

**Statement of Todd Hauptli**  
**President and CEO, American Association of Airport Executives**  
**Before the Senate Committee on Commerce, Science, and Transportation**  
**May 6, 2020**

Chairman Wicker, Ranking Member Cantwell and members of the Senate Committee on Commerce, Science and Transportation, thank you for inviting me to participate in today's hearing on the State of the Aviation Industry: Examining the Impact of COVID-19 Pandemic. It is always an honor to appear before the Commerce Committee.

On behalf of the American Association of Airport Executives (AAAE), the world's largest professional organization representing the men and women who manage and operate commercial service, reliever, and general aviation (GA) airports, I want to thank you for your continued leadership in responding to the unprecedented challenges caused by the coronavirus and on other issues of importance to airports and the aviation industry.

These are challenging times, and we appreciate all that Congress and the Administration are doing to help our country manage this crisis. You acted quickly to address urgent needs with passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which included much-needed assistance to help airports, passenger and cargo carriers, and airline contractors impacted by the coronavirus. This critical funding will assist airports in your respective states and allow them to stay open, undertake enhanced cleaning and sanitization protocols, keep workers employed, address existing debt obligations, and help keep necessary capital projects on track.

While there is much we don't know at this point about COVID-19 and the path forward for the aviation industry, it is clear that recovery will be slow and painful. Just as Congress rose to the occasion to provide immediate relief, we are now seeking your assistance as we work to mitigate the impacts of the coronavirus on the aviation industry and turn our attention to recovery and ensuring the health and safety of passengers and our employees.

Resiliency is a hallmark of the aviation industry, and I am confident that we will find a way to survive this crisis and thrive in due time. One needs to look no further than the commitment of front-line employees that has been on display over the past few months to gain a sense of optimism about the future. Pilots, flight attendants, and other airline workers; transportation security officers; air traffic controllers; airport concessionaires; air cargo operators; airport executives and other dedicated professionals across the aviation ecosystem have risen to the occasion. We are grateful for their service.

**Coronavirus: How the Pandemic is Impacting Airports**

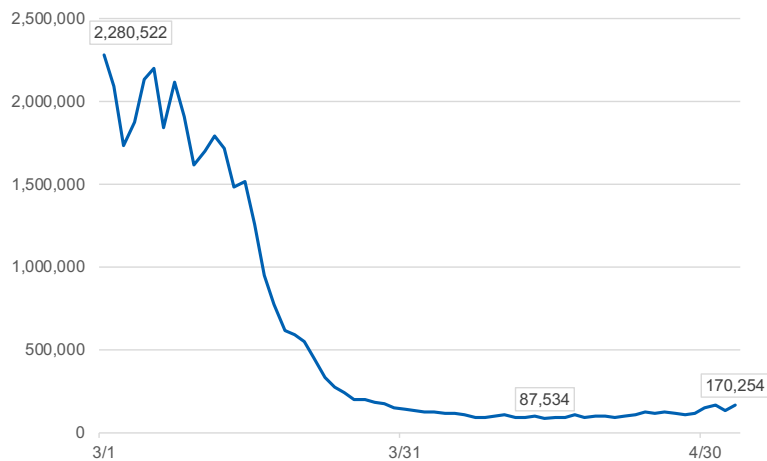
Before the spread of the coronavirus, airports and airlines were on sound footing. Passenger levels were on the rise, and airport terminals were bursting at the seams with activity. The Federal Aviation Administration (FAA) was predicting that enplanements would increase to 964 million in 2020 – up more than 120 million from 2017. With rising demand and aging facilities, airports were focused on finding ways to pay for growing infrastructure needs with limited federal and local resources.

That all changed when the coronavirus turned the aviation industry upside down. The number of people flying has dropped precipitously, and U.S. carriers have idled roughly half of their fleet. According to the Transportation Security Administration (TSA), the agency screened fewer than 100,000 passengers on several days last month.

On April 14, fewer than 88,000 passengers traveled through security checkpoints – a low during the pandemic. In the past week, we have seen an uptick in the number of passengers screened by TSA. The agency screened slightly more than 134,000 passengers on Saturday, May 2 and 170,000 on Sunday. But the May 3 numbers represent a reduction of 93 percent from the 2.5 million passengers who traveled on that same date last year.

### Throughput at TSA Security Checkpoints During Coronavirus Crisis

(Source: Transportation Security Administration)



Of the flights that do remain, load factors are at historic lows. According to Airlines for America (A4A) carriers are averaging 16.9 passengers per domestic flight and 28.6 passengers per international flight.

With the unprecedented reductions in travel, airport revenues have experienced a similar nosedive. The drop in passenger levels continues to have a huge financial impact on large and small airports alike. Fewer passengers mean significantly lower revenues from all the activities that keep an airport operational, including parking, car rental operations, airport concessions, and other revenue streams.

In Atlanta, for example, the airport has closed two concourses, most of a third concourse, and half of a fourth. Three hundred of the airport’s 340 concessions are closed. On a recent day, 10,000 passengers passed through the airport, down from the 310,000 who would have done so in normal times. U.S. Customs and Border Protection (CBP) processing of international passengers has dwindled to a few hundred from 20,000. Of the airport’s 32,000 available parking spaces, some 3,000 are now filled, mostly by contractors on a temporary basis. These numbers translate into hundreds of millions of dollars in lost revenue to the airport.

The numbers are similarly stark in Boston, where a recent half-full flight was cause for celebration. The airport's 18,000 parking spaces sit mostly empty save for a couple hundred cars.

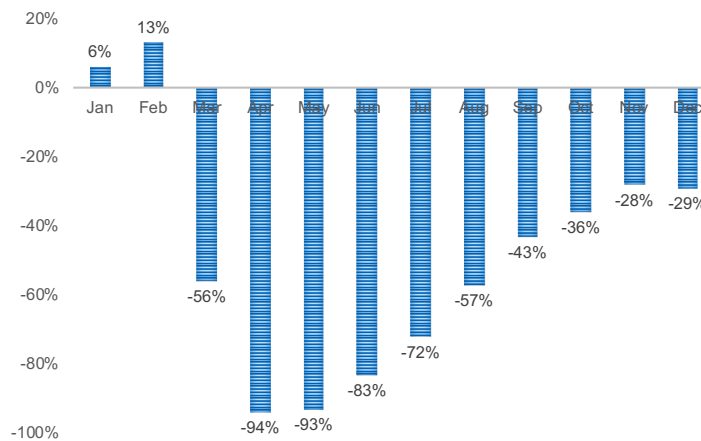
Passenger Facility Charge (PFC) collections have also declined significantly for airports. Commercial service airports rely on PFC revenue to build critical safety and security projects, meet debt service obligations, and pay the local match on Airport Improvement Program (AIP) projects. Billions of dollars in PFC collections airports anticipated collecting in 2020 have evaporated leaving the future of some projects in doubt.

For airports like Gulfport-Biloxi International in Mississippi, PFCs are the primary source of revenue for existing bonds with operating revenue serving as a backstop. The loss of both PFC revenue and airport revenues has left Gulfport-Biloxi and many other airports with few options to meet ongoing needs, including debt service.

Collective losses in revenue across the nation's airports already total billions of dollars, and the prospect for quick recovery is dim. For instance, the Seattle-Tacoma (SEA-TAC) International Airport indicates that it is "serving only about 2,500 departing passengers per day compared to over 50,000 normally this time of year. Overall daily flights are down by two-thirds. Airlines suspended international flights and reduced service, totaling almost 700 cancelled international flights in April." Consider SEA-TAC's current projections:

### SEA-TAC: Percent Change In Passengers By Month in 2020

(Source: Seattle-Tacoma International Airport)



For SEA-TAC, this translates into a projected loss of \$251 million in revenue in 2020. The airport also has \$321.7 million in debt payments this year. Other large hub airports are reporting similar losses with upcoming debt payments.

Medium, small, and nonhub airports are also being hit hard by the crisis. The Lincoln Airport in Nebraska has experienced a severe reduction in passengers and revenue. Passenger levels at the nonhub airport dropped 53 percent in March compared to the same month in 2019. April was even worse with passenger levels declining by 95 percent. Airport officials expect that revenue will be down \$250,000 a month during the pandemic, in part, because of lost parking revenue.

Nonprimary commercial service, reliever and GA airports have also been struggling financially during the coronavirus crisis. One director at a large GA airport in the northeast pointed out that revenue from landing fees, operations and fuel sales all declined between 80 percent and 89 percent in April. Last month, the airport went 11 days without selling any jet fuel – a record low. GA airports around the country have experienced similar losses.

Traffic is down 71 percent at Centennial Airport near Denver. On April 12, the busy GA airport recorded only 22 flights. That is far less than the 1,400-2,000 operations that the airport would have had on a typical weekend. Meanwhile, jet and turbo-prop volume, based on fuel sales, is down by as much as 90 percent. The airport is also paying for two CBP officers, even though airport officials point out that international travel “has practically come to a standstill.”

With so little revenue coming in during the coronavirus crisis, airports face tough questions about how to cover personnel costs, ongoing operating expenses, and a collective \$7 billion in debt payments due in 2020. Meanwhile, concessionaires, rental car companies, fixed-base operators and other important airport partners and critical components of the airport and aviation ecosystem face similar revenue declines.

### **CARES Act: A Critical Lifeline for Airports in the Near-Term**

The challenges facing airports of all sizes are daunting. The \$10 billion in assistance provided to airports as part of the CARES Act is serving as a critical lifeline that will help facilities in your states and across the country weather the immediate storm. We appreciate the leadership of this committee in securing both airport and airline assistance as part of the CARES Act. For airports, the funding and flexibility provided will help cover immediate operating costs, including payroll and enhanced cleaning and sanitization throughout the airport environment; help service debt, and assist with keeping construction projects moving forward.

As you know, \$7.4 billion of the \$10 billion in CARES Act funding is dedicated to commercial service airports based on enplanements, debt service, and cash reserves. Another \$2 billion is designated for primary commercial service airports based on a modified AIP apportionment formula. In addition to the overall funding, airports greatly appreciate that the bill provides them with flexibility to use those funds for any lawful purpose including operations and debt service.

For instance, the CARES Act funding will allow the Gulfport-Biloxi airport referenced earlier to meet its existing debt obligations. The Rapid City Regional Airport in South Dakota is slated to receive approximately \$9.3 million from the CARES Act. Airport officials indicate they plan to use half of that revenue for operating expenses and the other half for debt service payments. The airport also plans to invest more than \$250,000 on coronavirus mitigation efforts.

The Golden Triangle Regional Airport in Columbus, Mississippi is slated to receive \$1.2 million in CARES Act funding. The nonhub airport's largest sources of revenue come from parking and rental car operations. With so few passengers flying, the airport's revenue dropped 77 percent last month. The CARES Act grant will allow the airport to supplement its operating budget, avoid laying off valuable employees and move forward with necessary equipment purchases.

The bill also included another \$500 million to eliminate the local match requirement for AIP grants that airports receive in Fiscal Year (FY) 2020. Removing the local match requirement will free local revenue for airports to use on operating expenses and personnel-related costs. It is also allowing some airports to move forward with critical projects that would not be possible without a 100 percent federal share.

Finally, the bill included \$100 million to help GA airports. Those airports – like commercial service airports – have seen steep declines in revenue. The funding in the CARES Act is a step in the right direction and will allow GA airports to receive anywhere from \$1,000 to \$157,000 for the busiest GA airports that traditionally have large numbers of annual operations. And while the \$100 million in the CARES Act helps, it is nowhere near what is needed going forward.

Airports appreciate that Congress and the Administration worked together to pass the coronavirus relief package so quickly. I would also like to thank Secretary Elaine Chao, Federal Aviation Administrator Steve Dickson and all the dedicated employees at the Department of Transportation (DOT) and FAA who worked around the clock during consideration of the CARES Act and after the President signed the bill to get money out the door to airports as quickly as possible.

Airports frequently give the FAA and the Office of Airports high marks for efficiency in distributing annual AIP funding. We realize that distributing \$10 billion with new requirements, new formulas, and a new application process in a very short period is not an easy task. Airports deeply appreciate DOT's and FAA's commitment and dedication to helping airports during this crisis.

The CARES Act also included other provisions to help airports and small communities. For instance, it contained \$56 million in additional funding for the Essential Air Service (EAS) program. The measure also included \$100 million for the TSA to spend, in part, on cleaning and sanitization at security checkpoints.

Finally, the CARES Act included a package of grants, loans and loan guarantees for passenger and cargo carriers, along with funding for airline contractors. We strongly supported provisions in the CARES Act to help stabilize the airline industry. Airports and airlines may disagree on policy matters from time to time, but we have a symbiotic relationship that requires us to work together now and in the future as we confront the challenges that will remain long after COVID-19 is dominating the headlines.

### **Outlook: Significant Challenges Ahead**

Mr. Chairman, it's unclear how long the coronavirus crisis will last, when passenger levels will start to return to pre-COVID levels, or the time it will take for airports and airlines to operate in the "new

normal.” But we expect the post-pandemic road to recovery will take a significant amount of time and additional resources.

One international transportation consulting firm estimates that domestic passenger levels in the United States could decline between 63 and 69 percent this year compared to 2019. International traffic could suffer even more with an expected drop of anywhere between 71 and 83 percent this year. Overall, the firm expects passenger levels to be down between 64 and 71 percent this year compared to 2019.

Airports, airlines, other stakeholders and our federal partners will need to work closely together to protect the health and safety of passengers and our employees. We have done this before, after 9/11, to improve aviation security. Of course, that tragic event led to the creation of an entirely new federal agency, new security measures for airports and airlines, new capital investments, and changes in the way we travel.

We expect the coronavirus pandemic will also fundamentally change the aviation industry. Airports and airlines are already taking steps to respond to the crisis such as implementing enhanced cleaning and sanitization. Face coverings are becoming more prevalent with airports, airlines, and our federal partners moving to require their use for passengers and employees throughout the travel journey.

Enhanced cleaning and sanitization and facemasks are just some of the many changes that passengers will see the next time they travel. Airports are also taking steps to promote physical distancing, upgrade air filtration systems, and considering ways to expand touchless travel. But we will need clear and consistent federal guidelines and standards – especially on the matter of health screenings – to ensure that passengers know what to expect when they arrive at the airport regardless of which airport it is or what airline they may be flying.

The road ahead will require continued coordination and collaboration between industry and government and additional federal investments. Help to this point from the CARES Act has been critical, but we respectfully call on Congress to continue its support to help ensure the health and safety of our passengers and employees and to help restore confidence in our aviation system.

**The Need for Additional Assistance:  
Recommendations to Continue Helping Airports Impacted by Coronavirus**

The funding in the CARES Act will help airports weather the current storm and respond to the immediate crisis. But it is becoming increasingly clear that large and small airports will continue to struggle financially as this crisis drags on and as airports take new steps to protect the health and safety of their passengers and employees.

***Provide Additional Funding to Help Airports Respond to COVID-19:*** The CARES Act provided much-needed funding to help airports survive the immediate crisis. However, airports expect to face tremendous financial losses in the months and years ahead. In some cases, the CARES Act will only provide enough funding to cover losses over the next few months. Our partners at Airports Council International-North America estimate that U.S. airports collectively will lose \$23.3 billion as a result of the COVID-19 pandemic.

Airports point out that they will need to continue making bond payments with significantly less incoming revenue and with increasing coronavirus-related operational and infrastructure requirements. Airports rely heavily on PFC revenue for debt service. The anticipated decline in PFC revenue will cost airports billions and decrease a critical source of funding for bond payments.

According to the FAA, airports collectively held \$100 billion in debt at the end of 2018. Airports have had no choice but to rely on bonds to help pay for critical infrastructure since federal AIP funding has been relatively flat in recent years and the federal cap on local PFCs has been stagnant for the past 20 years.

Meanwhile, airports of all sizes are facing pressure from airlines, concessionaires, rental car companies, fixed-base operators and other tenants to defer or abate their rental payments or renegotiate their minimum annual guarantees. Airports understand that their partners are struggling and are trying to be as helpful and accommodating as possible. But with dramatically less revenue coming in and more pressure from their partners, airports find themselves being squeezed on both ends.

**In light of the dramatic decline in aviation activity and the associated reduction in non-aeronautical revenues at airports – along with the precipitous drop in PFC revenues that help support bond payments – airports will need additional federal assistance at least as large as the initial amount provided in the CARES Act. Additionally, Congress must provide greater financial support for general aviation airports, business aviation, concessionaires, and other airport partners that have been significantly impacted by the crisis. The entire aviation ecosystem has been dramatically dislocated and needs help to survive.**

***Continue to Provide Airports with Flexibility:*** The CARES Act provided much-needed flexibility by allowing airports to use federal funding in the bill for “any purpose for which airport revenues may lawfully be used.” We urge you to maintain that flexibility if Congress should provide additional funding for airports in another coronavirus relief package. During this crisis airports should continue to be allowed to use federal funds for operations, debt service, maintenance, terminal projects, and other necessary lawful expenses.

***Extend Elimination of Local Match Requirement:*** As noted, the CARES Act included \$500 million to cover the local match requirement for grants that airports received in the FY 2020 appropriations process. That funding will help free up local revenue that airports can use for operational purpose, debt service and other needs.

We expect that it will be difficult for many airport and communities to come up with a local match during these times of steeply declining revenues. We urge you to provide a 100 percent federal share as part of any subsequent relief package and for AIP grants provided to airports as part of the FY 2021 appropriations process.

***Help Airports that Participate in Contract Tower Program:*** Mr. Chairman, Ranking Member Cantwell, I would like to thank you and members of this committee for being strong supporters of the FAA Contract Tower Program. As you know, 256 airports from 46 states currently participate in this

well-respected and cost-effective program as validated once again by the DOT Inspector General audit released last week. As you consider the next coronavirus relief package, I ask you to take additional steps to help those airports during this crisis.

First, AAAE and U.S. Contract Tower Association urge Congress to provide \$8.15 million to help approximately 93 nonprimary commercial service and GA airports that participate in the program. These airports traditionally use local funds to pay for tower maintenance, repairs and upgrades, controllers to operate extra hours, and janitorial services. Eleven of those airports also participate in the cost share program. Using federal funds to cover local expenses would help those airports that have little incoming revenue during the current pandemic.

Second, we urge Congress to temporarily suspend the benefit/cost (b/c) analysis for contract tower airports except those that have or plan to submit applications in FY 2020 and FY 2021. The FAA reauthorization bill, which Congress passed in 2018, included a welcome provision that eliminated b/c's for contract towers unless they have more than a 25 percent decrease in air traffic in a single year. Temporarily suspending the b/c analysis when passenger levels have declined so substantially will eliminate an unforeseen penalty.

Third, we urge you to include S. 2898, the Continuity for Operators with Necessary Training Required for ATC Towers Act, in a subsequent coronavirus relief package. This legislation would provide an incentive for retired federal air traffic controllers to continue working as controllers at contract tower airports and help reduce staffing challenges those airports are facing.

The CONTRACT Act, which was introduced by Senators Inhofe, Moran and Murray, enjoys strong bipartisan support in both chambers and is endorsed by the National Air Traffic Controllers Association. To date, 41 members – including many members of this committee – have cosponsored S. 2898. We're grateful for your support and thank the committee for approving the CONTACT Act late last year.

***Expand Programs that Help Small Airports Retain Commercial Air Service:*** Again, the CARES Act included an additional \$56 million for the EAS program. I urge you to increase funding for EAS and the Small Community Air Service Development program in the next coronavirus relief package.

Both programs help ensure that small communities in rural America and less populated areas have access to the national airspace system. Small communities have used Small Community Air Service Development Program funds for a variety of projects including financial incentives for airlines and marketing initiatives. Those incentives will be even more important in the months and years ahead.

We expect that it be challenging for many small- and some medium-sized airports to retain commercial air service in the aftermath of the current crisis. Increasing funding for EAS and the Small Community Air Service Development programs would provide smaller communities with a much-needed boost. I would also encourage you to expand eligibility for the Small Community Air Service Development Program and take other steps to ensure more small- and medium-sized communities are not left behind should U.S. airlines contract in size as many are predicting.



***Help Nonprimary, Reliever and General Aviation Airports Impacted by COVID-19:*** There are approximately 3,000 nonprimary commercial service, reliever and GA airports throughout the country, and they play a key role in our aviation system.

While its operating revenue is down dramatically due the coronavirus pandemic, Centennial Airport is spending approximately \$40,000 on Personal Protective Equipment (PPE) due to the high number of air ambulance operations at the airport. Centennial has seven air ambulance companies that operate at the facility and assist with patient transfers.

After receiving limited funding in the CARES Act, Centennial is facing about a \$2.4 million funding gap. Other GA airports are likely to need additional assistance beyond the limited amounts provided in the CARES Act. We urge Congress to help close the GA funding gap by providing at least \$1 billion to \$2 billion to GA airports in any future coronavirus relief package.

### **Road to Recovery: Recommendations to Make Aviation System Safer for Passengers and Employees**

Mr. Chairman, as we continue to deal with the impacts of COVID-19, airports, airlines, other stakeholders and federal agencies are developing proposals to ensure that the aviation system is safe for passengers and employees alike. We were pleased to be part of an effort by the U.S. Travel Association to establish “Industry Guidelines to Ensure the Health and Safety of Travelers” that were released publicly earlier this week.

AAAE and its airport leaders have developed a set of recommendations for a post-pandemic recovery. You will notice that many of the recommendations below will require federal leadership, assistance and investment. Our goal is simple: we need to take steps now to assure the traveling public that: 1) industry and government are committed to providing the highest levels of health and safety for air travelers and aviation workers; and 2) there are consistent processes and procedures throughout the aviation system so passengers know what to expect regardless of the airline or airport they happen to choose for their travel.

***Implement a Consistent Passenger and Aviation Worker Health Framework:*** The aviation industry urgently needs a clear and consistent framework from the federal government including the Centers for Disease Control and Prevention (CDC) to help protect the health and safety of passengers and aviation workers during the COVID-19 pandemic. A federal framework would help airports, airlines, FAA, TSA, CBP and other partners to ensure passengers receive consistent treatment and protection throughout their travel experience.

In particular, we believe the federal government should determine the effectiveness and necessity of certain protective safeguards for passengers and workers, including the use of face coverings, questionnaires, and temperature checks. A federal framework should also include any protocols that may be necessary for screenings to be consistently applied throughout the aviation system. As this framework is being developed, AAAE recommends that all passengers and employees in the airport environment wear appropriate face coverings.

**Determine Appropriate Roles and Responsibilities:** Airport operators are proactively working with airlines, tenants, and our federal partners to create a clean, safe, and secure airport environment for passengers and employees. This is a community effort that needs appropriate roles and responsibilities for each stakeholder in accordance with the following key principles:

- Health screening of passengers is the responsibility of public health agencies. However, airports should play a critical role in determining key factors such as location, timeline and operational procedures for health screenings if the federal government and CDC determine that health screenings are necessary. Airports and other employers at an airport should also receive federal guidance for ensuring proper health screening of their employees.
- Airports, concessionaires, airlines, and their federal partners all have a role in implementing important, consistent measures, such as physical distancing markers and announcements; heating, ventilation, and air conditioning (HVAC) system upgrades; enhanced cleaning and sanitization efforts; installing plexiglass barriers; employee education on health monitoring and protection; and deploying personal protective equipment and face coverings for employees.
- The federal government, led by CDC and the Environmental Protection Agency, should continue to provide robust research support to determine the effectiveness of technological solutions for meeting large-scale disinfecting needs, such as ultraviolet light, ozone, and steam.

**Provide Airports and Our Federal Partners with Critical Recovery Tools:** Airport operators will face increased costs to implement new measures to protect the health of the traveling public. Airports will need dependable financial and operational tools to ensure a smooth recovery and rebuilding of the aviation industry. To help with these efforts, we urge Congress to:

- Ensure access to an adequate, available supply of face coverings and other necessary protective equipment for all employees in the airport environment;
- Provide federal funding for increased operational and infrastructure development costs associated with responding to COVID-19 and future public health emergencies such as helping airports implement physical distancing and touchless travel; enhance cleaning and sanitization; upgrade HVAC systems and make other necessary investments to protect passengers and employees;
- Continue reimbursing airports for the enhanced cleaning and sanitization efforts at TSA security checkpoints;
- Protect staffing and funding levels for TSA and CBP. While passenger demand remains low as recovery begins, TSA personnel can resume or enhance responsibilities beyond the checkpoint, including initiatives related to insider threat mitigation and exit lane staffing;

- Stop the diversion of funds collected from the TSA passenger security fee to ensure TSA has the resources it needs to address both evolving security threats and safety considerations;
- Extend the REAL ID enforcement deadline beyond October 1, 2021 if state-level metrics indicate that a significant majority of the traveling public still does not have a REAL ID or another acceptable form of identification; and
- Provide general fund revenue to ensure the continued solvency of the Airport and Airway Trust Fund to protect the AIP program, which provides much-needed grants for airport construction projects, and other FAA functions.

***Prepare for the Resumption of Increased Operations:*** AAAE appreciates the efforts by the FAA and TSA to accommodate the needs of aviation stakeholders and their willingness to remain flexible throughout the pandemic. We encourage both agencies to continue working closely with airports to be prepared to manage an increase in aircraft operations and a rise in passenger levels as passenger confidence improves and the recovery begins to take effect. In the past week, we have already seen an uptick in the number of passengers screened by TSA.

For instance, the FAA should remain flexible in granting needed extensions and waivers for airports to comply with various Part 139 certification requirements that may conflict with physical distancing and other CDC guidelines. AAAE continues to work with its airport members on developing recovery plans to ensure airports are ready and prepared to scale up when necessary.

***Plan for Long-Term Enhancements to the Travel Experience:*** We expect airports, airlines, and their federal partners will need to plan for long-term enhancements to the passenger travel experience. This includes moving toward a touchless travel experience; using biometric identity verification at check-in, bag drop locations and at security checkpoints; and using digital identification and payment methods.

With help from the federal government, airports can also explore the use of automation and robotics to meet the increased demand for enhanced cleaning and sanitization. We urge Congress and Administration to provide federal resources to supporting these new initiatives.

Chairman Wicker, Ranking Member Cantwell and members of the committee, thank you for inviting me to participate in today's hearing. I look forward to continuing to work with you as Congress, the Administration and stakeholders continue focusing on mitigating the impacts of the coronavirus and as we turn our attention to recovery and making our aviation system safer for passengers and employees.