



May 17, 2021

**To:** Members of the Subcommittee on Aviation

**From:** Thomas Aiello, Director of Federal Affairs, National Taxpayers Union

**Re:** Letter Highlighting NTU's views on ATC Modernization

Chairman Larsen, Ranking Member Graves, and Members of the Subcommittee, on behalf of the National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, I write to offer our perspective regarding Air Traffic Control (ATC) modernization ahead of your hearing on this important topic. For nearly two decades, NTU has been at the forefront of calls to reform and reimagine our broken, inefficient, and wasteful ATC system. We believe ATC reform -- implemented correctly -- could usher in a new golden age of flight by reducing delays, lowering operating costs, and boosting the consumer experience. We look forward to working with you on a market-driven approach to ATC reform that protects taxpayers and the travelling public.

Like much of America's key infrastructure, our nation's ATC system has been mired in the thinking of the last century. It is no hyperbole to say that in many aspects our ATC system has relied too heavily on 20th century radar technology to guide commercial and leisure aircraft as they land, take off, and fly access the country. Despite efforts to move forward, inefficiencies that waste time and money persist, both for airline companies and passengers who have to stay on the tarmac waiting to take off.

Of course, Congress has passed legislation to make investments to modernize the status quo. And by "make investments," this means taxpayers have bankrolled billions for the Federal Aviation Administration (FAA) to modernize the system over the last 30 years, with underwhelming results. It's not an understatement to say that previous modernization efforts have been a resounding failure, all while wasting billions in taxpayer dollars. This problem was evident in a 2016 Inspector General (IG) report, which found 8 of the 15 major ATC system purchases by the FAA were \$3.8 billion over budget and behind schedule by an average of four years. In total, the FAA modernization plans through NextGen, once estimated at \$20 billion, could end up costing taxpayers as much as \$120 billion and take an additional decade to be operational.

More recently, the Department of Transportation Inspector General [highlights in a March 2021 report](#) that "NextGen's actual and projected benefits have not kept pace with initial projections due to implementation challenges, optimistic assumptions, and other factors." To this end, FAA calculates only \$6 billion in benefits have been achieved by NextGen since 2010 -- hardly a successful return on investment.

The fix, which we will undoubtedly hear by some policymakers, is to throw even more taxpayer dollars at NextGen to recenter its course. It has become far too common that the biggest stated issue with a failing program is lack of funding, even when the program was flawed from the start.

Certainly, greater oversight of the NextGen program, including implementation of the Inspector General's recommendations from March, would be helpful in mitigating additional fiscal damage; so would some regulatory flexibility associated with the initiative. From our perspective, however, there is still time as well as space for policymakers to more thoroughly reimagine the status quo. Congress could work to build upon the 2017 "Aviation Innovation, Reform and Reauthorization (AIRR) Act", a bipartisan bill that represented the most comprehensive ATC reform legislation in a generation. The AIRR Act's reforms comprised a common-sense solution to fix an ineffective and out-of-date ATC system that causes headaches to travelers and costs the public and businesses \$25 billion annually. Specifically, this bipartisan approach would move the ATC system from the Federal Aviation Administration to a non-profit entity with a 13-member board. To ensure fair and balanced representation, general aviation, business, commercial pilots, air traffic controllers, and others will all have a seat at the table. As should be the standard for any change, passenger safety would not be compromised at all as the function of safety regulation would stay with the FAA.

During 2017, when this legislation was being debated, a coalition of twenty-three free-market and taxpayer advocacy organizations - including NTU - joined in a letter to Congress supporting ATC reform. [At the time we noted](#): "Through a new service-providing nonprofit organization governed by all stakeholders in the system, consumers will experience fewer travel delays, the movement of goods will become more efficient, aircraft will burn less fuel, capacity will expand, responsiveness and transparency will improve, political micromanagement will recede, costs will be easier to control and sustain, and the economy could experience tens of billions of dollars in growth."

Those words still ring true today. Some would call this approach impractical given the current stage of the NextGen initiative, yet the Inspector General's March report demonstrates that the expected benefits of NextGen are, in themselves, impractical.

To remain competitive, the United States must join the 60 other countries around the world, like Canada, Britain and New Zealand, who are experiencing the benefits of a non-governmental entity ATC system that's accountable to customers. After Canada implemented reforms, their user fees dropped 45 percent and their cost per flight hour is now 25 percent lower than our current FAA-run scheme. Plus, since 1999 general aviation aircraft registrations among our northern neighbors have risen by more than 20 percent, demonstrating that small aircraft owners need not suffer under a non-governmental, user-based model.

Even if the implementation of NextGen transpires flawlessly from this point forward -- and near-term managerial efforts should be made to encourage such an outcome -- our ATC system will still perform short of the ambitious expectations established years ago. As the nation's economy recovers and Americans return to the skies, it is critical to avoid policy missteps that will further burden consumers who suffer from needless delays, taxpayers who bear ever-rising costs, and businesses who lose productivity. It doesn't have to be this way. Investments and build-outs driven by users of the system, with the government serving in an arm's-length regulatory role, have already succeeded in improving U.S. infrastructure. Look no further than America's freight railroads, which have thrived in just such a policy environment for nearly 40 years. This is the kind of path that aviation and other modes can adapt and follow.

Whatever modest improvements to innovation and efficiency can be salvaged from NextGen in the here and now, America's aviation system can still be upgraded to first class in the future. A modern air traffic control system should have the financial and operational flexibility to acquire and implement new technologies more rapidly than does today's government-run bureaucracy. A user-funded non-profit entity would be a fiscally

responsible, efficient, and effective way of providing a vital function of our economy that is in dire need of innovation. Your consideration of this important issue could not be timelier or more urgent.