

Funding deadlock cripples US aviation agency

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For the first time in the history of the Federal Aviation Administration, Congress has not approved funding for the agency, which regulates and oversees the safety and operations of commercial airlines, general aviation and the nation's airports. The suspension of funding has led to a partial shutdown of the FAA since July 22.

While the House of Representatives passed a bill for an extension of funding until September 16, the Senate did not vote before recessing this week. Because of this the FAA will face more than \$1.2 billion in lost revenue until legislators reconvene in September, FAA Administrator Randy Babbitt said earlier this week.

The immediate result of the shutdown is the furlough of 4,000 FAA employees and the issuing of 200 stop-work orders on airport construction projects nationwide. Included among the furloughed FAA employees are the 40 airline safety inspectors who are responsible for checking runways and navigation systems at airports across the country. Among the construction projects that have stopped is the demolition of an old control tower at LaGuardia Airport in New York City—one of the busiest in the nation—that restricts the view of the air traffic controllers in the new tower.

While air traffic controllers have not been let go, it is unclear whether they will be paid, according to Transportation Secretary Ray LaHood. Outside of the immediate employees of the FAA, approximately 90,000 construction workers have been laid off, and will remain so until the agency receives a funding extension.

Coming in the height of the air travel season, inspectors for the FAA's safety division who order corrective and preventative actions by airlines and airports are no longer being paid. "Inspectors for the commercial airlines and airports who are always on the road are being sent home or are living out of pocket and

running up their credit cards, hoping they will be reimbursed once the funding comes through," an aviation official in the western US told the *World Socialist Web Site*.

The summer is also the season for airport repairs and construction, he said. "Airports can't award bids for runway repairs. Contractors are losing thousands of dollars a day to rent equipment that is currently idle."

The agency's long-term operating authority expired in 2007 and the Congress has been unable to come up with a long-term funding plan. Instead the FAA has maintained operations under a series of 20 short-term extensions.

The immediate reason for the current deadlock is a dispute between congressional Democrats and Republicans. The Republican-controlled House issued a bill including cuts in subsidies to rural airports that require assistance from the federal government to cover costs that ticket sales cannot. In addition, the Republican bill includes provisions to make the unionization of airline and railroad workers more difficult.

Republican opposition to unionization is being carried out largely on behalf of Delta Air Lines, which is mostly non-union. For their part, the Democrats recognize the unions have been crucial partners in imposing wage and benefit concessions, along with job cuts, on airline workers.

The day after President Obama and Congressional Democrats backed the bipartisan deal imposing massive cuts in federal spending, Senate Majority Leader Harry Reid issued a statement saying the Democrats were willing to compromise in order to allow the FAA to resume full operations.

Since the July 22 shutdown, the FAA has been unable to collect \$28.6 million a day in aviation taxes. This included a 7.5 percent sales tax on domestic tickets and a \$3.70 fee for each flight segment. Higher fees on

international tickets also were suspended, and airlines started saving about 15 cents a gallon on jet fuel.

The largest US carriers, including United, Delta, Continental, US Airway and Southwest Airlines, have raised fares since the FAA shutdown and have decided to keep the money they would normally turn over to the FAA for taxes. “This is manna from heaven, and a real windfall for the airlines,” Rick Seaney, chief executive officer of Dallas-based ticket researcher FareCompare.com, told *CNNMoney*. “I don’t expect them to drop the fare increases. Why would they? Total ticket prices are the same and it doesn’t seem to be hurting bookings.”

In response to public outrage, the airlines have issued statements referring customers to the Internal Revenue Service for a tax refund on the tickets. For its part, the IRS has told passengers to look to the airlines.

“The airlines are basically on a tax holiday,” the aviation official told the WWSWS. “They have been trying to escape paying into the aviation trust fund by maintaining current ticket prices while adding all sorts of ancillary fees, like baggage and ticket cancellation, that are not taxed. Instead of lowering fares now,” he said, “they are pocketing the difference.”

Coming on the 30th anniversary of the smashing of the strike of the PATCO air traffic controllers, the suspension of funding for the FAA is another step in the systematic dismantling of safety and airline operations that began in earnest with the passage of the 1978 Airline Deregulation Act under the Democratic administration of President Jimmy Carter. The measure has led to the monopolization of the industry and profits by a handful of airline giants, an assault on the jobs and living standards of airline workers and the undermining of safety and service for air travelers.

“The deregulation in the 1970s led to the airlines concentrating in the major markets and the spoke and hub system,” the aviation official told the WWSWS. “The Essential Air Services (EAS) provided airlines with a per passenger subsidy to supply limited air service to smaller cities and help their economic development. Now they want to cut government subsidies to small airports in West Virginia, Nevada and other states. The loss of revenue the FAA has already suffered—around \$200 million a week since the shutdown began—is far higher than the \$16 million the government would save by cutting rural air service subsidies.”



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