



News from the Hill

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As I write this article, I have just been told that Gene Fowler has died.

I met Gene through the Aviation Rulemaking Advisory Committee's Part 43 Working Group. At the time he was the manager of AFS -340 (General Aviation & Commercial Airworthiness Branch of the Maintenance Division), and he and Bill O'Brien would attend the meetings as the FAA representatives.

In 1995, when I started working on the ARAC Part 43 committee, I was just three years out of law school – book-smart but still ignorant of the way that the industry really worked. Gene was always willing to explain what the rules were (both the written and the unwritten ones) and more importantly, he took the time to explain why the rules read the way that they did. He found value in sharing his knowledge and understanding with the next generation.

In his position at headquarters, and in other positions in the field, Gene touched the lives of many AEA members. Gene's close friend, Phil Randall, remembered him as "a champion for AMT's and the AMT Program." Many AEA members can thank Gene in their prayers for his efforts to recognize skilled and committed Aviation Maintenance Technicians through the AMT Program.

At Gene's request, there will be no formal memorial service. He will be cremated in Nashville and his ashes buried in the family plot in California. He asked for those who knew him to get together and have a party in his honor. Another one of Gene's close friends, FAA PMI John Toy, said that "Gene died like he lived, thinking of others and hoping to spare them some of the pain and heartache that goes with the loss of a friend and loved one."

I will always remember Gene as a man who could convey a perfectly serious attitude while hiding a mischievous grin. And I will forever appreciate his wisdom. All of us whose lives were touched by Gene will miss him.

Budget Could Affect STCs & Field Approvals

An important Washington maxim is "Follow the money." They say that money is at the root of all evil, but in the case of the FAA, it is the lack of money that reflects a danger to safety.

The President has presented his 2005 budget. Officially speaking, it "addresses key priorities while restraining overall spending." In its implementation, though, it makes some hard choices about spending—and some of those hard choices are likely to have an effect on the businesses of many AEA members.

Hard Choices

The hard choices are necessitated by the President's current philosophy of fiscal responsibility. The 2005 budget restrains spending in most areas of government – it keeps non-defense, non-homeland security Federal spending growth to less than 1 percent (less than the rate of inflation) and establishes a pattern that is expected to cut the Federal deficit in half within five years.

The hard choices made by the President in the 2005 budget have established some clear priorities at the FAA. One of those is the relief of congestion – which is a major challenge in all modes of transportation. To address this problem and to enhance infrastructure conditions, the Department of Transportation plans to invest in system improvements and smart technology. Among the congestion-fighting initiatives supported in the President's budget, modernizing the airspace control system appears to be the most important. DOT's total requested spending for improving mobility is \$38.4 billion for 2005.

While this may seem like a lot of money, you should bear in mind that it takes a lot of money to run the government. As you can see from the table below, it takes roughly \$13 billion a year to run the FAA.

FAA Spending in Millions of Dollars	Actual			Estimated	Proposed
	2001	2002	2003	2004	2005
FAA Total	12,526	13,803	13,490	13,871	13,972

Actual FAA spending was up significantly in 2002, but then dipped again in 2003. 2004 spending levels for 2004 are expected to be on par with those of 2002 (when the final accounting comes in) and 2003 is expected to see a slight increase—about seven-tenths of a percent, which is in line with the President's aim to keep spending increases at less than 1 percent.

Just because the money is budgeted does not mean it will be spent. Last year's estimates put FAA FY 2003 budgeted spending at \$13.582 billion, but actual FY 2003 spending was only \$13.490 billion. Last year's estimate for FAA FY 2004 budgeted spending was \$14.007 billion, but actual FAA spending for FY 2004 is believed to have come in at 13.871 billion (final FY 2004 numbers are not yet available).

Spending on Research & Development

The White House's performance evaluation of the FAA's research and development programs rated FAA R&D as effective. The R&D programs at Federal Transit Administration, Federal Highway Administration and Federal Railroad Administration were rated as merely "moderately effective." So the FAA R&D program is viewed as a wise investment for Congress' research dollars.

In general, spending on aviation oversight R&D tends to be good for the long-term health of the industry, because it leads to mandates that improve safety—these mandates often involve upgrades in avionics hardware and/or software.

Key elements of the FAA's most recent reauthorization bill (a four-year law that authorizes Congress to appropriate money for the FAA each year) include revisions to the payment to the air carriers program to improve service to small communities, a pilot program to allow airlines at selected airports to work together to ease airline delays, and expedited procedures for aviation environmental reviews. All of these items were highlighted in the 2005 DOT budget. Unfortunately, none of them reflect the core issues that matter most to AEA members, like increased manpower to provide a greater level of support from FSDOs, or increased training resources to better educate Principal Avionics Inspectors about the newest advances in avionics.

Congestion

Congestion is once again the front burner issue that it was five years ago. Air travel peaked in 2000 and started to decline in 2001. Although current industry estimates do not expect air traffic to rebound fully until 2006, traffic at some airports has risen dramatically in recent months. In the grand scheme of things, traffic has rapidly rebounded from the post-9/11 lows. Congestion is one of the areas where our tax dollars are being used to support research into remedies.

Congestion is a two-edged sword. It can cause dangerous conditions as the resources of the aviation infrastructure are stretched too thin. It also draws resources from other important safety research topics, as congestion relief is

viewed as a priority, which leads to significant funding being siphoned off for congestion relief research and development.

At the same time congestion poses opportunities for the avionics industry. Most realistic solutions to the congestion issue rely on technological solutions. Better avionics allow more aircraft to fly in a smaller amount of airspace without jeopardizing safety. For example, the recent change in flight lane vertical separation between 290 and 420 (from 2000 feet to 1000 feet)—known as Reduced Vertical Separation Minimum, or RVSM, would not be possible without improvements to avionics and the software that makes avionics work (e.g. RVSM operations require an up-

Continued on following page

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Continued from page 35

grade from version 6.04A to version 7.0 software for the TCAS system). The upgrades and installations that help permit the alleviation of congestion represent business for AEA members.

The congestion numbers that affect AEA members may reflect higher levels of congestion than the also-rising levels that are based primarily on scheduled service of large aircraft. This is because the typical AEA member provides services for privately held aircraft like business aircraft; and the business aviation market has been booming. This means the business benefit of congestion—increased usage and reliance on avionics—is already being seen by AEA members.

We can expect airport congestion to continue to increase. A year ago, the General Aviation Manufacturer’s Association (GAMA) predicted that business jet sales in 2004 would be flat. They weren’t! In fact, aircraft deliveries across all categories of GA aircraft were up over 10 percent versus 2003 numbers. Turboprops in particular were up 18 percent (321 aircraft in 2004 versus only 272 turboprop aircraft manufactured in 2003). GAMA is predicting “fantastic” growth for 2005.

GAMA attributes this growth to many factors, but one factor they highlight again and again is the bonus depreciation provisions that apply to aircraft (discussed in this column in past

issues). These provisions permit buyers to deduct more in the first year the aircraft is delivered, accelerating the tax benefits of the asset.

We can continue to expect to see opportunities presenting themselves to the savvy AEA member. The 2005 Federal Budget provides \$93 million to continue deploying Free Flight technologies across the country. (More avionics opportunities!)

Flow-Down to the Repair Station

Many AEA members rely on field approvals and STCs as the basis for making major alterations when they install avionics. The FAA’s trend in recent years has been to drive more projects to STC (including projects that might have been considered field approvals in the past) and to require greater rigor in the development and review of data underlying field approvals. A part of this rigor involves greater participation in the field approval process by the Aircraft Certification Offices (ACO).

The FAA’s Aircraft Certification Service has already complained that it has inadequate resources to perform its required functions. Adding greater ACO support of field approvals makes sense from a safety standpoint, but only if it is accomplished in a commercially reasonable time period. Delayed FAA data approval can adversely affect safety, though, by delaying or discouraging the installation of avionics upgrades and

other important safety improvements.

Adequate support, though, takes resources. And resources have been in short supply at the levels of the FAA that we most often encounter. As you can see from the chart below, while total FAA spending is increasing, the increases are more than consumed by increases in infrastructure spending. This leaves little money for the Flight Standards Service and Aircraft Certification Service.

With the ever-increasing workloads at FAA, and the expected increased spending on new projects designed to improve safety, existing ‘under-the-radar’ programs like ACO support for field approvals are likely to receive little in the way of resources. This means that many AEA members will be seeking increased usage of DERs for their STC projects and possibly for field approval projects as well (where authorized). AEA will continue doing its part to help, including extending invitations to FAA avionics inspectors to attend AEA educational functions.

Decision Maker Update

Congressman Jerry Costello (D-IL) has been elected by his colleagues to serve as the ranking Democrat on the House Aviation Subcommittee. As ranking member, he is the leader of the Democratic contingent on the Committee. He joins Chairman John Mica (R-FL) in providing aviation subcommittee leadership.

“The aviation industry is critical to the state of Illinois and our national economy, making it an important national priority,” said Costello. “This is a critical time for the airline industry, and I expect that examining the health of the industry, especially in regard to legacy carriers, will be a top priority for the Subcommittee. I look forward to developing an agenda with Chairman Mica and our colleagues.”

Welcome to the subcommittee leadership, Congressman! □

FAA Spending in Millions of Dollars	Actual	Estimate	Proposed
	2003	2004	2005
FAA Total	13,490	13,871	13,972
FAA Research, Engineering & Development	147	119	117
Airway Trust Fund Grants Outlays (amount spent)	2,681	3,395	3,471
Airport & Airway Trust Fund Grants Budget Authority (amount that the law allows to be spent)	3,379	3,381	3,501