo has also shown growth. Despite the economic situation, demand for air travel is anticipated to grow as the economy improves and when that happens, the issue of gridlock will return.

Despite the recent downturn in airline operations, airport capacity remains an important issue. As the air traffic control system is modernized, allowing more efficiency and greater numbers of aircraft operations, the bottleneck will not be in the sky, but at the nation's airports. A 2007 study of capacity needs of the National Airspace System (NAS) conducted for the FAA[2] identified four airports and one metropolitan area that were in need of additional capacity.[3] The same study concluded that by measuring the 2007 capacity against the forecast demand for the 2015, 18 airports and seven metropolitan areas will need additional capacity if the existing airfield configurations remain constant without any capacity enhancements.[4]

As demand for air transportation returns, these airports and regional bottlenecks will again become problematic.

B. Environmental Streamlining

In response to concerns raised related to the length of time it took to complete all environmental reviews required by Federal, state and local laws and coordination with dozens of agencies, Vision 100 – the Century of Aviation Act streamlined the approval process without affecting the underlying environmental statute, the National Environmental Policy Act (NEPA). The Act applies to the Federal approval process for airport capacity projects at the Nation's most congested airports, as well as to aviation safety and security projects.

2 "Capacity Needs in the National Airspace System 2007-2025", MITRE Corporation (May 2007).
3 These included: Fort Lauderdale-Hollywood International (FLL), LaGuardia (LGA), Newark Liberty International (EWR), O'Hare International (ORD), and the New York Metropolitan area.
4 These included: Charlotte Douglas International (CLT), Fort Lauderdale-Hollywood International (FLL), George Bush Intercontinental (IAH), John F. Kennedy International (JFK), John Wayne-Orange County (SNA), LaGuardia (LGA), Long Beach-Daugherty Field (LGB), McCarran International (LAS), Metropolitan Oakland International (OAK), Midway Airport (MDW), Newark Liberty International (EWR), O'Hare International (ORD), Palm Beach International (PBI), Philadelphia International (PHL), Phoenix Sky Harbor International (PHX), T.F. Green (PVD), Tucson International (TUS), William P. Hobby (HOU), as well as, Charlotte, Chicago, Las Vegas, Los Angeles, New York, Philadelphia, and San Francisco Metropolitan Areas.

The law directs the Secretary of Transportation to develop a coordinated review process to ensure that all environmental reviews by Federal agencies will be conducted at the same time, whenever possible; provide for better coordination among Federal, state, and local agencies; and completed within the deadlines established by the Department of Transportation (DOT). It also limits all Federal or state agencies taking part in a review of the project to the "purpose and need" determined by DOT, and limits reviews to the project alternatives that the Secretary determines are reasonable. The Secretary shall, however, solicit and consider comments on purpose and need and alternatives in accordance with NEPA. The law also ensures that Federal action would be subject to judicial review only by the U.S. Court of Appeals.

According to the FAA, this has been a very successful process. At least two airport projects were designated airport capacity projects and were identified for streamlined environmental review processes: Philadelphia, Pennsylvania, and St. George, Utah. Both projects were completed in an expedited fashion.

Similar issues are arising in terms of the length of time required for FAA to develop, approve, and implement new Performance-Based Navigation (PBN) routes and procedures. The two main components of the PBN framework are Area Navigation (RNAV) and Required Navigation Performance (RNP). According to the FAA, RNAV and RNP specifications facilitate more efficient design of airspace and procedures which collectively result in improved safety, access, capacity, predictability, operational efficiency, and environment. According to the FAA, since the implementation of two RNAV STARs at Phoenix International Airport in October 2006, significant benefits have been noted: 38 percent reduction in the time aircraft remain in level flight; user benefit savings estimated at $2 million annually; and reductions in carbon dioxide emissions estimated at 2500 metric tons annually. While these procedures are proven to provide great efficiencies resulting in less fuel burn, lower emissions, and far fewer areas exposed to significant noise impacts, the environmental review process has slowed progress in their implementation and is in need of streamlining.

C. Chicago O'Hare International Airport

Historically, Chicago O'Hare International Airport (O'Hare) has been one of the world's busiest airports and one of the Nation's most delayed. The events of September 11th resulted in a brief reprieve from the congestion, delays, and capacity issues that had riddled the aviation system in the past. However, as the economy improved and travelers resumed their normal habits, without improvements O'Hare would have returned to its pre-September 11th level of operations.

Given the critical role O'Hare plays in the National Air Transportation System, when flights are delayed or grounded at O'Hare, the results are felt throughout the national system. O'Hare is crucial not only to the National Air Transportation System, but also to interstate and international commerce. It is the only airport in the country that supports domestic hub operations for two of the Nation's three largest carriers. Earlier

this decade it was decided that one way to address the return of national aviation capacity issues was to ensure safe expansion at O'Hare.

While for years, State and local governmental officials were unable to come to an agreement on how to address the aviation capacity issues in the greater-Chicago region. However, at the end of 2001, then-Governor Ryan of Illinois and Mayor Daley of Chicago reached a verbal agreement on how to enhance aviation capacity in the region.

That agreement included support for a proposal by the City of Chicago to modernize O'Hare to meet future aviation demand. Subsequently, in 2003, Illinois Governor Blagojevich signed into law the "O'Hare Modernization Act," which formally identified O'Hare Modernization as the State's number one airport development priority.

Based on the 2001 agreement between the Governor Ryan and Mayor Daley, the City began development of a formal plan for O'Hare modernization (known as the O'Hare Modernization Program, or OMP) and submitted that plan to the FAA in late 2002 for technical and environmental review and approval. The City's plan called for a major reconfiguration of the O'Hare airfield and the addition of a new west terminal complex and western access to the airport. In 2005, the FAA approved the Environmental Impact Statement (EIS) Record of Decision and the City began OMP implementation.

Once completed the O'Hare Modernization Plan (OMP), O'Hare will have eight runways, and a new passenger terminal. Currently three of the major infrastructure projects have been completed. In 2008 a 3,000 foot extension to O'Hare's busiest runway, a new runway and a new air traffic control tower were opened. A third runway is currently under construction. The last phase of the OMP will include two new runways, extension of an existing runway, new Western terminal facility and construction of several enabling projects. The entire project is scheduled for completion in 2014, however a lawsuit filed in January 2011 by the two major air carriers at the airport might slow the modernization program.

D. New York/New Jersey/Philadelphia Metropolitan Area Airspace Project.

The New York/New Jersey/Philadelphia Metropolitan Area Airspace was initially designed and implemented in the 1960's. Clearly, much had changed in the ensuing decades, and the airspace was in great need of redesign to reflect the changes. Therefore, the FAA initiated the New York/New Jersey/Philadelphia Metropolitan Area Airspace Project to increase the efficiency and reliability of the airspace structure and Air Traffic Control system and to reduce delays while maintaining or increasing the safety. FAA estimates that the Redesign will result in over $300 million in direct cost savings and a 20% reduction in delays within the NY/NJ/PHL metropolitan areas, once implemented.

For over nine years, the FAA conducted environmental and safety studies and evaluations that covered an area of approximately 31,000 miles and included 5 states and 21 airports. In September 2007, after years of evaluation and a cost of over $53 million,

the FAA announced it would begin implementing a new airspace structure. As of January 2009, the New York/New Jersey/Philadelphia Metropolitan Area Airspace Redesign Project changed from redesigning the airspace to implementing the redesign of the airspace. The implementation process commenced December 19, 2007 with Stage 1. As part of Stage 1, FAA began implementation with the use of new departure dispersal headings at Philadelphia (PHL) and Newark Liberty (EWR) International Airports.

Initially there were 12 separate lawsuits in 3 circuit courts challenging the Airspace Redesign project. The lawsuits were all transferred to the D.C. Circuit Court of Appeals and consolidated under the lead case of County of Rockland, NY v. FAA. In June 2009, the D.C. Circuit Court of Appeals ruled against an alliance of towns in Connecticut, New York, New Jersey and Pennsylvania who had argued that the NY/NJ airspace redesign should be struck down for violating the NEPA, the Clean Air Act and other regulations. On November 17, 2009, Rockland County attorneys filed a brief with United States Supreme Court to petition the court to overturn its decision to dismiss the county's case against the FAA's airspace redesign plan. The Supreme Court denied this request on January 19, 2010.

FAA's implementation approach divided Redesign into four overlapping stages which each taking 12 to 18 months to complete.

Stage 1 Procedural Changes and Dispersal Headings:

- This stage began with the use of departure dispersal headings at both Newark and Philadelphia (PHL) on a limited basis.
- These headings resulted in 1.5 minute and 3 minute decreases in taxi times at Newark and PHL, respectively.
- This stage is now complete.

Stage 2:

- Stage 2a includes the sectorization of the NY/NJ airspace which will reduce the number of departure delays and allow JFK departure traffic to merge with other air traffic more readily. .
- Stage 2b design will include sectorization and flows to further reduce delays at PHL.
- These changes to the ATC sectors will impact facilities and controller staffing and will likely require NATCA negotiations.

Stage 3 – Major Airspace Realignment:

- Stage 3 entails shifting existing arrival routes to the north for both LaGuardia and Newark while relocating and expanding other departure routes in the NY/NJ/PHL airspace. This stage will also provide arrival coordination for traffic flow management.
- Preliminary design meetings are scheduled for 2010 but implementation of stage 3 is currently scheduled for late 2011.

Stage 4 – Full Airspace Integration:

- Stage 4 will conclude the project with full implementation and integration of the NY/NJ/PHL Airspace Redesign.

As of spring 2010, FAA was experiencing delays in the implementation of the airspace redesign project. Stage 2a was moved from September 2010 to March 2011 in order to avoid doing it at the same time as the NY ARTCC was transitioning to ERAM. Philadelphia Human-in-the-Loop Simulations were scheduled to happen in early 2010, but were delayed pending an agreement on how NATCA input would be received. Until those simulations take place, FAA will not have a firm implementation date for 2b. Additionally, staffing and facility issues are still being negotiated with the controllers' union.

Actions in the 111th Congress. The Full Committee held numerous hearings focused on the American Recovery and Reinvestment Act (the "Stimulus Act") (P.L. 111-5), including Stimulus infused AIP grants.

IV. FACILITIES AND EQUIPMENT

A. Background

The FAA's Facilities and Equipment (F&E) program includes development, installation, and maintenance of navigational and communication equipment to aid aircraft travel. This program supplies equipment for hundreds, if not thousands of facilities, including air traffic control towers, flight service stations, and radar facilities. Programs under the F&E account are funded 100 percent by the Aviation Trust Fund. Like the AIP program, F&E funding is guaranteed at the authorized level through a series of points-of-order contained in Vision 100.

F&E programs are first identified in FAA's National Airspace System (NAS) 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 2002 through 2017. According to FAA, all of the modernization projects in the NAS have a positive benefit-cost ratio.

Future benefits include: 1) fuel savings for air carriers due to more direct routes instead of following designated airways determined by land-based beacons; 2) increased airport and air space capacity and safety, especially in poor weather, by reducing aircraft separation requirements with better radar; 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 is fully or at least partially responsible for 404 Terminal Staff Facilities (of which 338 are FAA-owned.) As of 2010, 33 of the facilities require replacement and 282 of the facilities require renovation or modernization. The FAA's air traffic control

facilities and equipment are aging. According to the FAA's own analysis, two thirds of its assets are beyond their useful life. 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 expected to replace 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 more than 30 years ago. 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); the Advanced Technology and Oceanic Procedures (ATOP); the Airport Movement Area Safety System (AMASS); and the En Route Automation Modernization (ERAM). The FAA recently announced an estimated $330 million cost overrun and 3-year delay in the ERAM deployment. While the FAA's vendor has met its contractual obligations, the FAA faces challenges in implementing the new automation platform. FAA plans to build many of the NextGen capabilities on ERAM automation platform, making ERAM a key enabler for the NextGen enterprise.

Actions in 111th Congress. The Full Committee held numerous hearings focused on the American Recovery and Reinvestment Act (the "Stimulus Act") (P.L. 111-5), including Stimulus infused F&E grants. The Subcommittee held numerous hearings focused on NextGen programs.

V. FAA OPERATIONS

A. Air Traffic Control

1. Overview

The most visible role performed by the FAA is air traffic control (ATC). It is the only non-defense governmental service operating 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, with accident fatalities decreasing annually. In aviation, fatalities internationally dropped slightly from

574 to 538 from 2008 to 2009, and of the 2009 fatalities, 52 were on U.S. domestic commercial aircraft.

Ten of the world's 20 busiest commercial airports (in terms of passenger traffic) are in the U.S. The U.S. is responsible for roughly 60 percent of the world's reported IFR movement. The ATC system provides over 600,000 ATC services each day, including activities at FAA and DOD facilities.

As of October 1, 2009, FAA operated 511 air traffic control facilities and the Air Traffic Control System Command Center in the United States. Each FAA facility is classified by type which is based on multiple factors, such as traffic volume, complexity and sustainability of traffic. The major types of ATC facilities include the following:

- Air Route Traffic Control Centers (ARTCCs), also known as "en route" centers. The FAA operates 21 ARTCCs, which provide radar separation for aircraft flying at high altitudes between terminal areas.

- Oceanic ATC Centers. The FAA has been allocated 24.6 million square miles of the world's controlled oceanic airspace by the International Civil Aviation Organization (ICAO). The US is responsible for the largest area of oceanic airspace allocated by ICAO. The FAA has three centers, located in New York, Oakland and Anchorage.

- Terminal Radar Approach Controls (TRACONS). Radar approach control facilities provide separation services for aircraft operating in busy terminal areas (the airspace located within 40 miles of a major airport). As of October 2009, there were 23 TRACONS, 131 combined towers and TRACONS, 2 combined non-radar approach control and tower without radar, 2 Combined Control Facilities, and 4 Combined TRACON Facilities. The FAA is in the process of consolidating TRACON activities.

- Air Traffic Control Towers (ATCTs). These facilities control aircraft on the airport surface and landing or taking off at the airport. As of October 2009, the FAA operated 129 towers with radar and 1 tower without radar.

- Federal Contract Towers. Since 1982, the FAA has contracted with the private sector to provide air traffic control services at visual flight rule (VFR) airports. There are currently 246 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. In Alaska, FAA currently operates 3 AFSS facilities and 14 FSS facilities. In 2006 Lockheed Martin began providing AFSS services, funded by FAA, with equipment maintenance for all Government-furnished equipment (GFE) provided by FAA through 2007. Since fiscal year 2008, FAA

2. Air Traffic Controller Workforce

FAA controllers staff some 316 federally-operated facilities. As November 2010, there were 15,625 controllers, 516 Traffic Management Specialists, and 592 Staff Support Specialists. In fiscal year 2009, controller retirements were below projections, and lower than FY2008, with FY2010 trending even lower. Since 2000, system-wide, air traffic has declined by 21 percent, although, as discussed above, nationwide air traffic is expected to grow over the next ten years as the economy rebounds. However, FAA staffing has increased at many facilities. The FAA plans to hire and train several thousand new air traffic controllers over the next few years to replace the large pool of air traffic controllers who were hired after the 1981 strike and are now retiring. The FAA claims that in anticipation of controller attrition, its staffing and new trainee hiring is well ahead of traffic levels. Over the last five years FAA has hired more than 7,000 new air traffic controllers. Over the next ten years, FAA expects a little less than 5,000 controllers to retire, and forecasts a total loss of more than 11,000 controllers (including attrition, promotions/transfers, resignations, removals, deaths, and retirements).

Hiring new controllers is a complex process. Replacing a controller who retires must begin several years in advance. FAA has made reducing training time for new controllers a priority. According to the FAA, it no longer takes three to five years to fully train an air traffic controller. FAA claims it can fully train a new controller in two to three years. FAA has worked to reduce training time through improving training and scheduling processes, and increased use of simulators.

3. Next Generation Air Traffic Control

Vision 100 directed the Administration to create a comprehensive plan for a next generation national air traffic control system that will accommodate the changing needs of the aviation industry. The Joint Planning and Development Office (JPDO) within the FAA, along with NASA, the Departments of Defense, Commerce, Homeland Security, and the Office of Science and Technology Policy, was directed to develop a unified approach to transforming the system over the next two decades that will allow for the growth of the number and types of operations, including unmanned aviation systems (UASs) and manned commercial space launches.

Actions in the 111th Congress. The Subcommittee held numerous hearings focused on NextGen programs.

B. FAA Organizational 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 air traffic control services. The Air Traffic Organization (ATO) consists of FAA's 35,771-member air traffic services workforce. Currently headed up by Chief Operating Officer (COO) Hank Krakowski, the ATO began operations in March 2004. The new organization was expected to be more customer-oriented and to use wide-reaching performance metrics to assess its progress.

C. Aviation Safety

The FAA regulates the design, construction, operation, and maintenance of all civil aircraft flown in this country. The FAA also regulates and certifies the training and work environment of pilots, flight dispatchers, and mechanics. Through these activities, the FAA plays a major role in the day-to-day operation of virtually every facet of aviation in this country and abroad where a U.S. flag carrier is involved. The FAA meets this obligation through several regulatory regimes that hinge on the Agency's certification powers. This feature gives the FAA absolute authority to regulate the industry.

The FAA certifies new aircraft designs as complying with all applicable safety and performance standards through on-site visits by FAA inspectors and through assurances made by the manufacturers. The FAA certifies pilots, mechanics, and dispatchers as meeting minimum training, testing and experience standards.

The FAA also certifies air carriers as meeting all applicable safety and operational (including maintenance) standards through on-site visits by inspectors or through assurances made by the carrier. If an inspection reveals a violation, the FAA has the authority to suspend or revoke the certification, thus grounding the plane, pilot, or carrier.

In an effort to shift to a risk-based airline safety oversight method, the FAA established the Air Transportation Oversight System (ATOS) in October 1998. ATOS has since grown from overseeing just 10 of the biggest air carriers, to now over 100 airlines. As a data-driven oversight tool, ATOS allows FAA inspectors to focus oversight resources on carriers and elements within particular carriers that pose the highest risk. ATOS uses 28 risk indicators, including data collected from all of the FAA's voluntary safety reporting programs, and prioritizes inspector work assignments to assess the risks associated with each component of an air carrier's operation.

The air carrier industry employs tens of thousands of individuals. Given the size of the industry and the FAA's limited resources, the agency must, to a certain degree, rely on air carriers, pilots, mechanics, and dispatchers to "self-report" any violations. If the

FAA uncovers any effort to conceal a violation, it generally holds the offending party accountable by taking action against the party's certificate and/or assessing a fine.

The Office of Aviation Safety has the responsibility to promote aviation safety in the interest of the American public 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.

There are nine distinct organizational elements reporting to the Associate Administrator for Aviation Safety. Three of these organizations Office of Aviation Safety, Office of Accident and Prevention and Office of Rulemaking are solely Washington Headquarters offices.

Both the Aircraft Certification and the Flight Standards Services and the Office of Aviation Medicine have an extensive field presence, as well as Headquarters staff. In addition to its Federal civilian work force, AVS utilizes "designees" (sometimes called "examiners"), who are private persons or groups of individuals designated to act as representatives of the FAA Administrator. There are more than 11,900 designees performing duties on behalf of AVS.

1. Aircraft Certification Offices

The FAA maintains a network of Aircraft Certification Offices (ACO) whose chief responsibility is overseeing design, construction and testing of new aircraft types. For example, the Seattle ACO has principal charge for all commercial transports in the U.S. fleet.

ACOs also monitor the service history of existing aircraft types, issuing directives to users of those aircraft should any pattern of mechanical defects develop. ACOs also develop criteria that must be followed by aircraft operators for day-to-day and long-term maintenance.

2. Flight Standards

FAA maintains a number of offices around the country -- with a focus at airports served by large commercial carriers -- staffed by inspectors whose jobs are to monitor day-to-day activities of carriers to ensure they comply with all aviation safety standards.

3. Principal Operations Inspector (POI)/Principal Maintenance Inspector (PMI):

Much of the AVR workload is demand driven. These workload drivers can be grouped into three general areas: (1) new airlines and the increasing complexity of the aviation industry; (2) globalization of the aviation industry and the increasing need for international standardization of regulations and safety criteria; and (3) rapidly advancing aviation technology.

The Regulation and Certification line of business has a number of end products. These end products can be grouped into four major product or service lines: (a) standards and policy, (b) certification, (c) surveillance, and (d) mission support. It must be noted that these lines are not necessarily mutually exclusive. For example, the certification of a new operator is not significantly different from the ongoing surveillance of that operator once its operating certificate has been granted.

POIs and PMIs oversee the carrier's compliance with FAA performance, safety and maintenance standards. POIs and PMIs are certified by the FAA and must meet training and experience standards set by the FAA. They are subject to certificate action and fines for failure to report any carrier violations.

In the aftermath of the Committee's 2008 investigation into the improper conduct of a principal supervisory maintenance inspector in the FAA's Dallas Certificate Management Office that compromised airline safety, the committee reviewed ways to prevent similar abuses in the future. In 2008, the House of Representatives unanimously passed legislation reported from the Committee, and in 2009, the language was included in the FAA Reauthorization proposal, H.R. 915. The legislative language required a two-year "cooling-off" period before an FAA inspector could represent an airline he/she oversaw while a regulator before the FAA. The legislation would also require supervisory inspectors to rotate in their oversight of carriers to ensure fresh and unbiased oversight of carrier safety. Finally, the legislation improved FAA headquarters review of ATOS data and refined voluntary safety reporting programs.

4. Pilot Certification and Airline Safety

On February 12, 2009, a Colgan Air Inc. Bombardier Dash 8-400, doing business as Continental Connection Flight 3407, crashed during an instrument approach to Buffalo-Niagara International Airport. All 45 passengers and 4 crew members aboard the aircraft were killed and there was one ground fatality. In light of revelations from the accident investigation, Congress passed, and the President signed, H.R. 5900, Airline Safety and Federal Aviation Administration Extension Act of 2010. The law reformed the pilot certification requirements, improved airlines' ability to prescreen pilot applicants, and required the FAA to implement several National Transportation Safety Board (NTSB) recommendations improving pilot training. The law also directed FAA to review apparent lapses in professionalism shown by the pilots in the Colgan accident, including pilot commuting practices and sterile cockpit procedure violations. Finally, the law required the FAA to update its flight and duty time regulations.

Actions in 111th Congress:

Hearings/Roundtables:

On June 11, 2009, the Aviation Subcommittee met to hear testimony regarding the Colgan Airlines Flight 3407 Accident. On July 15, 2009, the Aviation Subcommittee held a roundtable to discuss airline pilot workforce issues. On February 4, 2010, the

Aviation Subcommittee held a hearing to get an update on the FAA's Call to Action on Airline Safety and Pilot Training. On September 16, 2010, the Aviation Subcommittee held a hearing to receive testimony on the FAA's Flight and Duty Time proposal.

Legislation:

H.R. 6493, Aviation Safety Enhancement Act of 2008 (110th Congress) passed the house unanimously and since action stalled in the Senate, the Committee included the legislation in the FAA Reauthorization proposal, H.R. 915. H.R. 915 was reported by the Committee with the Aviation Safety Enhancement Act provisions May 19, 2009, and passed the House on May 21, 2009.

H.R. 3371, the Airline Safety and Pilot Training Improvement Act of 2009 was reported by the Committee on October 6, 2009 and passed the House (409-11) on October 14, 2009. H.R. 3371 was included in H.R. 5900, Airline Safety and Federal Aviation Administration Extension Act of 2010 which became Public Law 111-216 on August 1, 2010.

VI. AVIATION SECURITY

Pursuant to Rule X changes adopted in the 109th Congress (H. Res. 5), jurisdiction over the Transportation Security Administration (TSA) and overall transportation security was transferred to the new Committee on Homeland Security. The Transportation and Infrastructure Committee (T & I Committee) retains jurisdiction over the Department of Transportation and transportation safety. Pursuant to the legislative history included in the congressional record of H. Res. 5, the T & I Committee also retains oversight authority over the Department of Homeland Security and the TSA pertaining to such matters as may directly affect matters otherwise within the jurisdiction of the T & I Committee. Additionally, the T & I Committee continues to have jurisdiction over any bill addressing the protection of a particular sector over which the T & I Committee has jurisdiction. Finally, 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).

Since its creation, the TSA has grown into a large bureaucracy of over 61,000 employees and soon to grow to over 67,000 employees. The TSA is the operator, administrator as well as the regulator of its own enormous bureaucracy. This agency is in need of a balanced approach, where the passengers' privacy and experience, as well as the free flow of commerce are properly balanced with needed security based upon intelligence and threat assessments.

Actions in the 111th Congress**.** In the 111th the House passed H.R.2200 – the Transportation Security Administration Authorization Act of 2009. This law was not enacted.

A. Explosive Detection Systems

ATSA required TSA to deploy enough explosive detection systems by December 31, 2002 to screen all checked baggage. TSA met this deadline, but to meet this requirement, employed a strategy of using both bulk explosive detection systems (EDS) and manual explosive trace detection systems (EDT) and many were placed in the lobbies of the Nation's airports. This arrangement was intended to be temporary and negatively impacted the operations of many airports. The installation of in-line baggage screening systems that integrate security screening with the baggage systems behind the "check-in counters" has proven to both save the Government money and provide greatly improved security screening.

To date, TSA has still not installed in-line EDS systems at all of the Nation's busiest airports. This must be a priority for the agency.

B. Screening Partnership Program

Prior to the passage of ATSA, commercial airlines were responsible for conducting the screening of passengers for weapons and other dangerous articles. In most instances, the airlines contracted with screening companies to fulfill these services.

One of the most controversial aspects of ATSA was whether those who screen passengers, carry-on baggage, and checked baggage should be Federal employees or employees of private security companies. In the end, the legislation required that all but five airports have Federal screeners, but after two years, airports could "opt-out" of the Federal system and have screening conducted by private screeners under strong Federal oversight. ATSA states that TSA shall allow an airport operator to submit an application to have screening carried out by the screening personnel of a qualified private screening company. The TSA would remain responsible for the cost of the screening services and would provide Federal oversight of the private screeners.

Currently, sixteen airports participate in the Screening Partnership Program. The sixteen airports are San Francisco International Airport; Kansas City International Airport; Greater Rochester International Airport; Sioux Falls Regional Airport; Jackson Hole Airport; Tupelo Regional Airport; Key West International Airport; Charles M. Schultz-Sonoma County Airport; Roswell Industrial Air Center; and seven airports in Montana: Frank Wiley Field; Sidney Richland Regional; Dawson Community; L.M. Clayton; Wokal Field; Havre City County; and Lewiston Municipal. There is growing interest in this program by airports of all sizes and in all parts of the country.

Unfortunately, for reasons known only to the TSA, the TSA has stalled consideration of three applications submitted by airports in Montana. Some of these applications have been stalled for almost two years. The Screening Partnership Program is a statutorily-mandated program and TSA must comply with the direction of Congress.

C. 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. According to the FY 2011 President's Budget, this Passenger Fee is estimated to raise roughly $1.95 billion to help defray TSA's aviation security costs. Additionally, commercial air carriers are assessed a security fee equal to the annual amount of money the air carrier spent for passenger and property screening in calendar year 2000. This Air Carrier Fee generates approximately $448 million annually and also helps defray TSA's aviation security costs

D. Checkpoint Technology

The TSA has had a troubled history with testing, approving and deploying airport checkpoint screening technology. Some technologies, such as the "puffer" machines, were purchased and never fully deployed due to operational issues discovered after the machines were place in the airport environment. The Government Accountability Office (GAO) has repeatedly criticized the TSA's technology programs, citing their failure to fully evaluate various technologies before investment and deployment. Additionally, the TSA seems to respond to the latest terrorist threat by quickly deploying poorly tested and implemented technology and processes. TSA must reform its technology testing, approval and deployment processes to both strengthen and streamline its evaluation programs.

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 since some 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 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 for the EAS program has increased significantly since then. The program received $200 million in FY 2010 and is currently funded at that rate through March 4, 2011, under the Continuing Appropriations Act, 2011. As of January 1, 2011, 155 communities received subsidized EAS, including 44 in Alaska**.**

VIII. INTERNATIONAL AVIATION

A. Background

Aviation is a global industry. International passenger and freight markets have continued to grow for U.S. airlines over the last ten years, exceeding levels of growth in domestic markets. It is expected that in the future, there will be much more growth in the international market.

B. Bilateral Agreements

Unlike domestic aviation where airlines are free to choose routes and set fares without government interference, international aviation remains heavily regulated. Aviation relations between the U.S. and foreign countries 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 security measures -- that affect air service between the two countries. There are more than 94 bilateral aviation agreements between the United States and foreign governments.

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 the DOT broad authority to take appropriate action in response, including suspension of a foreign airline's permit when that airline's country has treated U.S. airlines unfairly.

C. Open Skies

"Open Skies" is a concept strongly advocated by our 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. Our government takes the position that unfettered aviation competition between countries would generate superior international service at the lowest prices. Because of vigorous competition in our domestic markets, U.S. airlines are the most efficient airlines in the world's aviation industry, delivering the lowest cost seats.

Some of our aviation trading partners continue, particularly Great Britain, to promote stringently controlled markets, believing that U.S. airlines would soon push their flag airlines out of the market, if not out of business. The U.S. has been successful in negotiating open skies agreements with over 50 countries.

One of the big successes of the last decade in terms of aviation liberalization, the initial U.S.-EU Open Skies agreement was signed in Washington, D.C., on April 30, 2007. The agreement became effective March 30, 2008. The agreement allows any airline of the European Union and any airline of the United States to fly between any point in the European Union and any point in the United States. Airlines of the United States are also allowed to fly between points in the European Union. Airlines of the European Union are also allowed to fly between the United States and non-EU countries like Switzerland. The treaty did not allow European airlines to operate intra-U.S. flights nor are they allowed to purchase a controlling stake in a U.S. operator. The Agreement replaced and superseded previous open skies agreements between the US and individual European countries.

The second-stage of the U.S.-EU Open Skies agreement was signed in June 2010. This new agreement affirms that the terms of the 2007 accord will remain in place indefinitely. It also expands U.S.-EU cooperation in aviation security, safety, and competition. Finally, the second-stage agreement provides important protections for U.S. carriers from local restrictions on night flights at European airports.

D. Foreign Investment

The Federal Aviation Act requires that 75 percent of the voting interest of a U.S. airline be held by U.S. citizens. In addition, DOT requires that 51 percent of a U.S. airline's non-voting stock be held by U.S. citizens. Most foreign countries have similar requirements.

As part of the U.S.-EU open skies negotiations, European negotiators proposed liberalizing foreign investment rules to permit foreigners to acquire up to 49 percent of the voting interest of a U.S. airline if certain conditions were met. Provisions to liberalize foreign investment in U.S. air carriers were not included in either the first or second-stage agreements.

F. European Union's Emissions Trading Scheme

The European Union (EU) has decided to include international aviation in its Emissions Trading Scheme (ETS). This means that a flight from a city in the United States to a city in Europe would be required to use or buy emissions permits for the entire flight -- even portions that are in U.S. or over international waters. Congress has repeatedly voiced its opposition to the EU's approach which it sees as extraterritorial in nature and a matter of national sovereignty. The U.S. believes emissions from international aviation should be addressed through ICAO and the mandates of the Chicago Convention.

IX. NATIONAL TRANSPORTATION SAFETY BOARD

The National Transportation Safety Board (NTSB) was established as an independent agency in 1974. Prior to this, NTSB was part of the 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 Transportation and Infrastructure Committee has complete authorization jurisdiction over the NTSB. The Aviation Subcommittee traditionally has the lead on the agency, even though the NTSB investigates many transportation accidents, including aviation, highway, marine, rail, and pipeline. The NTSB reauthorization expired at the end of FY 2008.

A. NTSB Structure

NTSB is headed by five board members who are nominated by the President and confirmed by the Senate. Two members must be Democrat and two members Republican. The fifth member is from whichever party controls the White House. All board members serve a five-year term. The President designates, and the Senate confirms, one of the five members to serve as Chairman for a term of two years.

Commissioners	Term Expires
Deborah A.P. Hersman, Chairman (until 07/11)(D)	12/31/13
Christopher A Hart, Vice Chairman (until 08/11) (D)	12/31/12
Robert L. Sumwalt, (R)	12/31/11
Mark R. Rosekind (R)	12/31/14
Earl F. Weener, (D)	12/31/15

B. NTSB's Responsibilities

The NTSB investigates many transportation accidents, including aviation accidents and major railroad, highway and maritime accidents. After investigating an accident, the NTSB determines the probable cause(s) and issues a formal report. This process 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.

C. Accident Rates Versus NTSB Resources

Even though highway accidents cause more fatalities than all other transportation modes put together, the NTSB employs more aviation specialists than surface transportation specialists – the NTSB has 25% percent of its staff working on aviation investigations even though aviation accidents cause less than 1 percent of all transportation fatalities.

The NTSB believes its budget is appropriately allocated because: (1) it has a statutory requirement to determine the probable cause of every aviation accident; (2) it gets the "biggest bang for the buck" in aviation because the behavior of the FAA and the aviation industry is easily altered through Federal regulations; (3) National Highway Traffic Safety Administration (NHTSA) also researches highway accidents; and (4) automobile accidents are difficult for the NTSB to get to before the debris and evidence is removed.

Actions in the 111th Congress. On September 29, 2010, the House passed and referred to the Senate Committee on Commerce, Science and Transportation H. R. 4714 to reauthorize the NTSB for four years. The bill was not completed.

X. WAR RISK INSURANCE

Aircraft insurance is, of course, 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 United States. For example, during Operation Desert Shield and Desert Storm, Operation Enduring Freedom, Operation Iraqi Freedom and Operation New Dawn commercial airlines were needed to ferry troops and equipment to the Middle East.

To ensure that flights to high-risk areas can operate when needed, 49 U.S.C. Section 44302 et seq. authorizes the Secretary of Transportation to provide war risk insurance and reinsurance to commercial airlines that provide service between the United States and a foreign country.

Before such insurance can be issued, two tests must be satisfied. First, the Secretary must find that the airline cannot acquire the insurance from a domestic commercial insurance company on reasonable terms and conditions. Secondly, the President must find that the Nation's foreign policy or national security interests would be threatened if air service to the foreign country could not be continued because commercial insurance was unavailable. The war risk insurance may be provided for only 60 days unless the President determines that an extension is needed.

The war risk insurance program 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 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 Department of Defense (DOD) under CRAF are insured under the war-risk program. DOD has an indemnity agreement with DOT, whereby FAA extends war risk insurance to airlines without a premium with the understanding that any losses resulting from insurance claims will be reimbursed by 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 35 airlines have contracted with the Military Airlift Command to provide 1,146 aircraft for the CRAF program. In return for agreeing to make their aircraft available during an emergency, 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. As it happened, 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 worked well both during the Persian Gulf War and the current Iraq War.

The Air Transportation Safety and System Stabilization Act, enacted on September 22, 2001, as 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 6-month period. This limit does not apply to passengers but only to people on the ground.

The Aviation and Transportation Security Act (ATSA) allowed DOT and the FAA to extend airline war risk insurance policies for one-year increments rather than the 60-day periods that had previously been the limit.

The Homeland Security Act (P.L. 107-296) extended existing airline war risk insurance policies to the end of August 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 3rd parties. In addition, the Act reinstated the $100 million limit in the Stabilization Act to the end of 2003.

Actions in the 111th Congress. War Risk Insurance program was extended several times in the 111th Congress. On May 13, 2009, the Subcommittee held a hearing on the economic viability of the Civilian Reserve Air Fleet (CRAF) program.