

**Testimony of Peter J. Bunce**  
**President and CEO, General Aviation Manufacturers Association**  
**U.S. House of Representatives Subcommittee on Aviation**  
**Putting U.S. Aviation at Risk: The Impact of the Shutdown**  
**February 13, 2019**

Thank you, Chairman Larsen and Ranking Member Graves. My name is Pete Bunce and I am President and CEO of the General Aviation Manufacturers Association (GAMA). On behalf of GAMA and over 100 of our member companies, we look forward to working with you and the members of the House Aviation Subcommittee in the 116<sup>th</sup> Congress on key aviation items. We also look forward to working with House Transportation and Infrastructure Committee Chairman Peter DeFazio and Ranking Member Sam Graves and the membership of the committee at large. Thank you for convening this hearing today which will be vital to understanding the short and long-term impact of the recent partial government shutdown on the Federal Aviation Administration (FAA) and the aviation industry, and how best to recover from it.

GAMA exists to foster and advance the general welfare, safety, interests, and activities of the global general and business aviation industry. This includes promoting a better understanding of general aviation manufacturing, maintenance, repair, and overhaul and training and the important role these industry segments play in economic growth and opportunity, and in facilitating the critical transportation needs of communities, businesses, and individuals. The general aviation industry provides \$219 billion in economic output overall to the U.S. economy and employs over 1.1 million people.<sup>1</sup>

I appreciate the opportunity to speak about the impact of the shutdown on aviation manufacturing. However, I also want to make it clear that GAMA recognizes that these impacts go far beyond our critical part of the aviation industry. We appreciate and respect the work of all federal employees, especially those working to promote the safety, security and economic health of the aviation system, and realize how difficult this recent period has been for the federal workforce and those who contract and partner with the federal government. Our industry is one

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<sup>1</sup> Contributions of General Aviation to the US Economy in 2013, PricewaterhouseCoopers, February 11, 2015

which relies on the professionalism, focus, and success of all aviation employees, both public and private sector. The U.S. aviation system is an extremely complex and interconnected one which provides the highest levels of safety and the largest and most robust air services network in the world - when significant stress is imposed on one part of this interdependent system, there is negative impact on all.

I also want to recognize the great work of the House Transportation and Infrastructure Committee in enacting a five-year FAA Reauthorization bill into law last year (P.L. 115-254). The law was rightly hailed at the time as providing needed stability and direction for the FAA and the aviation system and community. This recent shutdown was a challenge to that premise and we hope the Subcommittee will work with us, FAA, and DOT to recover and move forward on critical initiatives which seek to strengthen and improve the efficiency of our national aviation safety system and enable continued growth and development of new aircraft and technologies. From GAMA's member companies' perspective, the certification reforms pushed by Congress and being implemented by FAA and industry have had a positive impact on safety oversight and industry health during normal operations, but also mitigated some of the debilitating impacts in this shutdown. Congressional leadership and oversight have been critical to the progress we have collectively made since 2012 and those efforts need to continue and be strengthened.

We also ask the Administration and Congress to act in a bipartisan way to make certain that we do not have another shutdown – either a partial one in the next few days or in the future. Either scenario will have extremely harmful effects to the aviation industry. Recovering from the recent government closure will be both lengthy and complicated, and any subsequent shutdown of the FAA will multiply these negative impacts on small businesses, the economy, and safety. The strength of aviation manufacturing's economic contribution is dependent on a fully operating and functioning FAA being able to undertake certification, maintenance, pilot training, and other regulatory actions and approvals in order to bring aircraft, engines, avionics, and other new technologies and products to the U.S. and global marketplace and to properly maintain the existing fleet.

For this reason, we applaud the leadership of Chairman DeFazio and Ranking Member Larsen and vigorously support the Aviation Funding and Stability Act of 2019 (H.R. 1108). GAMA is

joined by numerous other aviation stakeholders in support of this legislation, including many in the general aviation community. The purpose of this legislation is simple – to enable the FAA to leverage and temporarily draw from the Airport and Airway Trust fund in the event of a future government shutdown. If enacted, H.R. 1108 would provide targeted stability for the aviation system to function, including air traffic and critical elements of aviation safety – which includes certification, maintenance, and training - while ensuring congressional oversight. We look forward to working with members of this committee, and other stakeholders who share jurisdiction, in a bipartisan way to advance the Aviation Funding and Stability Act of 2019 in the near term and mitigate the consequences of any future government shutdown on the FAA.

### **The Shutdown’s Impact on Aviation Manufacturing, Maintenance, and Training**

*Aircraft Certification:* By way of background, the FAA Certification process is structured to establish, demonstrate, and verify compliance with safety standards for design, manufacturing and performance of aircraft as well as to monitor and sustain the safety of aircraft once in service. During the shutdown, many GAMA member companies could not deliver products or were forced to stop development of new products or technologies because FAA personnel were unable to perform key certification activities. This halted the FAA review of design approvals, flight tests, development of new or revised policy/guidance, and approval of issue papers that are critical to establishing requirements for aircraft and other product certification.

Manufacturers could not start any new certification projects other than routine minor FAA pre-approved activities. This was particularly difficult and harmful for small businesses, who rely on an ongoing stream of new business activities and their ability to innovate and attract new customers. Before any new certification project can start, including development of a new and improved component or part, upgraded software, or cabin modification, FAA must first establish the applicable airworthiness requirements and approve the certification plan on how the manufacturer will show compliance.

Whenever there is a technical issue such as a new design feature or means of compliance, it requires FAA to approve an ‘issue paper’ that needs to be processed across many different engineering, standards and policy offices. Several GAMA member small businesses were hit particularly hard by the shutdown because they simply could not continue their business without

FAA coordination and were forced to make very difficult and significant business choices, because they could not predict when FAA might be available to resume their activities or if FAA would accept any of the work activity they completed. Manufacturers and their FAA Aircraft Certification offices were able to manage these effects somewhat through advance planning of ongoing and upcoming projects prior to the shutdown and by utilizing, when available, delegation systems and authorities.

Validation and Global Leadership: Aviation is a global industry. Once an aviation product is approved by the FAA, this product must also be validated or accepted by foreign aviation authorities to enable export of U.S. manufactured aircraft and equipment. Likewise, for import of aircraft, many of which contain significant U.S. content, and components approved by non-U.S. authorities, FAA must validate their certification design approvals. During the shutdown, all validation programs between the FAA and other international aviation authorities were halted. As a result, the export and import of aviation products was negatively impacted. This not only affected some current deliveries, but there are potentially months of delay to many validation programs with significant impact on aircraft deliveries that could ripple throughout the aviation system of suppliers, operators, training and maintenance providers.

Additionally, key international meetings critical to establishing global standards and enabling industry growth and exports were cancelled or took place without FAA participation, diminishing FAA and U.S. leadership in the international arena.

Operating Authorizations: Following the delivery of an aircraft, an operator must also obtain the FAA's authorization to operate that aircraft. During the shutdown, these authorizations for general aviation aircraft were halted. The FAA also authorizes specific functions for an operator to use such as allowing data link communication, Performance-based Navigation (PBN), and Electronic Flight Bags. These authorizations were stopped as well, limiting the efficiency and use of improved technology and procedures by operators and their aircraft.

Repair Stations and Recurrent Certification: FAA also regulates and oversees the work done on aircraft and other products at maintenance and repair organizations. This includes the need for periodic, mandatory certification which were threatened given the agency could not perform

needed safety inspections. At the same time, FAA could not inspect or certify repair station certificates for initial issuance, transfer, or approval for changes to grow their businesses.

By example, one company planned to open a new facility after the holiday break. They had moved all their personnel and equipment and completely vacated their old facility. The new facility could not open because FAA was not able to perform an inspection which hampered the facility's operations and planned new hiring.

*Training:* Another important part of the broader aviation safety system is those who provide training. During the recent shutdown, the GAMA member flight training providers found that the FAA was unable to approve training manual revisions, authorize training center evaluators, and qualify flight simulators.

Without these approvals, training centers could not provide required training for pilots and this delay will likely be felt through the spring as operators and training centers work to make up a backlog of rescheduled training events that had to be cancelled.

For most businesses, it is not just one issue they faced during the shutdown but multiple ones. For instance, a small company in Washington state was unable to get FAA concurrence for any production changes that fall outside limited parameters. These kind of changes occur on a regular basis for this and other businesses. Additionally, this particular company has made significant investment in new product development and is seeking a new Type Certificate and several Type Certificate Amendments, each viewed as vital to maintaining their competitiveness, which were each impacted. Moreover, they also have applications for type certificate validations in several countries and the shutdown significantly affected the company's ability to move into new markets. As a result, this small company is left with new challenges in an already competitive and difficult global marketplace coupled with the threat of more uncertainty.

Another example can be found in family-owned Emergency Medical Service (EMS) aircraft operator and helicopter completion center that employs nearly 1,000 aviation professionals, 250 of whom reside in the state of Louisiana where they are headquartered. This privately-held company also serves as a training provider for 140 EMS aircraft in 25 states, plus the District of Columbia, that provide a critical link for rural healthcare delivery and a vital lifeline in times of emergency.

Due to the government shutdown, this company was unable to complete delivery of at least four helicopters contracted to be placed in service as EMS Medevac helicopters. These deliveries are dependent upon the issuance of a Supplemental Type Certificate (STC) from the FAA for a Single Pilot Instrument Flight Rule (SPIFR) equipment installation. FAA was scheduled to begin ground and flight testing in December, but these were postponed due to a one-day observance honoring the passing of former President George H.W. Bush and, unfortunately, rescheduled to early January. That testing did not take place due to the shutdown and still has not been completed.

The resulting impact of not receiving this STC in a timely manner forced the company to default on contracts and not provide their new technology for lifesaving activities. A version of this story was repeated many times during the shutdown for other life-saving vehicles given the lack of FAA Flight Standards field personnel to provide pilot check airmen certifications, route checks, and, approvals for modifications.

In detailing these impacts, it is obvious there is a compounding and cascading effect of the shutdown on the overall aviation sector. At every point, whether it was certifying or modifying products, maintaining and repairing aircraft and systems, keeping the training and approval system for new and existing pilots on schedule, or the ability of operators to put into service and maintain new aircraft, the health and vitality of U.S. aviation manufacturing and the overall aviation system was weakened.

### **Aviation and Manufacturing Industry Recovery**

During the shutdown, GAMA continually surveyed our member companies to inquire about impacts and timelines for recovery. We received weekly assessments of shutdown impacts and ascertained that for each week the shutdown continued, there would be a three to four-week impact on aircraft and product certification programs. This calculation is consistent with what GAMA member companies reported during previous closures of the FAA, though specific impacts depend on how far a company program is into the certification process and the extent of their delegated authorities. The extended length of residual shutdown impact is due to the backlog of tasks that only FAA can perform. While FAA certification offices are working to address this backlog, the day to day pace of manufacturing and maintenance activities

accompanied by the start of new projects that FAA must also support compounds and complicates the recovery effort.

The government shutdown will have a lingering negative impact upon certification activities for the foreseeable future. As noted previously, key activities, such as flight testing of new aircraft, which require specific expertise and involvement by the FAA are tightly scheduled. These activities are in continuous demand and losing over a month of activity means that FAA personnel who were unable to do the required flight test because of the government closure need to be integrated back into the flight test schedule. As a result, development program timelines will be pushed significantly to the right. This is an incredibly complex allocation of limited FAA resources and imposes a burden for FAA management and its workforce to bear. Even under the best circumstances, we anticipate disruptions will continue for months. In order to work through the backlog of activities, it will be important that FAA prioritize its system safety oversight activities and focus its limited resources on safety critical activities and tasks that only they can perform.

As with the other associations here today, we also worry about the morale of federal employees and the impact the government closure has had on the workforce. The inspectors, engineers, and leaders we work with are skilled and talented and can look to alternative private sector opportunities that are currently abundant. Retaining these employees is critical to moving forward from a scenario they did not create.

During both the shutdown and the reconstitution, we have worked with Acting Administrator Dan Elwell and his leadership team to assess the impact of government closure limiting FAA activities for the manufacturing and maintenance sector and identify opportunity for mitigation. We greatly appreciate the fact that FAA leadership did what they could within the limits of the law to identify available flexibilities and correctly posture the safety directorate to maximize productivity during the recovery phase. Unfortunately, the ability to diminish impacts was limited but it did allow us to keep our membership informed, address issues where possible, and help companies with their post shutdown planning. This communication was also vital to ensuring that FAA remained in its critical system safety oversight role.

Since the shutdown ended, we have worked to ensure FAA understands the most prominent and immediate issues that have emerged from a GAMA member company perspective and provided

recommendations to help the agency prioritize activities to move forward efficiently and expeditiously.

We understand FAA's initial focus is on internal coordination simply to restore operations, review ongoing activities, and develop revised work plans and prioritize recovery initiatives. We have suggested actions that will relieve administrative burdens and focus on key efforts that will help FAA and industry return to normal activities as soon as possible. One suggested mitigation that the agency immediately acted upon was to extend designee and certification authorizations that have expired or will soon expire, facilitating full use of available delegation and bilateral agreements, and issuing the required operational authorizations so that new aircraft can enter service. These steps, and numerous others, will help both the FAA and industry focus their resources on those tasks that only FAA can perform such as: establishing certification basis, approving certification plans and issue papers, reviewing flight manuals, and conducting safety activities that cannot be delegated - rather than more routine tasks or activities that others have authority to undertake.

### **Impact on the FAA Reauthorization Act of 2018**

The passage of this law was a significant victory for the industry, the economy, aviation safety, as well as the traveling public. When talking about the bill last fall, we highlighted key provisions that we believe need to be implemented fully, effectively, and in a timely manner. The shutdown significantly set the timelines back while causing economic damage to the aviation manufacturing industry. There will be some in the bureaucracy that will want to use the shutdown as an excuse not to aggressively implement the reforms contained in last year's FAA reauthorization and we believe this underscores the important role Congress will play in oversight of FAA's prioritization of activities. Collectively, we have lost critical time because of this shutdown and it impacts both existing efforts and those on the horizon.

Last week the Transportation and Infrastructure Committee held a hearing focused on physical infrastructure which is critical to advancing transportation and economic development in this country. The success of aviation is also highly dependent on advancing and modernizing the regulatory structure and air traffic control system. Manufacturers large and small are developing incredible new technologies to more efficiently handle current traffic and safely integrate rapidly

emerging entrants such as unmanned systems, electric vertical take-off and landing vehicles, civil supersonic aircraft, and commercial space vehicles.

The work this Committee has accomplished, spurred on by its leadership to advance certification and regulatory reform, will greatly benefit these new markets and technological developments. These reforms, coupled with substantial FAA progress on key initiatives in the certification area, kept us functioning during the shutdown, but also makes clear the vital need for implementation of the 2018 law as we look toward the future of flight. I look forward to working with this Subcommittee and the broader membership of this Committee and Congress to prevent future shutdowns but also find ways to realize the promise of these important reforms to benefit aviation in the present and in the existing years ahead. Thank you, Chairman Larsen and Ranking Member Graves for convening this important hearing and we look forward to collectively working together to advance the safety and economic potential of the manufacturing and maintenance sector, and the broader aviation sector.