

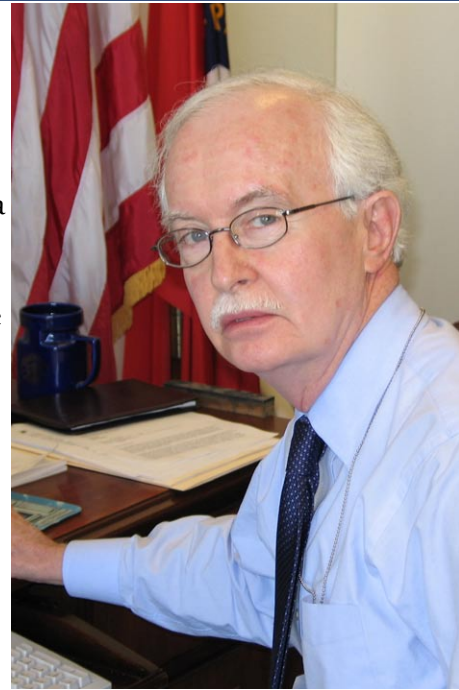
**F**AA is hosting a two-day forum in the Washington area this week to kick around ideas with experts from the private sector and government on ways to provide the FAA a stable and adequate source of funding for the future.

The administrator raised this funding issue last month at the Wings Club and the Aviation Forecast conference and last week before the National Chamber of Commerce. Chief Operating Officer Russ Chew also discussed the matter at a recent House hearing. (See <http://employees.faa.gov> under “News” for speeches and testimonies.)

**Why is this important and why should you care?**

First, the taxes that fuel the aviation trust fund are set to expire on Sept. 30, 2007, and it’s not too soon to join this debate. Secondly, it’s important because the trust fund, adopted some 30 years ago, no longer provides a stable and adequate funding source for FAA that matches our needs. In fact, there is no correlation between the trust fund and what it actually costs to run the system — and the gap is widening. Thirdly, last year, 80 percent of the FAA’s total funding came from the trust fund, and the percentage is even higher for FY 2006. So, we all have a solid stake and interest in this issue.

One of the major reasons the current trust fund model is inadequate as a funding source is that the 7.5 percent tax on domestic airline passenger tickets accounts for 50 percent of the trust fund revenues. Even as traffic rebounds to its pre-2001 levels, low-cost carriers make up an increasingly larger share of the



**Gerald E. Lavey**

market, and therefore the revenue going into the trust fund is less. That's just basic math.

Others would say this issue is a red herring – that trust fund revenues are increasing, not declining, so leave the funding mechanism alone. Or just take more out Congress's general fund — hardly a realistic option, we would submit, considering the pressure on Congress to fund from other competing national priorities.

Do yourselves a favor and get smart on the issue. That's the only way you can separate the wheat from the chaff. As the focus on this issue intensifies, the rhetoric will rise accordingly. We'll provide you information in these pages and through other publications, and refer you to other sources as well – industry trade articles, GAO and IG testimonies, and others.

Check out all sources, compare notes, keep an open mind, and then you decide. Much of the information that you need is available on line. So, let your fingers do the walking and the data do the talking. Don't just listen to one voice, including this one. To some degree, we are all captives of our environment. Where we stand is often determined by where we sit.

The administrator has no preferred alternative funding mechanism or a favored funding model in mind. That's the main reason she is meeting this week with more than 140 stakeholders from the private sector and several Congressional and industry staff members. She just wants to start a dialogue, and hopefully out of that dialogue will emerge some answers and eventually maybe even a consensus. At the very least the debate has begun and that's a good first step, because we have a serious issue on our hands and ignoring it won't make it go away. — **Gerald E. Lavey** →