



**Statement of Ruth E. Marlin
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Before the Committee on Transportation and Infrastructure
Subcommittee on Aviation
United States House of Representatives
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Financial Condition of the Aviation Trust Fund

Good morning Chairman Mica, Congressman Costello, and members of the Subcommittee. I want to thank you for this opportunity to appear before the Subcommittee to discuss the financial condition of the Aviation Trust Fund.

I am Ruth Marlin, Executive Vice President of the National Air Traffic Controllers Association (NATCA), the exclusive representative of over 14,525 air traffic controllers serving the FAA, Department of Defense and private sector. In addition, NATCA represents approximately 1,200 FAA engineers, over 600 traffic management coordinators, agency operational support staff, regional personnel from FAA's logistics, budget, finance and computer specialist divisions, and agency occupational health specialists, nurses and medical program specialists.

NATCA's mission is to preserve, promote and improve the safety of air travel within the United States, serve as an advocate for air traffic controllers and other safety-related employees, and promote competence and pride within our profession. We are also proud of our efforts promoting technological advances, providing reliable and accurate information for our members, and serving as a credible source of information for this Committee, the traveling public, and the news media.

Over thirty years ago the Airport and Airway Trust Fund was established to ensure adequate capital investment in our nation's aviation infrastructure. Since its inception, the U.S. has used the Trust Fund to make capital improvements: investing in airports; air traffic control facilities and equipment; and research and development.

The structure Congress set up for the Trust Fund has provided consistent growth with few exceptions. Those exceptions, or fluctuations in revenue, are largely attributable to external factors, such as economic or policy decisions. The structure also permitted surpluses to build up over time allowing the Trust Fund to provide stable funding through those brief periods of revenue decline. Through the Trust Fund, investment in our nation's aviation infrastructure has resulted in the most accessible, affordable and efficient aviation system in the world.

It is an accepted fact that while the Trust Fund revenue experienced a temporary period of decline from 2000 through 2003, revenues rebounded in 2004. However, that has not stopped opponents of the current Trust Fund structure from attempting to shift the debate from revenues to trust fund balances. All indicators point to continued and future growth in Trust Fund revenues. However, if congressional appropriators follow the Administration's budget request and reduce the general fund contribution, the result will be a greater allocation from the Trust Fund and yes, balances may decline as a result. This is not a crisis; it is a policy decision.

We welcome the public discussion of this critical policy decision, and we were dismayed when the Federal Aviation Administration announced on Monday their intention to dissolve the Trust Fund at the end of the current budget allocation period in 2007. We believe a robust discussion of this topic is in order before rushing to conclusions that may not serve our nation's safety, security and economic best interests.

Revenues are closely tied to the volume of air travel. The FAA predicts a record 718 million passengers will travel this year and that number is expected to grow to one billion

passengers by 2015. Under the current structure of the Trust Fund, each domestic passenger pays both a segment fee and a 7.5% excise tax on every ticket purchased while each international passenger pays an international departure fee. Even if average airfares dropped to \$100, the increase in the number of travelers alone would account for an additional \$3 billion a year in Trust Fund revenue.

Proponents of change are quick to mention yield, seat miles, users fees or a nebulous metric such as a “unit of production” as possible revenue indicators. NATCA believes that a critical safety function like air traffic control is better served by not attempting to obfuscate the funding discussion with corporate market choices. While more aircraft flying with more empty seats may cause yield to go down, we are not talking about legroom here. Our discussion is about funding our national aviation infrastructure and operating air traffic control, an essential safety function. There are plenty of forums in which we can debate whether or not U.S. airlines are making sound business decisions, and I think the US bankruptcy court is doing that as we speak.

Ironically, the last time the Trust Fund was due for reauthorization the debate focused on addressing the increasing Trust Fund surpluses. For decades the Trust Fund surplus has been a source of controversy, leading to legislation increasing expenditures. Now, a few short years later, some government and industry officials suggest that reducing the surplus is no longer desirable. Additionally, it is being used as evidence for their allegation that the fund is now structurally deficient.

NATCA maintains that the Aviation Trust Fund surpluses have provided a valuable source of stability, allowing our national aviation investment to continue through periods of brief decline so that program cuts are not made today that curb our nation’s long term economic growth. In recent years, there have been dramatic fluctuations in the use of the Trust Fund to fund normal operations costs. An examination of the way the Trust Fund has been used since its last reauthorization illustrates the flexibility that our current structure provides the U.S. Congress.

	1997	1998	1999	2000	2001	2002	2003	2004
Operations	4,953	5,253	5,586	5,958	6,926	7,077	7,023	7,479
<i>Trust Fund</i>	1,700	1,902	4,112	5,958	4,405	5,973	3,775	4,469
<i>General Fund</i>	3,253	3,351	1,474	(-11)	2,521	1,104	3,248	3,010
<i>Aviation User Fees</i>	(12)	28			30	28		
AIP (Trust)	1,460	1,640	2,322	2,799	2,597	3,173	3,378	3,647
F&E (Trust)	1,938	1,900	2,121	2,034	2,667	3,006	2,942	2,863
R&D (Trust)	208	199	150	156	189	245	147	118

Source: Office of Management and Budget - Department of Transportation (Federal Aviation Administration) Federal Funds

Our nation's aviation system benefits the entire country, not just the people who fly. Civil aviation accounts for 9 percent of our gross domestic product – that's over 900 billion dollars and over 11 million jobs. Americans enjoy the best and safest aviation system in the world because of the structure built many years ago whose foundation rests on resources drawn both from the aviation taxes and the general public. Reducing the contribution made by the public through general revenue could degrade the system, reduce efficiency and safety and restrict economic growth. These costs will be borne by every citizen not just the aviation industry.

NATCA is not asserting that more money is needed to fund the FAA or the operations budget. We understand the strains on the federal budget. However, while we do not think that large increases from the general fund are needed, we also do not believe that major cuts are appropriate. For four of the eight years since the Trust Fund taxes were reauthorized, the general fund contribution for FAA operations exceeded \$3 billion. However, the structure of our funding mechanism allows Congress to adjust the balance between the Trust Fund and general revenue as circumstances dictate. Recognizing the significant national interest in maintaining and operating our air traffic control system, NATCA believes that Congress has acted properly in making these determinations.

Oddly enough, the opponents of the current funding system cite eliminating the role of Congress in the financial decision making process as a reason for abandoning our current

structure. NATCA disagrees. We are talking about the safety of hundreds of millions of passengers every year, about an infrastructure that is a powerful economic engine, about the mobility of the citizens of our country, and NATCA believes the people we elect to represent us have a role to play in those decisions.

Another common argument from trust fund opponents is the need to replace many of our air traffic control facilities. Yes, there are many facilities in need of repair or replacement, and many programs are funded and ongoing. In just the last five years, despite the tremendous financial pressures on the system, the FAA has replaced more than 30 Air Traffic Control Towers and Terminal Radar Approach Control facilities. That is an average of one every two months. Yet, to hear the rhetoric today, you would think we hadn't opened a new facility in 30 years, that replacing air traffic control facilities is an insurmountable task. Nothing could be further from the truth. In fact, I would argue that in the United States we have more experience opening new air traffic control facilities in the last five years than most providers have in their entire history.

For some reason, we are not hearing this part of the story. Two years ago we all heard about the new state of the art facility down the road when the Potomac Consolidated TRACON opened to replace the aging radar rooms in Baltimore, Dulles, National and Richmond. Since then we have also opened the Northern California TRACON, replacing older facilities in Oakland, Monterey, Sacramento and Stockton as well as one in New England replacing TRACON's in Manchester and Boston. New towers or TRACONS may not be making news in D.C. but they certainly have in Orlando, Atlanta, Philadelphia, Manchester, Addison, Savanna, Roanoke, Richmond, Columbus, Newark, Miami, Sioux City, Birmingham, St. Louis and Portland to name just a few.

Do we have facilities that are in need of replacement? Yes, absolutely. Many of our Centers are over forty years old. And much like this grand old Rayburn House Office Building, first constructed in 1965 and in which this hearing unfolds, our older air traffic control facilities are chock full of new computers, new equipment and new technology to

allow the workforce to do their jobs more safely and efficiently. The taxpayers and the American public get real value out of our older buildings, and those facilities will continue to function at high levels until it is their turn on the replacement waterfall.

In closing, NATCA believes we should not underestimate the strength of the current FAA funding system and we should not tamper with it lightly. The Trust Fund is a stable and strong source of revenue. We should keep it that way by rejecting radical changes based on a manufactured “crisis.”