

STATEMENT OF BENITO DE LEON, ACTING ASSOCIATE ADMINISTRATOR FOR AIRPORTS, FEDERAL AVIATION ADMINISTRATION, BEFORE THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON AVIATION, ON AIRPORT FINANCING AND DEVELOPMENT, ON JUNE 18, 2014.

Chairman LoBiondo, Ranking Member Larsen, Members of the Subcommittee:

Thank you for the opportunity to appear before you today to discuss the Federal Aviation Administration's (FAA) role in developing our nation's airport infrastructure. This is my first time testifying before the Subcommittee as I recently assumed the position of Deputy Associate Administrator for Airports. I am succeeding Kate Lang, who I am sure many of you know well. I also am currently serving as Acting Associate Administrator for Airports as the agency looks forward to Eduardo Angeles coming onboard as the newly appointed Associate Administrator for Airports. It will be my pleasure to get to know you as I serve in these positions.

The FAA is committed to continuing to ensure that we have a safe and efficient national airport system. Airports require extensive high-precision infrastructure, which in return requires careful attention to engineering and construction standards. Airfield, terminal, landside facilities and supporting infrastructure like drainage and utility systems all require constant vigilance as well as periodic rehabilitation and reconstruction. These processes take years of careful planning so that the work does not compromise airport safety or capacity, or cause congestion that may be reasonably avoided.

For FY 2014, the FAA will issue approximately \$3.2 billion in grants-in-aid to state and local airport sponsors through the Airport Improvement Program (AIP). These investments will facilitate eligible airport improvements in the core areas of safety, capacity and delay reduction, security, and environmental sustainability, and will contribute to addressing the most pressing

needs of the national airport system. I would like to update the Subcommittee on how we assess the airport system's needs, the specific areas where we have focused to address those needs, and where we see opportunity to improve flexibility that would enable investment to be more effectively targeted to meet the needs of the system and its users.

The AIP program supports a network of airports of all sizes, throughout the country, which provide critical functions to our national economy while serving the needs of regional and local communities. They are the backbone of an aviation system that plays a key role in the success, strength, and growth of the U.S. economy. The integrated system of airports also provides a crucial safety net. Aircraft of all sizes and types, commercial and non-commercial, have to make unexpected landings due to passenger medical emergencies, mechanical issues, or other reasons. The nationwide network of airports is fundamental to the safety and efficiency of the national air transportation system.

In addition to the airports that serve commercial air carrier transportation, the AIP program supports the safety and capacity of airports that serve general aviation (GA) needs. This includes flight training, emergency preparedness and response, aeromedical flights, agricultural support, and a host of other functions that cannot easily be accommodated at larger, commercial service airports. Collaboration with the full range of stakeholders is vital to the success of our airport planning and strategic investments. We work closely with aviation users as well as local communities. We also carefully consider reports and recommendations from the Government Accountability Office and other organizations, and consistently review system performance to measure success and identify areas for improvement.

The principal planning tool the FAA uses for assessing system-wide development needs is the National Plan of Integrated Airport Systems (NPIAS), which the FAA publishes every 2 years. The NPIAS details the projected 5-year capital needs of airports of all sizes that are identified as significant to the air transportation system. The NPIAS cost estimate reflects only AIP-eligible improvements and provides a consistent framework within which to evaluate proposed projects.

We most recently published the NPIAS in September 2012. The report addressed the development needs of more than 500 commercial service airports and approximately 2,800 general aviation airports for the five-year period from FY 2013 through 2017. For FY 2013-2017, the report found the average annual AIP-eligible development need to be about \$8.3 billion. The FAA will publish an updated NPIAS report for FY 2015-2019 later this year. The update will also reflect our ongoing coordinated efforts with members of the aviation community to assess the role that GA airports play in our national airport system, as reported in the May 2012 General Aviation Airports: A National Asset (ASSET) report and a March 2014 follow-up report.

All development projects identified in the NPIAS report are eligible for AIP funding. However, demand for AIP grant funds consistently exceeds availability. Each year, funds appropriated from the Airport and Airway Trust Fund are distributed between formula grants (entitlements) and discretionary grants. We review all requests for AIP funding with a careful focus on demonstrated aeronautical need, including both actual and reasonably forecast aviation activity levels. When we consider projects for AIP discretionary funding, investment decisions are made

using structured selection criteria that helps identify critical development needs that can be supported within associated AIP funding levels. Our bottom line is to ensure the most critical needs of the airport system are met. Even after we issue a grant to an airport sponsor, we continuously review airport layout plans and monitor the airport sponsor's compliance with grant assurances to ensure the project is carried out to benefit the system, and the airport maintains and operates their facility in a safe and efficient manner.

AIP grants are just one source of funding that airports use to fund capital investment. Other funding sources include passenger facility charges (PFCs), state and local grants, bond proceeds, airport-generated funds (landing and terminal fees, parking, and concession revenues), and tenant and third-party financing. Qualified airports may collect a PFC in an amount up to the statutory cap of \$4.50 on each paying passenger boarding an aircraft. PFCs are local funds rather than federal but, like AIP grants, the PFC is a federally approved source of funding. The FAA still reviews proposed projects for PFC funding, and that review process includes seeking public and airline industry comments on both the collection amounts and the specific projects. PFC collections total approximately \$2.8 billion each year.

There are 3,330 airports out of the approximately 19,000 landing facilities in the U.S. and its territories included in the NPIAS. What we've found is that the availability of funding sources and their adequacy to meet these airport's needs varies with type of airport and level of activity. For larger commercial airports with significant numbers of passengers, PFC revenues are a more flexible capital funding source that does not depend upon annual appropriations. Moreover, airports with strong passenger volumes can generally issue bonds backed by future PFC

revenues. As a result, larger airports are generally less reliant upon AIP grants, while smaller airports, generally with markedly less access to other funding sources, may be much more heavily reliant on AIP funding. Yet, many of those smaller airports are also very important to the overall system, either for access or to relieve pressure on larger commercial airports.

Without them, the larger commercial service airports would need to accommodate far more smaller and slower aircraft, which could reduce capacity and exacerbate delays. A proper balance is critical to the efficiency of the system. The users of the large airports depend upon some of the smaller airports for overall system capacity and efficiency. The President's FY 2015 budget proposal for the AIP program is based in part on focusing AIP resources on the smaller commercial and general aviation airports while providing larger airports with additional PFC resources. By focusing federal grants on supporting smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital, the proposal allows larger airports to increase non-federal passenger facility charges, thereby giving larger airports greater flexibility to generate their own revenue.

Safety is the FAA's top priority, while planning for capacity and delay reduction is also critical to the future of the airport system. I would like to highlight where the FAA has placed its focus regarding these two core AIP priorities. The AIP program is delivering measurable benefits, some of which I will also share.

SAFETY

The FAA has made runway safety a focus. The Office of Airports works closely with other FAA program offices, including the Air Traffic Organization (ATO) and the Aviation Safety Organization, to ensure a comprehensive and cohesive runway safety strategy. Investments through AIP grants are funding runway safety area improvements (RSA); reducing the risk of runway incursions; and contributing to the state of good repair of critical facilities, including runways.

The FAA is on-track to meet its key safety initiative to accelerate and make all practicable improvements to runway safety areas (RSA) at certificated airports. Standards for RSAs are designed to minimize damage to aircraft and injuries to occupants when an aircraft loses braking or directional control or otherwise overruns, undershoots, or strays from the runway during a landing or aborted takeoff. The RSA standards provide an area around the runway, free of structures or significant grade changes, which can provide an extra margin of safety to ensure the consequences of incidents are less likely or severe. We continue to support the installation of Engineered Materials Arresting Systems (EMAS) at airports that do not have enough space for standard RSAs. These EMAS systems have already safely stopped nine overrunning aircraft with no fatalities or serious injuries and little damage to the aircraft.

Objects that are required to be in the RSA because of their function, such as runway lights or signs, must be able to break away easily if struck by a passing aircraft. By the end of calendar

year 2015, through collaborative efforts of the FAA with the nation's certificated airports, we expect all RSAs at certificated airports will meet standards to the extent practicable.

Additionally, a reduction in the number and severity of runway incursions remains one of the FAA's top priorities. Many airport sponsors have received AIP grants to make improvements that help reduce runway incursions caused by vehicle and pedestrian deviations, or by pilot error due to confusing geometry. This includes certain ground surveillance systems technology to increase pilot situational awareness. A key FAA initiative is to mitigate the risk of runway incursions by reconfiguring confusing or non-standard taxiways and installing perimeter service roads to reduce the number of runway crossings needed.

Maintaining facilities, including runways and taxiways, systems, and equipment in a state of good repair, is also critical to the safety of the airport system. We are constantly working with airport operators to preserve existing infrastructure. Through the use of AIP grants, we ensure that 93 percent of runways at more than 3,300 airports in the NPIAS are in fair, good, or excellent condition. As of FY 2013, over 97 percent of the runways met the criteria.

CAPACITY

Runways and taxiways must be adequate to handle anticipated aircraft operations safely and efficiently. Over the last 15 years, AIP supported projects have included 16 new runways, 3 major taxiways, 1 major runway extension, and 2 major airfield reconfigurations at 22 of the busiest 35 commercial service airports in the United States. Those projects and others have

provided these airports with the potential to accommodate more than 2 million annual operations, and decrease average delay per operation at these airports by about 5 minutes. This may sound minor in isolation, but because delays propagate throughout the system, that degree of improvement is very significant. The total cost of these projects is about \$8.5 billion, of which about \$3 billion was AIP funded. These investments have been highly successful at achieving their operational goals, but some of the busiest airports remain highly congested and delay-prone, and those delays drive up operational costs and environmental impacts for the entire system.

We routinely assess system performance and capacity needs, and have developed an ongoing series of reports, known as Future Airport Capacity Task (FACT) report, to assess the future capacity of the Nation's airports and metropolitan areas. The FAA is currently in the final stages of a third FACT assessment (FACT 3), developed in conjunction with airport operators, MITRE, and multiple FAA offices including NextGen and ATO. The study will identify airports that are expected to be congested by 2020 or 2030, taking into consideration the capacity improvements since FACT 2, including anticipated airfield capacity improvements. We expect to release the FACT 3 report by fall 2014.

In summary, investment in our nation's airport infrastructure remains crucial to maintaining the safest and most efficient air transportation system in the world. The Airport Improvement Program has evolved over the decades into a vital and carefully targeted capital funding source that works effectively with other funding sources to support the nation's airport infrastructure. Thank you again for this opportunity to provide an update on the FAA's recent efforts to provide

leadership in planning and developing a safe and efficient national airport system. I look forward to working with you as we move forward, and I will be happy to answer your questions at this time.