

Future of Aviation Advisory Committee
Record of Meeting
December 15, 2010
United States Department of Transportation Headquarters
Washington, DC

Public Announcement

The U.S. Department of Transportation (DOT), Office of the Secretary of Transportation, announced to the public this Future of Aviation Advisory Committee (FAAC) meeting in a Federal Register notice published November 24, 2010 (75 FR 71789).

Committee Members in Attendance

Name	Affiliation(s)	
Susan Kurland (Committee Chair)	Assistant Secretary for Aviation and International Affairs	DOT
Juan J. Alonso	Associate professor, Department of Aeronautics and Astronautics	Stanford University
Susan M. Baer	Director, Aviation Department	Port Authority of New York & New Jersey (PANY/NJ)
David Barger	President and Chief Executive Officer	JetBlue Airways Corporation (JetBlue)
Bryan K. Bedford	Chairman, President and Chief Executive Officer	Republic Airways Holdings, Inc. (Republic Airways)
Severin Borenstein	Professor, Haas School of Business	University of California, Berkeley (Haas School of Business)
Thella F. Bowens	President and Chief Executive Officer	San Diego County Regional Airport Authority
John M. Conley	International Administrative Vice President and Air Transport Division Director	Transport Workers Union of America (TWU), American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
Cynthia M. Egnotovich	Segment President, Nacelles and Interior Systems	Goodrich Corporation (Goodrich)
Patricia A. Friend	International President	Association of Flight Attendants (AFA)–Communication Workers of America (CWA), AFL-CIO
Robert L. Lekites	President	United Parcel Service Airlines (UPS)
Ana McAhrn-Schulz	Director of Economic and Financial Analysis	Air Line Pilots Association, International (ALPA)
William J. McGee	Travel and Aviation Consultant	Consumers Union
Daniel McKenzie	U.S. Airlines Research Analyst	Hudson Securities, Inc.

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Name	Affiliation(s)	
Jack J. Pelton	Chairman, President, and Chief Executive Officer	Cessna Aircraft Company (Cessna)
Nicole W. Piasecki	Vice President, Business Development	Boeing Commercial Airplanes (Boeing)
Raul Regalado	President and Chief Executive Officer	Metropolitan Nashville Airport Authority
Glenn F. Tilton	Chairman	United Continental Holdings, Inc.
Christopher J. Williams	Chairman and Chief Executive Officer	The Williams Capital Group

Other Officials Present

Name	Affiliation(s)	
Pam Hamilton (Designated Federal Official (DFO))	Director of Rulemaking	Federal Aviation Administration (FAA)
Ray LaHood	Secretary	DOT
John Porcari	Deputy Secretary	DOT
Randy Babbitt	FAA Administrator	FAA

Background and Welcoming Remarks

This is the record of the fifth meeting of the FAAC, a Federal advisory committee formed pursuant to and subject to the requirements of the Federal Advisory Committee Act (FACA) Title 5, U. S. Code Appendix 2 (2007). Ms. Pamela Hamilton, FAA Director of Rulemaking, called the meeting to order at 9:39 a.m. and welcomed the committee members and public in attendance. She introduced Ms. Susan Kurland, FAAC Committee Chair.

Ms. Kurland stated the committee began its work 7 months ago, after Mr. Ray LaHood, DOT Secretary, charged the FAAC with identifying concrete recommendations for meaningful changes on which the DOT, Congress, and other stakeholders could immediately act. She added the purpose of this meeting is to complete the task.

Ms. Kurland introduced and welcomed Mr. John Porcari, DOT Deputy Secretary. She summarized Mr. Porcari's duties and credentials. Mr. Porcari thanked Ms. Kurland and the committee. He stated from the beginning, he and Secretary LaHood had high hopes and expectations for the committee's work, adding the committee is composed of a diverse group of experts doing important work for the aviation industry, its workforce, and consumers.

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Mr. Porcari explained that the committee will continue discussing how to ensure the U.S. aviation industry's competitiveness, sustainability, and safety. He noted the FAAC is not about the government dictating its position but about the committee advising the government. Mr. Porcari listed the committee's areas of concern: ensuring safety, sustaining a world-class aviation workforce, balancing the industry's competitiveness and viability, securing stable funding for aviation systems, and addressing the industry's environmental challenges.

Mr. Porcari emphasized Secretary LaHood's instructions for the committee to produce a useful report. He added the Secretary wants practical, implementable, and commonsense recommendations leading to meaningful changes. Mr. Porcari stated he and Secretary LaHood are eager to hear the committee's recommendations. He emphasized after today's recommendations the real work begins. Mr. Porcari thanked committee members for their enthusiasm and hard work and stated he looks forward to working together on the next steps.

Ms. Kurland stated the committee has a full agenda today. She asked Ms. Hamilton to read the FACA requirements. Ms. Hamilton explained the committee's requirements concerning objectiveness and public accessibility. She added that meeting minutes will be available both in the regulatory docket established for this committee and on the FAAC Web site at <http://www.dot.gov/faac>.

Ms. Hamilton read the formal statement required under the FACA and listed the safety and security guidelines for the attending members of the public. She then asked to ratify the meeting minutes from the October 20, 2010, FAAC meeting, and solicited any comments or corrections to the meeting minutes. There were no comments or corrections. On motion, duly seconded, Ms. Hamilton ratified the meeting minutes.

Ms. Kurland introduced the FAAC members and summarized the committee's progress. She stated the FAAC began by identifying five areas of interest for consideration in deliberations: (1) safety, (2) competitiveness, (3) the environment, (4) financing, and (5) workforce.

Ms. Kurland listed previous committee meetings and summarized the purpose of each:

- May 25, 2010—Members discussed critical issues facing the aviation industry and formed subcommittees for five issues.
- July 14, 2010—Each subcommittee chair broadly identified their focus areas.
- August 25, 2010—Members heard presentations from subject matter experts (SME) to enhance understanding of topics and reached consensus on the subcommittees' five focus areas.
- October 20, 2010—The subcommittees presented options for dealing with respective issues to the full committee.

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Ms. Kurland stated the committee will vote on the final recommendations this morning and will present the recommendations to Secretary LaHood this afternoon.

Ms. Kurland reviewed the day's agenda. She explained subcommittee chairs will present their recommendations to the full committee in the morning, who will then vote on the adoption of those recommendations. Ms. Kurland continued, stating Secretary LaHood and Mr. J. Randolph Babbitt, FAA Administrator, will join the committee for the afternoon session to hear the final recommendations.

Ms. Kurland further commented on recommendations on which the subcommittees failed to reach consensus. She explained the committee will include a description of those issues in its final report recognizing the importance of the unresolved issues. Ms. Kurland then turned the meeting over to the chair of the Environment Subcommittee.

Environment Subcommittee

Mr. Bryan K. Bedford, Republic Airways, Subcommittee Chair, reported on the Environmental Subcommittee. He thanked all the committee members and Ms. Lynne Pickard, DFO, for their hard work and dedication.

Mr. Bedford noted many of this subcommittee's recommendations touch upon work done by all the subcommittees over the last 7 months. He stated there is not a single solution for the environmental challenges, nor is there a unified global standard on emissions targets. Mr. Bedford added he believes the recommendations present some reasonable and realistic goals.

Mr. Bedford noted the subcommittee did apply cost-benefit analysis when evaluating the environment recommendations. He stated reducing aviation's environmental impact is a daunting task, and his belief is this is a unique opportunity for the United States to take an international position of leadership on environmental sustainability, develop key technologies, and create thousands of future jobs.

Mr. Bedford stated the subcommittee's four recommendations aim to achieve carbon-neutral growth from 2020 onward, with a long-term goal of 50 percent reduction of aviation carbon emissions by 2050. He presented the following four recommendations for Secretary LaHood's consideration:

1. Exercise strong national leadership to promote and highlight U.S. aviation as a first user of sustainable alternative fuels. This would involve increased coordination and enhancement of government and industry efforts to pool resources, overcome key challenges, and take actions. These would also include promoting the use of alternative aviation fuels through certification, funding, commercial production and deployment, "book and claim" crediting, and international and domestic acceptance. The DOT should take a lead role within the Biofuels Interagency Working Group and provide increased support to FAA's alternative fuels work.

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Mr. Bedford pointed out this recommendation could reduce annual aviation industry lifecycle carbon-neutral emissions by 5 percent by the end of the decade.

2. Accelerate aircraft technology development with more robust research and development by government and industry. Seek the permanent extension of industry research and development tax credits. Seek significant increases in funding to programs such as the FAA's Continuous Lower Energy, Emissions, and Noise (CLEEN) technology program, and continue to advocate close coordination with National Aeronautics and Space Agency aeronautical research programs to develop aircraft technologies.

Mr. Bedford stated historically, the aviation industry has been able to sustain a 1.5 percent annual improvement in aircraft fuel efficiency due to new generation aircraft airframe, engine technologies, and operating practices. He noted if the aviation industry is to achieve the long-term greenhouse gas emission reduction goals, it needs to develop a step-change function in airframe and engine design. Mr. Bedford added given the necessary lead times, these new technologies and designs would require implementation by the end of the decade in order to meet the goals by 2050.

3. Advocate for substantial additional targeted investment to accelerate equipage elements of the Next Generation Air Transportation System (NextGen) that have significant near-term benefits and an increased likelihood of successful deployment. Aim for deployment of accelerated equipage within the next 4 years. Establish a ground taxi delay management pilot program and recommend appropriate deployment within 3 years of taxi delay management methodology for U.S. airport operations. Begin an airport energy efficiency and emissions reduction program to reduce emissions from airport power sources and increase energy efficiency at airports.

Mr. Bedford noted research consistently suggests that implementing the components of NextGen can reduce greenhouse gas emissions by as much as 12 percent. He asserted an obstacle is the debate on who should pay for air traffic control (ATC) modernization, but concluded everyone from the industry to the consumers are paying for the lack of this modernization. Mr. Bedford stated his subcommittee strongly recommends the Secretary champion an accelerated timeline for the implementation of NextGen which users can pay for once it has become operational.

4. Lead an effort to align Federal aviation policy to support an aviation sector approach to carbon emissions. Building on the International Civil Aviation Organization (ICAO) resolution adopted on October 8, 2010, advocate for a coordinated global and domestic framework for aviation carbon dioxide emissions. It is important to set a strategic course for further international agreement through ICAO and follow with bilateral negotiations to secure the support of other countries. The Secretary should take advantage of industry assets to develop practical global implementation methods, such as the International Air Transport Association members have already agreed to create an emissions inventory system—the basis for any measurement of emissions reduction progress. Such steps would enhance the confidence of the aviation industry to make investments in the technological, alternative fuel, infrastructure, and operational improvements necessary to meet greenhouse gas emissions targets and provide a harmonized approach among key aviation nations and markets around the world.

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Mr. Bedford noted the subcommittee fully supports the President's plans to target Federal investment in the air carrier sector, specifically to accelerate NextGen deployment. He added research shows investment will yield significant return on capital in the form of reduced fuel burn, less time in the air, and less loss of productivity by the air carrier customers delayed by air traffic issues. Mr. Bedford suggested this would bring new job opportunities in NextGen and development of commercial aviation alternative fuels along with enhancements to research and development that would aid in extending our international technology leadership. He stated this work in aviation alternative fuels would benefit multiple sectors such as providing United States farmers opportunities to grow non-fuel competing feedstock without adverse consequences to the domestic food supply.

Mr. Bedford added the United States has a unique opportunity to invest in these sectors and not only take a leadership role in environmental sustainability, but also leadership positions in technologies which will lead to greater energy independence, security, and the creation of new jobs for future generations.

Mr. Bedford yielded the floor to Ms. Kurland who summarized the four recommendations and took a vote on each one to the full FAAC. The full FAAC adopted all four of the recommendations with no dissenting votes.

Subcommittee on Financing

Ms. Kurland turned the meeting over to Mr. Jack Pelton, Subcommittee on Financing chair, Cessna. Mr. Pelton thanked the Subcommittee on Financing members for their active participation and meaningful discussions, and Mr. John Hennigan, DFO, for his support.

Mr. Pelton indicated the committee developed four recommendations.

1. Extend the alternative minimum tax (AMT) exemption for airport private activity bonds for 4 years.

Mr. Pelton noted most commercial airports are publicly owned and operated. He stated the problem and challenge with this issue is that private activity bonds issued to fund airport improvement projects are subject to an AMT on the interest payments to bond holders. As a result, investors require higher interest rates on these bonds to offset the taxes. Mr. Pelton discussed the benefits of the current two year tax holiday from the AMT on airport private activity bonds. He explained the tax holiday expires at the end of 2010. Mr. Pelton recommended the Secretary of Transportation support Federal legislation to extend AMT relief for 4 years. He stated the committee would help and support the Secretary as necessary to achieve permanent AMT relief for airport private activity bonds. Mr. Pelton stressed the exemption will lower airports' costs and support growth of aviation infrastructure.

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2. Provide funding to accelerate equipage of aircraft for NextGen.

Mr. Pelton indicated there are three challenges in modernizing ATC systems and in-ground infrastructure. The first is historically, operators have equipped their aircraft early and realized no benefit due to slow FAA implementation. The second challenge is a weak business case for early equipage by some operators. Mr. Pelton added NextGen includes a philosophy shift to infrastructure installed in aircraft instead of on the ground, and the weak financial state of industry makes funding for new equipment difficult. He stated the third challenge is potential difficulty for the aviation industry to accelerate NextGen equipage because of competing financial commitments.

Mr. Pelton stated the Subcommittee on Financing believes the Federal Government should help fund this equipage and there should be varied financial structures including grants, loans, and leases. He continued by noting the associated costs and benefits will be shared between public and private partners. Mr. Pelton added there was not complete consensus on this issue with one dissent.

3. Deliver the benefits of NextGen.

Mr. Pelton attested there are large investments that are required for owners and operators to implement NextGen. He stated the committee believes the FAA must do a better job by delivering immediate benefits when the industry equips its aircraft. Mr. Pelton also noted the FAA must focus on the aircraft that are already equipped and deliver benefits to them now. He explained the subcommittee is asking the Secretary to ensure the FAA delivers the operational capability and technology for the industry to receive the benefits of NextGen as quickly as possible, and to require the FAA to develop and commit to a timetable of when components of NextGen will be implemented and available and required training and approvals will be in place.

4. Review of eligibility criteria for Airport Improvement Program (AIP) and Passenger Facility Charge (PFC) programs and funding requirements for these programs.

Mr. Pelton stated the airports community wants to broaden the criteria for these programs because the program eligibility might be out of date. He continued by explaining AIP and PFC dollars might be used to invest in NextGen technologies to improve the airports' capabilities. Mr. Pelton stated the subcommittee's recommendation is the FAA should review and redefine the term "aviation infrastructure." He noted the FAA would do as much as possible of any decided-upon updates administratively and develop legislative recommendations for the Secretary for the remainder of the suggested changes. Mr. Pelton added there were two constituencies with strong opinions on this topic. He stated the airports community believes these eligibility criteria changes must be accompanied by increases in AIP and PFC funding levels, and the air carrier community believes more flexibility is possible without making these increases. The FAA should determine and make recommendations on whether AIP levels and PFC charges need to be adjusted based on eligibility criteria changes.

Dr. Severin Borenstein, University of California, Berkeley, Haas School of Business, dissented on the second recommendation stating his belief that government subsidization of aircraft equipment is not prudent in these times of extremely tight Federal budgets. He noted he did not see evidence in the

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recommendation to prove this funding is necessary. Dr. Borenstein also noted he filed a longer dissent to be included in the FAAC final report.

Ms. Susan Baer, PANY/NJ, asked for clarity on the fourth recommendation. Mr. Pelton noted that the recommendation includes only reviewing and revising the criteria, not changing the actual funding levels.

Mr. Raul Regalado, Metropolitan Nashville Airport Authority, stated he thought increased AIP and PFC funding had not been included as a part of the recommendation, but it later states in the recommendation that the FAA should review funding. Ms. Kurland turned to Mr. Pelton who explained the recommendation suggests a review of the criteria and a second action for the FAA to consider reviewing funding levels based on eligibility criteria changes.

Dr. Juan Alonso, Stanford University, made a statement on the second recommendation. He explained his position that the committee is voting on a recommendation to expedite aircraft equipage, not voting on how or if it should be funded by the government. Dr. Alonso stated he did not think the committee needed to vote on specifics and asked Dr. Borenstein if this allayed his concerns with the recommendation in any way. Dr. Borenstein stated the recommendation is explicitly worded to include government funding of NextGen equipage on aircraft, and that is the point on which he is basing his dissent.

Ms. Kurland called for a vote on the four recommendations. She summarized the four recommendations and took a vote on each to the full FAAC. The FAAC adopted recommendations one, three, and four with no dissenting votes. The second recommendation, funding accelerated equipage of aircraft, had one dissent by Dr. Borenstein. Ms. Kurland noted all the recommendations were adopted.

Subcommittee on Competitiveness and Viability

Ms. Kurland turned the meeting over to Mr. Glenn Tilton, United Continental Holdings, Inc., to present the recommendations proposed by the Subcommittee on Competitiveness and Viability (Competitiveness Subcommittee). Mr. Tilton reflected Secretary LaHood had sought recommendations that would allow the aviation industry to thrive and compete globally. He stated the economic health of the industry is essential to the health of the overall economy.

Mr. Tilton stated the Competitiveness Subcommittee had reached consensus on proposed recommendations for—

- Global competitiveness,
- Aviation taxation,
- Jet fuel price volatility,

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- Passenger and community access challenges, including reform of the essential air service (EAS) program,
- Development of a national intermodalism policy, and
- Transparency in consumer information.

Mr. Tilton stated the leads of each working group would summarize their respective proposals and respond to questions or comments by the committee.

Transparency in Consumer Information

Mr. William McGee, Consumers Union, discussed the proposals about passenger and community access challenges and transparency. He stated the subcommittee, with the assistance of DOT representatives, had found a middle ground between viewpoints on passenger protection issues. Mr. McGee stated the subcommittee agreed greater transparency is needed in these areas:

- **Air carrier pricing, particularly with respect to ancillary fees for carriage of checked baggage and other services**

Mr. McGee stated there was disagreement whether such services are truly optional. He added the objective is to ensure consumers booking air travel through any sales channel are aware of the total price.

Mr. McGee noted this issue may be addressed, to some extent, by a pending DOT rulemaking. He complimented Secretary LaHood on adopting a proactive stance on passenger protections, but stated the provisions of the proposed rules can be extended to further safeguard passengers' rights.

- **Flight operations**

Mr. McGee stated there is a perceptual difference between government, industry participants, and consumers about code-sharing and marketing agreements, particularly with regional operations. He noted regional partners of network air carriers now conduct more than 50 percent of domestic departures. Mr. McGee stated the DOT differentiates between network air carriers and their regional partners using operating certificates, but marketing of such air carriers under unified brands may lead to confusion among consumers about the entity operating a given flight.

- **Air carrier contracts of carriage**

Mr. McGee stated air carrier contracts of carriage have become a confusing topic. He added a recent study by Consumers Union concluded such contracts of carriage are frequently difficult to locate on air carriers' Web sites. Mr. McGee also noted the language of such contracts is often legalistic, vague, and offers little practical information to consumers.

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- **Monthly Air Travel Consumer Report**

Mr. McGee stated the DOT's monthly Air Travel Consumer Report has been an extremely valuable tool for consumers interested in comparing the performance of air carriers. He noted the fragmentation of reporting between certificate holders marketed under a single brand may present incomplete or confusing information to consumers, diluting the value of the report.

Mr. McGee noted realignment of the monthly report to clearly present information across brand divisions would generally not require significant expense or effort on the part of air carriers, although it would subject some smaller regional carriers not currently required to submit information to reporting requirements.

Development of a National Intermodalism Policy

Mr. Tilton turned the discussion over to Ms. Baer and Dr. Borenstein to present the proposals on intermodalism and EAS. Ms. Baer stated there has been substantial discussion of intermodalism, but little practical application. She reported the Competitiveness Subcommittee seeks a fresh examination of the benefits and opportunities offered by an intermodal approach. Ms. Baer stated the subcommittee proposes a recommendation that DOT explore opportunities to use non-aviation transportation modes to serve EAS-eligible communities. She noted that while intermodal efforts tie into a discussion of EAS, they also present a basis for actions separate and independent from EAS.

Ms. Baer stated the subcommittee also proposes recommending legislation requiring any new infrastructure initiatives consider components linking airports to other modes of transportation. She stressed modernization of the nation's ATC system remains the highest priority and stated no funds should be diverted from that objective to serve intermodal initiatives. Ms. Baer stated the subcommittee proposes recommending the creation of a task force to identify and remove barriers to intermodalism, to permit the most efficient movement of passengers and goods possible.

Essential Air Service

Dr. Borenstein noted the purpose of creating the EAS program was to prevent disruption of air carrier service to small communities following deregulation of the air carrier industry in 1978. He stated the subcommittee has determined, in many cases, continuation of EAS in its current form represents an inefficient use of Federal funds because of the availability of alternative means of transportation.

Dr. Borenstein stated the subcommittee proposes recommending, as an interim measure, the DOT limit communities in the contiguous 48 states eligible for air service subsidies under EAS to those receiving subsidies on a specified date. He added the subcommittee further proposes updating the criteria for EAS eligibility to recognize some communities can be served more efficiently by intermodal alternatives or by larger airports reasonably accessible by automobile.

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Ms. Thella Bowens, San Diego County Regional Airport Authority, expressed support for the subcommittee's recommendations on intermodalism. Ms. Patricia Friend, AFA-CWA, requested the FAAC note as part of its recommendations on EAS, the Competitiveness Subcommittee proposes the Secretary quickly implement its recommendations on intermodalism. She noted, although the recommendations on EAS and intermodalism are separate, they are closely intertwined and interdependent.

Mr. McGee acknowledged the need for reform of the EAS program, but stressed to the FAAC the Competitiveness Subcommittee believes EAS continues to provide value to the markets where it is most needed, particularly in rural areas and in Alaska.

Jet Fuel Price Volatility

Mr. Tilton turned discussion over to Mr. Daniel McKenzie, Hudson Securities, Inc. Mr. McKenzie stated, following vigorous discussion the subcommittee had reached consensus on jet fuel price volatility and taxation.

Mr. McKenzie stated, given the importance of jet fuel price stability to the air carrier industry, the subcommittee proposes recommending Secretary LaHood—

- Continue to participate in the United States Commodity Futures Trading Commission (CFTC) rulemaking process implementing the provisions of the Wall Street Reform and Consumer Protection Act that—
 - Set aggregate position limits on speculative trading and
 - Require derivatives to trade on exchanges with real time reporting.
- Communicate to the CFTC the economic stresses imposed on the air carrier industry by jet fuel price volatility.
- Support responsible regulatory intervention to reduce jet fuel price volatility attributable to speculative activities, provided the CFTC concludes such activities have played a significant role in price volatility.

Mr. McKenzie noted volatility in the availability and price of jet fuel may result from disruptions in production and distribution in addition to fluctuations in oil prices. He stated, as a result, the subcommittee proposes a recommendation that Secretary LaHood commission a study of the state of the nation's on- and off-airport downstream infrastructure for storage and distribution of jet fuel.

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Taxation

Mr. McKenzie noted the tax burden on a typical \$300 domestic round trip ticket has nearly tripled, from \$22 in 1972 to \$61 in 2010. He stated the subcommittee had identified 17 Federally sanctioned taxes and fees, totaling \$16 billion annually, applicable to the aviation industry. Mr. McGee reported these taxes and fees come from six Federal agencies under three different cabinet level departments. Mr. McKenzie stated in 1990, the industry was only subject to six such taxes and fees, totaling \$3.7 billion.

Mr. McKenzie stated the subcommittee had reached consensus on a proposed recommendation that Secretary LaHood commission an independent analysis to determine if existing levels of aviation taxes and fees sufficiently balance the DOT's statutory mandates to "...encourage efficient and well-managed air carriers to earn adequate profits and attract capital..." and "...promot[e], encourag[e], and develop civil aeronautics and a viable, privately-owned United States air transport industry....".

Mr. McKenzie stated the subcommittee further proposes recommending, based on the results of the proposed analysis, Secretary LaHood pursue appropriate legislative and regulatory actions to ensure existing and future taxes and fees applied to passengers, air carriers, and general aviation are effective and collected efficiently. He also stated, under the subcommittee's proposal, the analysis would include input from aviation stakeholders and independent economists, and would address the following questions:

- How the level of aviation taxes imposed on the U.S. aviation industry compares to those on other modes of transportation;
- Whether the existing level of aviation taxes and fees is levied efficiently and effectively for the services provided by the Federal Government;
- Whether regular consultation between the departments and agencies that administer aviation taxes and fees would result in a more efficient and rational aviation tax system; and
- What the appropriate balance is between General Fund financing and Airport and Airway Trust Fund financing of capital and operating costs of the national airspace system.

Global Competitiveness

Mr. Tilton addressed the subcommittee's proposals about global competitiveness of the aviation industry. He noted transactions and occurrences such as mergers, proposed mergers, DOT approval of several immunized ventures and global alliances, and the successful negotiation of additional open skies agreements, had altered the competitive landscape of the air carrier industry since the formation of the Competitiveness Subcommittee. Mr. Tilton stated the subcommittee believed its proposals on global competitiveness were both timely and responsive to its mandate.

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Mr. Tilton stated the subcommittee had identified specific policy actions the DOT should take to carry out its existing statutory mandate to promote a healthy U.S. air carrier industry and strengthen the competitive position of U.S. air carriers in global markets, including—

- Further expanding open skies initiatives with primary focus on the fastest growing global markets.
- Eliminating artificial barriers to competition in the global marketplace.
- Updating and reaffirming the 1995 Statement of U.S. International Air Transportation Policy.
- Acknowledging the importance of global alliances, and, when considering proposed alliances, placing greater weight on the DOT's existing statutory mandate, including—
 - Strengthening the competitive position of U.S. air carriers to at least ensure equality with foreign air carriers and
 - Maintaining and increasing U.S. air carrier profitability in foreign markets.
- Leveraging Secretary LaHood's recent appointment to the President's Export Promotion Council to expand the DOT's role in promoting United States aviation exports. Mr. Tilton noted the close tie between exports and aviation, and aviation contributes to international trade more than any other industry.

Mr. Tilton offered thanks to the members of the Competitiveness Subcommittee, to the FAAC, and to DOT and FAA representatives assisting the FAAC and its subcommittees for their efforts. He then turned the meeting over to Ms. Kurland.

Ms. Kurland summarized the recommendations proposed by the Subcommittee on Competitiveness and Viability and requested the FAAC's vote on each of them. Each recommendation was unanimously approved for adoption.

The FAAC paused for a break at 10:55 a.m. and resumed at 11:23 a.m.

Labor and World-class Workforce Subcommittee

Ms. Kurland introduced Ms. Friend. Ms. Friend thanked the DOT and the FAA staff for their support throughout the process. She also thanked the subcommittee members for their thoughtful discussion throughout the meetings, especially for working through the tough topics.

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Ms. Friend explained the subcommittee had formulated three recommendations, the first focusing on the development of the workforce of the future. She stated there is general recognition the United States needs improved access to science, technology, engineering, and math (STEM) education in order to meet the challenges of the future. Ms. Friend reported the recommendation has not changed since the FAAC meeting in Los Angeles, California. She mentioned workforce development should be a top tier initiative of the DOT in order to develop, oversee, coordinate, implement, and integrate a strategic plan that includes a STEM education program and activities.

Ms. Friend added the recommendation includes increasing outreach to educational institutions to raise visibility of aviation and aerospace engineering programs. She stated the recommendation encourages the initiation of programs that give students hands-on experience applicable to the aviation industry. Ms. Friend commented the DOT and the Department of Labor should work together as integral parts of the Interagency Revitalization Task Force to implement a national strategy focused on recruiting, training, and cultivating an aviation workforce. She also stated the DOT and Department of Education should work together to create a state of the art STEM education program that will build a career-ready, STEM-literate workforce.

Ms. Bowens stated the recommendation supports the integration of STEM activities with other stakeholders in the industry focused on the same initiative. Ms. Cynthia Egnotovich, Goodrich, added the subcommittee believes there is a great deal of work done already and promoting STEM education will help to coordinate those efforts.

Ms. Friend stated the second recommendation deals with the state of labor-management relations. She added the current relationship between labor and management representatives is not effective, and as a result, there is a considerable amount of distrust between the groups. Ms. Friend noted there is an inability to accomplish negotiations or reach agreements that would benefit all stakeholders, lead to a better workplace, provide workers with dignity and respect, and stabilize the industry. She mentioned there are many reasons for the current state of labor management relations, but rather than focusing on history, the recommendation focuses on how to improve the situation.

Ms. Friend further explained the second recommendation covers how the National Mediation Board (NMB) can contribute to improving the relationship between labor and management in the aviation industry. She stated in September 2009, the NMB established an independent joint labor-management committee to help improve collective bargaining, mediation process, and the delivery of mediation services. Ms. Friend reported the NMB issued a report, known as Dunlop II, in April 2010. She added the recommendation urges the Secretary of Transportation to support and urge the NMB to quickly adopt the recommendations in Dunlop II and ensure the NMB obtains adequate funding to implement Dunlop II. Ms. Friend stated the subcommittee recognizes the NMB cannot resolve labor-management relations alone, and members of the aviation industry must be proactive in fostering a workplace environment that provides stability for all involved.

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Ms. Friend stated the third recommendation is for Secretary LaHood to endorse and implement a semiannual workforce management conference beginning in September 2011. She reported the purpose of the conference is to bridge the gap of information and understanding between the workforce and management. Ms. Friend explained the subcommittee recognizes there are multiple emotional and contentious issues facing the workforce. She stated there is value in exploring these problems through continued discussion that may lead to a greater understanding of the issues as well as potentially reach consensus. Ms. Friend mentioned the issues include foreign repair stations, job outsourcing, foreign ownership, entry standards, and continued fitness standards. She asserted the subcommittee was unable to reach consensus on these topics, but did document their opinions on bankruptcy code, human rights conventions, and entry standards. Ms. Friend encouraged Secretary LaHood to review these papers and take note of the subcommittee's concerns.

Mr. McKenzie commented on the bankruptcy code and stated when an air carrier files for bankruptcy it typically has run out of cash. He expressed concern the change of bankruptcy legislation could lead to the liquidation of an air carrier, rather than stabilization. Ms. Friend added the revision of bankruptcy code is not a formal recommendation; rather, it is a topic for greater discussion.

Mr. Bedford inquired if there was any discussion of baseball-style arbitration as a solution for the labor management relations problem. Mr. Lekites stated Dunlop II outlines the preparation of parties, the expectations of management, and labor standards. He asserted the NMB helps to facilitate training on how to negotiate and Dunlop II is the guideline for the process. Ms. Friend added the current process does include a possibility for a presidential emergency board. She noted while Dunlop II does not include baseball-style arbitration, it does include the opportunity for non-negotiated resolution.

Mr. Regalado inquired about the terminology for the aviation workforce in recommendation three. He stated the term aviation workforce is very broad, and would include air carriers, airports, and general aviation. Mr. Regalado added a gap does not exist between airport employees and airport management. He observed there should be clarification in the recommendation. Ms. Friend asserted the recommendation is to have Secretary LaHood issue invitations to the various areas of the industry. She stated those who are interested in engaging in the conversation are welcome to do so. Ms. Friend noted the conversation was very air carrier-centric; however, there may be issues in other areas of the aviation and aerospace industry.

Ms. Kurland stated the FAAC was ready to vote on the Labor and World-class Workforce Subcommittee recommendations. In turn, each recommendation was unanimously approved for adoption.

Ms. Kurland thanked Ms. Friend and the Labor and World-class Workforce Subcommittee for their hard work.

Aviation Safety Subcommittee

Ms. Kurland introduced the Aviation Safety Subcommittee and turned the meeting over to its chair, Ms. Nicole Piasecki, Boeing. Ms. Piasecki stated she was pleased to bring six recommendations to the Secretary of Transportation. She added there is strong consensus among the subcommittee members on

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all six recommendations. She thanked Mr. Fazio, FAA, Mr. Steve Predmore, JetBlue, Mr. Paul Feldman, GAMA, Mr. Arnie Konheim, DOT, and Mr. Dan Grace, Cessna for their contributions to the subcommittee's work.

Ms. Piasecki stated, as requested by the Secretary, the recommendations are strategic but actionable. She noted, given the strides in aviation safety over the last 2 decades, the subcommittee's goal was to determine how to make further systemic improvements over the next 10 to 20 years.

Ms. Piasecki asserted that industry and governments have embarked on Safety Management Systems (SMS) as an overall framework to make continuous and comprehensive improvements in safety. She also informed the committee that the FAA has embarked on a rulemaking process to require SMS implementation at certificated air carriers in the United States. Ms. Piasecki continued by discussing the SMS culture and resultant safety responsibilities when implemented in an organization. Ms. Piasecki emphasized that the subcommittee's task was to look for strategic improvements within the context of an industry already taking steps to implement SMS.

Ms. Piasecki noted improvements to safety in the past have revolved around collaborating with the government for data gathering and analysis. She continued by discussing the work of the Commercial Aviation Safety Team (CAST) in the late 1990s to achieve an 80 percent reduction in accidents over a 10-year period. She stated procedural changes were implemented and the 80 percent goal was achieved by using comprehensive accident data and specific training technologies. Ms. Piasecki added that since then, the accident rate leveled. She observed the industry will still need to rely on data going forward, but the data will need different analysis.

Ms. Piasecki stated the safety community's traditional approach could be described as forensic, but the approach now needs to be predictive. Ms. Piasecki indicated that using SMS principles, the industry has already started using proactive programs, such as Flight Operations Quality Assurance, the Aviation Safety Action Program, and the Aviation Safety Information Analysis and Sharing program. She explained the reports generated from these programs will be the backbone of future safety efforts. Ms. Piasecki added that SMS set the context of the subcommittee's recommendations.

Ms. Piasecki stated the subcommittee's first recommendation states the Secretary of Transportation should seek comprehensive legal protections for voluntary and mandated SMS safety data programs and information to ensure their continued benefits to safety. She continued by explaining the Secretary should pursue legislative action to provide ongoing protection of safety information systems in the United States and work with Congress to quickly introduce such legislation. Ms. Piasecki discussed the benefits of legislative action, noting the need to ensure the free flow of safety data between all areas of the aviation industry. She stated this is necessary to determine causation and prevent recurrences in the future. Ms. Piasecki added the FAA needs to transition from accident diagnostics to prognostic prevention.

Ms. Piasecki discussed the need for comprehensive protection of data to ensure ongoing and robust data collection. She noted the industry stakeholders are threatened by use of data for civil or criminal litigation. Ms. Piasecki observed that enhancement of aviation safety with an SMS approach requires a free flow of safety data and ideas among organizations responsible for the design and operation of

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aircraft. She concluded by stating development analysis and documentation will be inhibited if submitted data potentially could be used in media admonitions, criminal or administrative prosecution, or civil litigation.

Ms. Piasecki delivered the Aviation Safety Subcommittee's second recommendation as beginning with the fiscal year 2012 budget for the FAA. She explained the Secretary should supply focus, priority, and resources to develop improved tools and methods for providing predictive safety risk discovery capabilities for the aviation system. Ms. Piasecki explained these tools will enhance the ability to identify risks of future accidents and require application by both the industry and government so the safety initiatives can be proactively implemented. Ms. Piasecki noted modeling and simulation capability must be developed and used in parallel, and this will require resources and technology beyond what is currently in place.

Ms. Piasecki then described the third recommendation, which states the Secretary and FAA Administrator, working with aviation system partners and other groups, should identify new and potentially valuable sources of safety data. She added the Secretary and FAA should establish criteria for identifying and adding those sources to data sharing efforts. Ms. Piasecki noted safety can be increased by identifying additional participants or stakeholders for aviation rulemaking committees and voluntary safety programs.

Ms. Piasecki discussed the subcommittee's fourth recommendation and stated the Secretary should ensure safety performance standards and training are included in NextGen programs. She discussed the importance of NextGen in the subcommittee's recommendations and the systematic implementation of NextGen and SMS. Ms. Piasecki noted that during the design and implementation of NextGen, government and industry must systematically manage the inherent risks of introducing new technologies. She finished by observing that steps are needed to ensure there are mechanisms to identify risks.

Ms. Piasecki continued to the fifth recommendation, which urged the Secretary to review the existing regulatory calendar and provide parameters for the FAA to prioritize rulemakings. She indicated prioritizing rulemaking efforts should include industry input and be visible to the public. Ms. Piasecki added that the Secretary should review rulemakings and ensure they are in line with SMS philosophies and policies established by FAA headquarters. She discussed current rulemaking initiatives and means of identifying the aviation industry's needs. Ms. Piasecki described a similar CAST review completed in the early 1990s. She noted the benefits the recommended review could have on the industry, including a refocus on top safety priorities and a more prompt rulemaking process. Ms. Piasecki expressed the subcommittee's belief that this review will allow the FAA to move forward on efforts to enhance regulatory efficiency and effectiveness.

Ms. Piasecki discussed the sixth recommendation, on use of child restraint systems on aircraft. The subcommittee suggests—

- The Secretary should utilize all resources in his office to educate the public on dangers of flying with children sitting in the lap of an adult.

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- The Secretary should update all data on families flying with children sitting in the lap of an adult, including accidents and incidents involving injury and death.
- Based on the findings, the Secretary should take necessary actions.

Ms. Piasecki noted the only people not required to be fastened in a seat on an aircraft are children under 2 years old. She observed this is a problem because the parents of these children lack knowledge about the potential dangers of children flying unrestrained and do not think this is a dangerous situation. Ms. Piasecki thanked Mr. McGee for keeping the child restraint issue before the subcommittee.

Ms. Piasecki reported there was subcommittee discussion on oversight of external and contract maintenance. She noted some members were concerned with the increasing use of contract maintenance providers and whether the FAA has adequate resources and personnel to oversee these maintenance providers. Ms. Piasecki stated other members of the subcommittee believe the current maintenance standards exceed the FAA standards. She explained the subcommittee could not reach consensus on a recommendation for this issue. Ms. Piasecki thanked the subcommittee and opened the floor for comments.

Ms. Kurland called for a vote by the FAAC on all six recommendations of the Aviation Safety Subcommittee. In turn, each recommendation was unanimously approved for adoption.

Ms. Kurland reported that the full panel of 23 recommendations has been adopted.

She commended the committee for having a good discussion and noted that she and Mr. Porcari thanked the members for all of their work over the past 7 months. She indicated the committee has accomplished the tasks given to them by the Secretary. Mr. Porcari also stated the recommendations are exactly what the Secretary asked for: concise and actionable recommendations. Ms. Kurland turned to Ms. Pam Hamilton for information on lunch and housekeeping items. Ms. Hamilton moved for recess and lunch, there was a second, and lunch was approved.

The FAAC recessed for lunch at 12:03 p.m. and reconvened at 1:32 p.m.

Presentation of Recommendations

Ms. Kurland welcomed the committee members and attendees back from lunch, and noted Secretary LaHood and FAA Administrator Babbitt had joined the meeting. She introduced Secretary LaHood, giving a brief summation of his responsibilities as Secretary of Transportation and his experience prior to joining the DOT. Secretary LaHood thanked Ms. Kurland and expressed his appreciation to the FAAC members for their hard work and thoughtful input in forming the recommendations. He stated the health of the U. S. aviation industry has improved since the first FAAC meeting in May 2010, and this reflects the work by done by everyone in the industry. The Secretary asserted the collaborative work between the DOT and air carriers has been helpful, but there is work remaining. Secretary LaHood stated he was grateful for actionable recommendations from the committee. He stated the DOT would reach out to each of the FAAC members for their assistance moving the

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recommendations forward. Secretary LaHood added the recommendations were important topics, and he looked forward to hearing the committee's briefing.

Secretary LaHood recognized Ms. Kurland and Ms. Christa Fornarotto, DOT, for their work in leading the FAAC over the past 7 months. Ms. Kurland thanked the Secretary and asked Mr. Babbitt to address the committee. Mr. Babbitt thanked the members for their hard work and dedication, and recognized their personal commitment for participating in the FAAC in addition to their demanding full-time jobs. Mr. Babbitt stated the U. S. aviation industry continues to improve and will use the FAAC recommendations to continue to do so. He recognized the committee members for taking on tough issues and staying focused during discussions that ultimately produced actionable recommendations.

Mr. Babbitt thanked Ms. Kurland for her leadership of the FAAC, and recognized the important contributions of Ms. Hamilton for serving as the committee's DFO, as well as other FAA personnel who assisted the committee with its work. Ms. Kurland thanked the Secretary and Administrator for their remarks.

Ms. Kurland began the presentation of the FAAC's recommendations to Secretary LaHood, expressing her belief that he would be pleased with the 23 recommendations from the committee. She noted the committee members and other attendees seated at the table had the full text of the recommendations and a summary document highlighting the recommendations would be shown on the video monitors throughout the meeting facility, for the benefit of the audience. This document is available as Attachment 1 to this record of meeting. Ms. Kurland read brief summaries of all 23 recommendations, and concluded by stating this was the official presentation of the FAAC's recommendations to the Secretary of Transportation.

Secretary LaHood thanked the committee for the recommendations. He stated because he was not part of the discussions leading to creation of the recommendations, he would like to hear some of that discussion. Secretary LaHood began with Recommendation 23, Child Safety on Airliners, and asked if the FAAC believed the DOT should undertake rulemaking on this issue. Ms. Friend stated the committee was divided on the issue, with some members believing use of child restraint systems (CRS) on aircraft should be mandated, as recommended by the National Transportation Safety Board. She stated the FAA believes mandatory use of CRS would push some families to drive because of the increased cost of purchasing a seat for the child, subjecting the children to a more dangerous form of travel. Ms. Friend asserted her belief that this theory is unproven and based on outdated data, but for these reasons, the recommendation is not more firm.

Mr. McGee added the recommendation began as a proposal for a mandate, but evolved to at a minimum, continuous education of the flying public on the dangers of children flying unrestrained, and more action should be undertaken by the DOT if warranted by updated data. Mr. McGee stated he chaired a meeting in October 2010 with representatives from the FAA, NTSB, and the ATA, and no one in attendance would argue that a child flying in their parent's lap is safer than in a CRS. He noted much of the data supporting diversion of families from flying to driving is quite old, and needs updating. Mr. Barger added that a more holistic approach from the air carrier industry and government is needed to better study this topic, as much work on this subject has already been done.

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Secretary LaHood stated he was supportive of Recommendation 17, Workforce/Management Conference. He expressed a commitment to making this conference happen and including as many representatives as possible from labor and management.

Secretary LaHood noted that recommendations 12 and 13 concerned the EAS program. He stated there are concerns of too many airports in the program and asked the committee for further explanation. Dr. Borenstein explained he worked at the Civil Aeronautics Board in 1978, when the EAS program was created. He added the program has veered from its original intent, noting several cities currently in the program are within easy driving distance of larger airports with frequent air service. Dr. Borenstein cited an example of one airport in the EAS being only 71 miles from a major airport. He asserted, based on discussions with DOT personnel who manage the program, that over 90 percent of the people in some EAS-subsidized communities fly out of nearby major airports instead of using the EAS-subsidized service. Dr. Borenstein characterized some EAS subsidies as generating 10 cents of value for every dollar spent on subsidizing air service.

Dr. Borenstein continued by explaining the EAS program was originally planned to end after 10 years, but was first extended by Congress and then made permanent. He stated the committee did not dispute that there were communities to which this program is vital, but there are some cities in the program that do not need aid. Dr. Borenstein cited Hagerstown Regional Airport in Maryland as a specific example, stating this airport receives EAS subsidies but is within easy driving distance of Washington Dulles International Airport via major highways.

Ms. Baer stated the committee believes the intermodal aspect is tangential to the future of the EAS program, citing scheduled bus service used in a codeshare agreement with Continental Airlines between Newark Liberty International Airport and the Lehigh Valley International Airport in Allentown/Bethlehem, Pennsylvania. She noted many foreign countries heavily use intermodal transportation to link airports with cities and added her belief that intermodal transportation is an opportunity for cities in the EAS program to have new transportation options.

Ms. Friend explained the interlinked recommendations of intermodal transportation and EAS program requirements demonstrate the work done by the committee to reach consensus. She stated she was originally opposed to any reduction of air service to small communities, but after listening to testimony from SMEs and other committee members, she understood there were efficient alternatives to link communities through intermodal transportation. Ms. Bowens added the intermodal discussion is tied to EAS program cities and crucial to larger airports where physical infrastructure barriers block growth. She noted the topic of intermodal transportation historically has not been a popular subject to discuss in the airport community, but she believes intermodal transportation is the way of the future for airport growth.

Secretary LaHood asked the committee if the phrase “transparency on pricing” in recommendation 11 was in reference to the DOT’s recently released Passenger Protections notice of proposed rulemaking (NPRM). Mr. McGee acknowledged the uncertainties the NPRM faces during the process of development of a final rule and noted consumer advocacy groups were generally in favor of the proposed rule. He added there were areas of the rule he believed could go further. Mr. McGee expressed his belief that more work was needed on air carrier contracts of carriage, and more

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specifically, areas of these contracts dealing with delays and cancellations. He clarified he was not referring to lengthy onboard delays addressed in the DOT's Consumer Rule, but rather common delays and cancellations faced by passengers. Mr. McGee noted passengers in these situations are provided little information on their rights.

Mr. McGee stated at a minimum, uniformity is needed in contracts of carriage to make passengers' rights clearer, and more transparency is needed on code-share agreements so passengers have a clear understanding of which air carrier is operating their flight. He explained most passengers believe they are flying on the air carrier through which they purchased the ticket, when they may actually be flying on one of the air carrier's partner regional air carriers or another air carrier altogether.

Mr. McGee stated the expanded use of codeshare partnerships has diminished the reliability of the DOT's monthly report on air carrier performance in areas of delays, cancellations, and mishandled baggage. He explained that ranking the air carriers individually masks the true performance of major air carriers because their partner regional air carriers are not included in the performance statistics, but rather ranked as another individual air carrier. Mr. McGee expressed concern that with regional air carriers flying approximately half of all flights conducted by major air carriers, the statistics for major air carriers appear better than actual, because many of their partner regional air carriers are performing worse on delays, cancellations, and mishandled baggage.

Secretary LaHood expressed his belief that the Obama Administration would be pleased with the recommendations on environmental topics. He stated, although these are difficult topics on which to achieve consensus, they are in line with the President's position.

Secretary LaHood stated he was in full agreement with the committee's recommendations on NextGen. He recalled a conversation with Mr. Tilton discussing how to pay for NextGen improvements. Secretary LaHood noted since that time, many people within the aviation industry and Federal government have begun to understand the importance of this issue and that funding needs to be available to air carriers to upgrade their aircraft. He expressed his belief that the Obama Administration is supportive of this topic and asked Mr. Babbitt for his input. Mr. Babbitt stated NextGen is a positive business case with clearly visible benefits and return on investment. He cautioned that NextGen suffers from a lack of public visibility, but added the FAAC's recommendations would make a good case to get the message to the public.

Secretary LaHood thanked the Committee for noting in recommendation 5 that AMT relief for airports has been effective and observed that the DOT received praise for its efforts in getting relief for airports from the AMT in the American Recovery and Reinvestment Act of 2009, Public Law 111-5.

Secretary LaHood asked the committee for further explanation of the tax burden on air carriers, passengers, and general aviation covered in recommendation 10. Mr. McKenzie explained that the recommendation is about making taxes more efficient and ensuring the taxes being collected are resulting in economic benefits and benefits to the aviation industry and passengers. He cited the disproportionate level of taxes since the 1990s and a general lack of pricing power among air carriers on ticket prices.

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Mr. Tilton added the FAAC Subcommittee on Competitiveness and Viability was able to consider multiple points of view on this topic and develop a recommendation stating the committee does not believe 17 separate taxes are efficient, effective, and transparent, and some government officials may not even understand that there are 17 taxes or whether they are appropriate. Mr. Tilton stated the spirit of the recommendation was to have the DOT bring some clarity to the issue and determine whether these taxes are indeed necessary and serving their purpose. Ms. Ana McAhron-Schulz, ALPA, added that taxes and fees are not a new issue for the aviation industry, but the committee believes another look at this issue is warranted.

Secretary LaHood expressed his belief that open skies agreements negotiated between the United States and foreign countries have benefited the aviation industry. He asked if the committee was suggesting expansion of these agreements in recommendation 9. Mr. Tilton responded that the air carrier industry is realizing the benefits of open skies agreements, and the competitive landscape of the global aviation industry is changing dramatically. He cited the need to continue reviewing whether there are inhibitions to global competition, as well as ensuring that air carriers outside the United States are not receiving benefits over U.S.- based air carriers to ensure a level playing field for the global aviation industry. Ms. Friend stated an area of significant discussion in the Labor and World-class Workforce Subcommittee that did not result in a recommendation was whether future open skies agreements should have provisions for human and workers' rights. She asserted workers in the U.S. aviation industry have concerns that some open skies partner countries are not providing these rights.

Mr. Robert Lekites, UPS, cited the positive effects of open skies agreements on his air carrier. He explained these agreements have led to global growth for UPS, allowing the company to carry packages to over 200 countries worldwide, which has in turn fueled UPS's domestic job growth. Mr. Lekites added opportunity for growth in global markets still exists, and that open skies agreements help domestic companies expand globally.

Mr. Barger pointed out that some of the topics that were tough issues and the most debated issues formed the basis of good recommendations, such as the Workforce/Management conference in recommendation 17. He cited these venues as good opportunities for both parties to educate each other on important topics, such as work performed by foreign repair stations.

Secretary LaHood asked Mr. Babbitt if he had any further comments on the recommendations. Mr. Babbitt asked the Committee for further explanation of Recommendation 22, Identification of Safety Priorities. He noted rulemaking efforts at FAA take significant time and are influenced by a number of parties, including Congress. Mr. Babbitt asked what prioritization methods the committee had considered during development of this recommendation. Ms. Piasecki stated the committee was aware of the numerous rulemakings the FAA undertakes by recommendation or mandate from a wide variety of sources, and that all of them could not possibly be implemented. She added the committee did not prescribe a specific action to be taken by the DOT or FAA because it lacked the time to discuss this specific issue in depth. Ms. Piasecki offered the safety prioritization work of CAST in the early 1990s as an example of how industry and government can collaborate for the benefit of aviation safety. Ms. Piasecki concluded by stating the committee's intent is to ensure that the FAA gives priority to rulemakings that directly improve aviation safety.

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Mr. Lekites briefly discussed the enforcement aspect of this recommendation, stating that compliance inspections by FAA personnel that are not directly related to safety improvements, such as discovering an item in a maintenance log book that was not signed off, do not improve aviation safety. He cited the need to focus on a safety-driven agenda by regulatory agencies, rather than more traditional enforcement, in which violations are often issued for relatively minor infractions that ultimately have no direct impact on aviation safety.

Mr. McGee stated significant discussion occurred on the topic of the FAA's oversight of contract maintenance facilities, though no recommendation resulted because of lack of consensus. He expressed his belief that the topic was not solely a labor issue but had safety implications. Mr. McGee described the changes that have taken place in how maintenance is performed on air carrier aircraft over the last few years, with a greater amount being performed by contract facilities. He noted many of these contract facilities are not located in close proximity to FAA field offices, as air carrier maintenance bases traditionally are, and it would seem oversight would be more difficult. Mr. McGee added while data may not support that this is a safety risk, from a predictive standpoint, there would certainly be the chance for such a dramatic shift in air carrier maintenance to introduce risk into the system.

Ms. Bowens noted it was apparent that recommendations on NextGen went through every FAAC subcommittee, and were independently developed but all tie together in some form. She expressed her belief that this nexus should indicate NextGen is a priority for the DOT and the aviation industry. Mr. Barger added he is a co-chair of the NextGen Advisory Committee, and the FAAC's recommendations on this topic should blend well with that committee's work. Dr. Alonso cautioned that as the aviation industry transitioned to new processes with the implementation of NextGen, new safety hazards should be anticipated and mitigated.

Mr. Porcari stated on the topic of environmental recommendations, the committee made good recommendations, and efforts such as NextGen efficiencies, the FAA CLEEN program, and research and development work on alternative aircraft fuels provide a real opportunity for the aviation industry to highlight its efforts to reduce environmental impacts. He further asserted this opportunity should be seized to demonstrate the aviation industry is taking the lead in these areas in order to avoid the imposition of new regulations. Secretary LaHood stated he had no further questions, and thanked the committee for their explanations of the recommendations.

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Closing Remarks

Ms. Kurland moved to her closing remarks. She thanked the FAAC members for their work and commitment. Secretary LaHood called for final comments before the meeting closed. Ms. Piasecki emphasized that aviation is a global industry and commented on the heritage in the United States around aviation across the value stream. She noted the importance of recognizing the United States is competing with countries making significant investments in infrastructure, equipment, and air carriers. Ms. Piasecki expressed her appreciation for Secretary LaHood's leadership in taking a coordinated approach in critical areas such as intermodality and NextGen. Secretary LaHood acknowledged the importance and added his surprise at the rapid expansion of international airports, particularly in China. He agreed with Ms. Piasecki's comment on the work already done and the work that needs to be done to stay competitive.

Mr. McKenzie raised the issue of jet fuel price volatility. He commented on how excessive volatility has the possibility of wreaking havoc with air carrier financials.

Ms. Baer commented that the FAAC members have been thanked as a committee. She expressed her appreciation for the DOT and FAA staff support, and also recognized the hard work of the staff from United, PANY/NJ, Boeing, and others who have worked together. Secretary LaHood thanked everyone from the DOT, FAAC, and industry, and recognized everyone's hard work.

Mr. Conley expressed his gratitude to hear Secretary LaHood embrace the semi-annual workforce/management conversation. Secretary LaHood emphasized its importance and stated his intention to assign a full-time person from his office to immediately work with Ms. Kurland and Ms. Fornarotto to implement these recommendations. He further stated his intention to develop a timeline for each recommendation and report the timelines to the FAAC by the middle of February 2011. Secretary LaHood explained the next step will be to gather the resources of talented people, including some FAAC members, and implement recommendations.

Secretary LaHood expressed his enthusiasm for the opportunity to incorporate NextGen into FAA activities and harmonize the recommendations. He commented on how the White House will become involved in the environmental recommendations. Secretary LaHood explained the DOT will be candid and simply identify recommendations that cannot be quickly implemented. He stated many of the recommendations can be accomplished quickly with the proper resources. Secretary LaHood promised the recommendations will not sit on a shelf. He expressed his gratitude to everyone involved. Secretary LaHood explained these recommendations will improve the industry and will improve the opportunity for the flying public to fly safely for affordable prices. He promised to keep in touch and thanked everyone.

Ms. Kurland reviewed some housekeeping items. She added the DOT will prepare and issue a final report based on the recommendations, which will include other areas of significant discussion from each of the subcommittees. Ms. Kurland mentioned the report will be available on the FAAC Web site. She offered her final words of appreciation and asked Ms. Hamilton to close the meeting for the final time.

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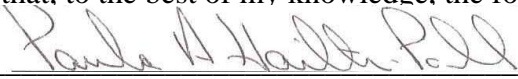
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Adjournment

Ms. Hamilton solicited a motion for adjournment. On motion, duly seconded and approved by the majority of the FAAC members present, the meeting adjourned.

The meeting adjourned at 2:32 p.m.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

Approved by: 
Pamela Hamilton-Powell, Designated Federal Official

Dated: January 25, 2011