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TESTIMONY – June 11, 2014

Chairman Graves, Ranking Member Velázquez, and members of the U.S. House Committee on Small Business:

Thank you for the opportunity to appear before you today on the benefits and challenges of the Federal Aviation Administration's 2020 NextGen mandate on the general aviation Industry.

My name is Paula Derks, and I am president of the Aircraft Electronics Association. We are an international organization representing nearly 1,300 companies of which nearly 80 percent are small businesses. Included in our membership are nearly 200 avionics manufacturers who are producing systems to meet ADS-B Out requirements.

Our largest category of membership is the 900-plus government-certified repair stations with approximately 700 in the United States certified by the FAA, and an additional 200 repair stations in more than 40 countries around the world.

My comments today will focus on three primary areas: 1) the ability of industry to meet the mandate; 2) the challenges my members face when certifying the new equipment and receiving field approval on the installation; and 3) the refocused effort needed from the FAA leadership to expedite implementation of this safety-enhancing technology and sign off on the Congressionally-authorized finance incentives for the aircraft operator.

It is important to note that all three of these areas are related to an overall lack of leadership within various divisions in the Federal Aviation Administration.

Today, the certified repair station industry has the capacity to perform ADS-B installations at a rate necessary for nearly 160,000 general aviation aircraft to comply with the ADS-B Out mandate by Jan. 1, 2020. Demand is expected to increase as the deadline nears, and AEA members indicate they will begin expanding their installation capacity in order to keep up with new demand.

However, general aviation aircraft owners are "on the clock" as ADS-B installation capacity today far exceeds aircraft owner demand. This inverse relationship will not last unless the industry immediately begins to see 100 or more installs completed per day – a 25-fold increase over the current installation rate.

Our industry has received mixed signals from the FAA in regards to the ADS-B mandate. This leads to confusion, rumors, and mistrust of the very agency charged with implementing the Next Generation Air Transportation System, which will exacerbate the backlog as early as 2016 and beyond.

As you might imagine when it comes to being forced by a government mandate to spend hard-earned, personal cash to upgrade when benefits to the consumer have not yet been fully realized, it is not an easy sell. But, in our recognition of the enhancement of safety and efficiencies that NextGen will bring our nation, we have worked our best to educate the general aviation industry and move forward on implementation.

Yet, throughout our efforts, and those of our sister trade associations, and industry itself, the FAA seems to be dragging its feet.

From day one, Administrator Huerta's office has been a vocal proponent of the NextGen implementation, and has said the right things -- they have promised a reasonable transition, offered cost effective solutions, and worked to make sure the ground infrastructure was in place... only to have their efforts derailed by the back office whose individual guidance, excessive micro-management and personal opinions compete with the overall objectives.

When you consider the nearly 160,000 aircraft still needing ADS-B equipage as of today, this is not a strategy for meeting the deadline and providing safe, efficient, and cost effective installations.

Our members--both the manufacturers and the repair stations--are sharing with us that there is general mistrust of the FAA, and their decision-making....or lack thereof.

Rumors are swirling that the mandate will be extended, or new and cheaper technology will miraculously be introduced at the very last moment. All these rumors and mis-truths create a very confused consumer.

Ironically, the very agency that is charged with overseeing the safety and efficiency of our nation's skies is the same agency causing this turmoil.

Several of our repair station members tell us that their customers, the aircraft operators, have decided to wait until the last minute to equip because they assume the FAA will operate as usual--with delays--and will have to extend the deadline to equip. Again, industry has no faith in the leadership of the FAA to actually stick to the mandate of Jan 1, 2020.

The FAA has a history of not implementing rules on time. We cannot remember one avionics mandate in the last five decades that was implemented without an extension. These extensions have created a public perception that the FAA will, once again, allow another exception, creating the potential for a serious backlog as the 2020 deadline nears.

However, for those operators who have decided to equip now, the FAA is still a constraint. For example, we have a member in Las Vegas who supports a helicopter fleet operator wanting to equip a fleet of 90 helicopters. He currently has the correct ADS-B equipment installed. But because his aircraft has not been FAA "approved" for ADS-B operations, he can't turn the system on.

For clarity, the navigation-transponder system he is installing into this fleet has already been approved by the FAA in thousands of airplanes, but because this is a fleet of helicopters, the approvals don't count.

So the penalty for this operator – who is willingly following the law by equipping for ADS-B operations – is experiencing six months of costly administrative burden and an additional cost of approximately \$30,000 in certification fees.

The constraint: they had to coordinate the approval with a two-person team at FAA Headquarters in Washington who manage all ADS-B installations. Then, they had to get consensus from a single engineer at the FAA Rotorcraft Directorate in Fort Worth, Texas, even though there were no modifications to the aircraft.

Despite the fact that the FAA employs thousands of very talented engineers, all 160,000-plus general aviation aircraft needing an upgrade must pass through a couple of project managers in Washington.

Since the ADS-B Out mandate first became a rule in 2010, the AEA has been working with our constituents to educate them, inform them of progress, and how to best comply with the mandate. The AEA has promoted the recently announced financing program, the NextGen GA Fund. The NextGen GA Fund was designed to take advantage of the public-private partnership funding authorized by Congress in the 2012 FAA Reauthorization Bill, to create an incentive for operators of aircraft to take advantage of low-interest, government-backed loans to buy the necessary equipment in order to comply with the mandate. While there may be an ongoing debate regarding the fund, the lack of FAA's willingness to embrace the fund is a testimony to the cancer that has wreaked havoc on the Agency for the past decade. The Agency has a culture of "can't" rather than a culture of "can do." The Agency's employees are so absorbed with finding why something cannot be done they have lost the aviator's vision of how to accomplish the task in spite of the barriers and challenges. The only cure for this type of corporate disease is leadership! It will take strong leadership to change the corporate culture from one that is satisfied with can't and move it towards one of defining how to move beyond the barriers.

Yet, despite our efforts, and those of our sister trade associations, and industry itself, to promote early equipage, the FAA is dragging its feet on the incentive program by not signing the loan guarantee certificate. Until they issue the loan guarantee certificates, nothing moves on this program.

Keep in mind; the monies raised for financing these loans are from private investors. Our industry is not asking for government money; we are only asking for the FAA to immediately issue the loan guarantee certificates – as they were directed by Congress to do so.

With these incentives in place, the industry has indicated it still has the capacity to manage the groundswell of installations, assuming aircraft owners have renewed faith in the FAA, that the deadline will not be extended, and certifications will be streamlined.

A recent survey of AEA members indicated that in order to meet this new demand, more than 75 percent of the 700 FAA-certified U.S. repair stations will expand and hire more employees – this is job creation!

A direct contributor of nearly \$40 billion to the U.S. gross domestic product --according to the FAA Air Traffic Organization-- general aviation is a significant contributor to the overall health of the economy.

If we are able to tackle the challenges I have outlined, general aviation will continue to have a positive economic impact, create jobs, and sustain our service to the law enforcement, agricultural and medical communities that rely upon us.

In closing, we ask the Administrator to begin the long leadership recovery to restore the culture of can do. It is the Agency's historical culture that created the greatest aviation industry in the world. Without this leadership the industry will continue to suffer and this mandate, as well as future mandates, are destined to fail. In addition, the challenges we ask Congress to address include:

- 1) An effort by the FAA to incentivize aircraft owners by immediately signing the loan guarantee certificate for the NextGen GA Fund,
- 2) Streamlining the certification process to produce efficiencies in ADS-B installations, and
- 3) Restore aircraft owners' confidence in the FAA that this deadline won't be extended and their money is well spent.

Thank you for the opportunity to testify on behalf of the general aviation industry.