



## MEMORANDUM

TO: Government Affairs Steering Group  
Government Affairs Committee

FROM: ACI-NA Government Affairs

DATE: March 6, 2008

SUBJECTS: FY 2009 Senate Transportation Appropriations Budget Hearing  
Chairman Oberstar Reschedules Hearing on Airline Inspections

GA MEMO NO: 2008-16

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### **1. FY 2009 Senate Transportation Appropriations Budget Hearing**

This morning, Secretary of Transportation Mary Peters testified before the Senate Appropriations Subcommittee on Transportation, Housing and Urban Development to address the President's Fiscal Year 2009 (FY09) Department of Transportation (DOT) Budget, which proposes \$14.6 billion for the Federal Aviation Administration (FAA). The Budget proposal also assumes passage of the Administration's FAA Reauthorization Bill. Secretary Peters said the Budget would provide 306 air traffic controllers and \$688 million for Next Generation Air Transportation System (NextGen) technologies. The Budget would accomplish this through a combination of user fees, taxes, and general fund revenues.

#### Opening Statements

Subcommittee Chairwoman Patty Murray (D-WA) admonished Secretary Peters and the Administration for their FY 2009 Transportation Budget. In general, the Department of Transportation (DOT) proposed \$68.2 billion in transportation spending. In comparison to FY 08, this is a reduction of \$2.1 billion. Murray classified the potential reductions in highways, aviation, and rail as "devastating and unacceptable." However, Murray did not treat the reductions as ends in of themselves. Murray linked the budget to the current economic downturn by noting that the U.S. economy has lost 284,000 construction jobs

in the last year. Murray went further and calculated that the reduction in airport and highway investment would lead to the loss of an additional 120,000 jobs.

Ranking Member Christopher “Kit” Bond (R-MO) said that the overall DOT Budget of \$68.2 billion was a “non-starter.” As it relates to aviation, Bond focused on the Airport Improvement Program (AIP). The DOT Budget request provides \$2.75 billion for AIP, nearly \$764.5 million below the FY 2008 enacted level of \$3.5 billion. He said that this is the 3<sup>rd</sup> year in a row that the Administration has tried to cut this valuable program. Bond said that the Subcommittee will restore these cuts and ensure that airports have this vital federal funding to help alleviate congestion. He closed by saying that funding highways, rail and aviation properly is crucial to our nation’s economy.

Senator Frank Lautenberg (D-NJ) also expressed his dismay that AIP funding was reduced by almost \$765 million. He also questioned how the Administration could propose a reduction in aviation funding in the midst of record congestion and delays. Lautenberg then stated that he believed air traffic controller staffing levels are not what they should be. He concluded by suggesting that these issues are big problems and pose safety risks as he noted recent runway incursions across the nation.

Senator Arlen Specter (R-PA) took issue with congestion, routing and scheduling at Philadelphia International Airport. Specter said that it was “intolerable” and harkened back to DOT’s recent initiative to reduce congestion in the New York and New Jersey area and requested similar attention for Philadelphia. Secretary Peters replied that DOT is planning a meeting regarding Philadelphia congestion management issues on April 7<sup>th</sup>. Specter concluded his remarks by asking for responses to letters he sent to DOT on November 8<sup>th</sup> and December 18<sup>th</sup> of last year.

### Testimony

Secretary Peters began by saying that President Bush is requesting \$68.2 billion for America’s transportation network (including \$14.6 billion for the FAA) in the next fiscal year, including funding for the Department’s mandatory programs. She continued by saying that DOT is working with the President to hold the line on spending, while giving travelers and taxpayers the best possible value for their transportation dollars by transforming the way our transportation system works and is funded. While Secretary Peters did talk about highway-related issues for a good part of her testimony, aviation and airports were also included. As noted above, the President’s Budget for the DOT and FAA assumes that his FAA Reauthorization proposal will be passed by Congress, so Peters’ discussion of aviation issues was mostly dedicated to discussing the plan. She stated that the Administration’s proposal would provide a more efficient revenue structure, which will provide multiple safety and capacity benefits. Peters also touched on how the Administration’s proposal would modernize how to pay for airport infrastructure projects and allow for an overhaul the Nation’s air traffic control system. She then discussed the Administration’s plan to double the investment in Next Generation Air Transportation System (NextGen) technologies, providing \$688 million for key research and technologies including the transformation from radar-based to satellite-based

navigation systems. Peters continued by saying that air traffic is expected to triple by 2025, so we must now modernize the system and how we pay for it, which will allow the FAA to not only handle more aircraft, but also to maintain high levels of safety, reduce flight delays, and reduce noise near airports. Finally, she closed her section on aviation issues by briefly speaking about the Administration's efforts to reduce congestion in the New York area.

### Questions

Senator Murray began by asking Secretary Peters how why the two biggest cuts in the President's budget involved infrastructure programs involving airports and highways. She continued by noting that these reductions could cost 120,000 people their jobs and that given today's economy these cuts do not make sense. Secretary Peters answered by saying the Administration had to make a lot of tough decisions in this budget and that they have to be accountable to taxpayers. Regarding airports, the Secretary noted that even with the AIP funding reduction, she believes all safety and important capacity projects will be funded. She also said that the proposal, through the FAA Reauthorization plan, includes new funding mechanisms for airports to fund important projects.

Senator Murray followed up by asking the Secretary why the Administration would cut airport funding when delays are getting worse and many people could lose their jobs due to lack of construction projects? Secretary Peters essentially restated her earlier answer by saying the Administration was forced to make some tough choices and that she believed the AIP funding level, along with the new funding mechanisms proposed in their FAA Reauthorization bill would adequately address airport funding issues and that important projects would be able to continue as planned. Senator Murray responded by rhetorically asking the Secretary if that meant she is banking on Congress to pass a FAA Reauthorization bill.

Senator Lautenberg took exception with what he believes is a lack of focus on consumer rights initiatives by the FAA (especially in its Reauthorization proposal). Lautenberg asked how this is possible when congestion and delays are worse than ever and only expected to increase in the future. Peters responded that she is concerned with consumer complaints and that DOT is spending \$2.5 million to address the issue via a number of initiatives. Senator Murray also took exception with DOT's stance on consumer issues by asking the Secretary whether the Department will enforce consumer protections through written certifications by the airlines or through on-site inspections. Peters did not give a definitive answer but said that DOT is aggressively working to improve the passenger experience.

Senator Bond asked Secretary Peters how congestion can be reduced in the New York and New Jersey region besides flight caps. Peters replied that peak-hour caps have been instituted at LaGuardia and JFK and that a notice of proposed rulemaking on flight caps at Newark International Airport will be published in the coming week. Peters also stated that DOT negotiated the caps so as not to disadvantage "feeder flights" from smaller communities. Further, she talked about the aerospace redesign in New York as well as the

Tarmac Delays Task Force and the Rates and Charges policy. She also said that she is working with the Department of Defense to open restricted airspace when bad weather occurs.

Senator Murray then asked whether DOT would approve a proposed plan to privatize Chicago Midway Airport if the subsequent funds were not allocated to local transportation initiatives. Peters replied that she would defer to local officials. However, Peters also said she would prefer that any potential profit from the sale or leasing of an infrastructure facility such as an airport would go back to transportation programs. Murray then reminded Secretary Peters that the law would require the new proprietor/lessee to pay back any federal grants the airports may have received. However, the Secretary would have the authority to waive the proprietor/lessee of this responsibility. Peters said that she has discussed this issue with staff but has not made a decision at this time.

Senator Murray concluded the hearing by asking whether the workforce plan for air traffic controllers was accurate and made sense. Murray was concerned that controllers were understaffed and poorly trained. Peters responded that DOT has reached its hiring goals and has taken advantage of training simulators to improve proficiency. Murray reminded Secretary Peters that the training simulators were provided through a Congressional earmark. Peters, an opponent of earmarks, conceded that the simulators were doing a good job and improving safety across the country.

## 2. Chairman Oberstar Reschedules Hearing on Airline Inspections

This afternoon, House Transportation and Infrastructure Chairman Oberstar (D-MN) announced that the hearing on airline inspections has been postponed from March 12 to April 3. Additionally, Chairman Oberstar intends to convene a news conference tomorrow at 12:30 PM EST. (The news conference will be webcast on the Committee website, <http://transportation.house.gov> ).

According to the press announcement, "...the hearing has been postponed because of a conflict with Oberstar's pending surgery. Oberstar will be entering the Mayo Clinic next week for a hip replacement operation. While not an emergency, Oberstar wanted the corrective surgery done at the earliest possible date, and the schedule required him to postpone the hearing".

The announcement of the press conference coincided with an announcement that FAA issued a \$10.6 million civil penalty against Southwest Airlines. FAA's press release announcing the record fine alleges Southwest operated nearly 60,000 flights in 2006 and 2007 using 46 planes that had not been inspected for possible fatigue-related cracking on the fuselage areas. Southwest officials argue the airline complied with regulators' requests and would contest any penalty.

**Please contact ACI-NA's Scott Weaver ([sweaver@aci-na.org](mailto:sweaver@aci-na.org)) or Paul Eubanks ([peubanks@aci-na.org](mailto:peubanks@aci-na.org)) with any additional questions or concerns.**