



Insight

The Importance of Long-Term FAA Reauthorization

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Summary

- Since 2007, Congress has passed 26 short-term reauthorization extensions for the Federal Aviation Authority (FAA), but only one long-term reauthorization bill. This regular cycle of temporary funding has led to budgetary uncertainty and instability for the FAA and its programs.
- Multi-year reauthorization is necessary for long-term planning and growth in the civil aviation industry, including the maintenance and modernization of aviation infrastructure and technology.
- While the House and Senate have introduced competing FAA reauthorization bills, the House Transportation and Infrastructure Committee's reauthorization legislation provides the FAA with greater stability and resources to meet the civil aviation industry's growing needs.

Introduction

As the FAA's authorization quickly approaches its expiration, Congress appears likely to pass another short-term reauthorization extension. The House Transportation and Infrastructure Committee, as well as the Senate Commerce, Science, and Transportation Committee passed their own reauthorization legislation in June. However, neither bill has received a floor vote. The House bill (H.R. 2997) sponsored by House Transportation Committee Chairman Bill Shuster includes a contentious proposal to remove air traffic control (ATC) from the FAA and create a separate not-for-profit corporate entity to run it. The push back against ATC reform raises the likelihood that Chairman Shuster's bill will fail to reach the House floor, and the likelihood that Congress will again fail to pass a long-term reauthorization of the FAA. Considering air transportation's outsized impact on U.S. economy, a lapse in FAA authorization could have negative economic consequences, among other adverse effects.

What Happens If FAA Authorization Expires?

A lapse in authorization would cause a partial shutdown of the FAA and render the agency unable to collect aviation trust fund (ATF) revenues or expend trust fund money. This is what happened in 2011, as congressional leaders were unable to resolve disagreements over Essential Air Service program provisions and allowed FAA's authorization to expire. During the two-week lapse, the FAA lost \$400 million because it could not collect excise taxes for the trust fund, and 4,000 employees - roughly 9 percent of FAA's total workforce - were furloughed. The lapse in FAA's authorization directly led to the stoppage of work on more than \$10 billion in national airspace and support projects, according to FAA [documentation](#). Furthermore, 200 FAA-funded construction projects were halted, and \$2.5 billion in grants to new airport projects were withheld, which the Associated General Contractors of America estimated to have affected more than 70,000 construction jobs.

The Economic Impact of the Aviation Industry

It is easy to overlook the approaching expiration of FAA authorization given the upcoming deadlines for appropriations and the debt ceiling Congress also faces in September. However, the aviation industry has a large economic impact on the U.S. economy that will be threatened if the FAA is not reauthorized. The FAA reported that in 2014, aviation accounted for more than 5 percent of U.S. GDP, contributed \$1.6 trillion in total economic activity, and supported nearly 11 million jobs. Additionally, in 2013 air cargo represented 27 percent of exports and 22 percent of imports by value in 2013. Table 1 highlights the economic impact the civil aviation industry had on the economy from 2012-2014 (the latest available data).

Table 1: Civil Aviation Economic Impact on U.S. Economy (Current Dollars)

Year	Output (\$ Billions)	Earnings (\$ Billions)	Jobs (Thousands)	Percent of GDP
2012	1,472.3	405.4	9,650	5.0
2013	1555.0	427.0	10,139	5.1
2014	1,623.8	446.8	10,589	5.1

Source: Federal Aviation Administration

U.S. airports serve more than two million passengers daily, with congestion rising. While the demand for air transportation has continued to grow, airports have struggled to keep up with investment needs due to restrictions on how much airports can charge passengers for facility expansion and renovation. The American Society of Civil Engineers estimates that

between 2016 and 2025, the aviation industry will face a funding gap of [\\$42 billion](#). A multi-year reauthorization bill would help to address the long-term investment needs of the civil aviation industry and enable aviation to have a growing impact on the U.S. economy.

The Harm of Repeated Short-Term Reauthorizations

To avoid partial shutdowns, Congress has passed multiple short-term FAA authorization extensions, 23 occurring from 2007 to 2012. FAA's last long-term authorizing legislation expired on September 30, 2015, and Congress has only been able to pass short-term authorization extensions since. While short-term extensions are preferred to a lapse in authorization, the regular cycle of temporary funding has proven burdensome and disruptive. Short-term extensions leave the FAA open to political impasse and funding uncertainties, making it difficult for the agency to manage large-scale, long-term programs. Of note, past budget uncertainties have slowed implementation of the Next Generation Air Transportation System (or NextGen, FAA's ongoing attempt to modernize the United States' antiquated air transportation system). Delays in early segments of NextGen programs may delay the total implementation schedule, increasing overall NextGen costs, and creating a [lack of confidence](#) in the project among industry partners.

Will History Repeat Itself?

Last year, the Senate Commerce, Science, and Transportation Committee and the House Transportation and Infrastructure Committee passed competing FAA reauthorization bills. The House Committee bill included a proposal to separate the nation's air traffic control from the FAA, similar to the proposal included in the Committee's bill this year. The House bill never made it to the floor for a vote, and the House was unwilling to take up the Senate's bill. Ultimately, committee leaders settled on a short-term extension.

Fast forward to 2017 and again both the House Transportation Committee and Senate Commerce Committee have passed competing FAA reauthorization legislation. Chairman Shuster's bill has not yet been brought to the floor for a vote, raising concern that Congress will resort to another short-term reauthorization extension. While there is disagreement on the House Committee's ATC proposal, the bill reauthorizes the FAA for six years compared to the Senate's four-year reauthorization. Furthermore, the proposal to transfer the operation of air traffic services to a separate not-for-profit corporate entity aims to address FAA's largest issue of delayed modernization of air navigation services.

Conclusion

With the FAA's authorization set to expire at the end of September, Congress has little time to negotiate and pass long-term FAA reauthorization legislation. But the regular reliance on short-term extensions creates an environment of budgetary uncertainty that has weakened the FAA's ability to establish long-term goals and invest in the maintenance and

modernization of aviation programs and infrastructure. Congress should reauthorize the FAA for the long term to ensure it has the reliability and resources it needs to modernize its system and meet the growing demands of the civil aviation industry.