



Regional Airline Association Infrastructure Priorities

Regional airlines directly employed about 70,000 individuals and served over 160 million passengers in 2019. Regional airlines provide the only source of scheduled, commercial air service to 66% of the nation's commercially served airports, provide more than 50% of the air service to 30 states and provide more than 75% of the air service to 15 states. Regional airlines typically partner with mainline airlines to offer air service to communities of all sizes across the United States and to Canada, Mexico and the Caribbean.

The vast majority of our nation's commercial airports are too small to support air service by larger airlines with larger aircraft and rely on regional airlines for their only link to the domestic and global air service network. Regional airline service represents an economic lifeline for these communities and drives considerable economic benefit for the nation broadly. Annually, commercial aviation helps drive nearly \$1.7 trillion in U.S. economic activity and more than 10 million jobs. Operating 40% of the US departures, regional airlines are a crucial contributor to this economic engine. At smaller communities, regional airlines help drive localized economic benefits. In fact, air service to airports served exclusively by regional airlines provides \$134 billion in U.S. economic activity each year, creates one million jobs, and generates a conservatively estimated \$36 billion in local wages and tax revenues for small communities.

NextGen Equipage:

The RAA is strongly supportive of the proposal for a \$1.5 billion for ATC Modernization and Equipage Fund to allow aircraft operators to use an equipage grant for the purchase and installation of avionics and equipment to satisfy the May 2020 NextGen Advisory Committee Minimum Capability List (MCL) report, specifically the Baseline Capacities and Supplemental Capabilities identified in the MCL.

Mixed equipage among regional aircraft, specifically among the older aircraft types, presents a major hurdle to taking advantage of the benefits provided by NextGen in the National Airspace System. There are approximately 750 Bombardier CRJ series of regional aircraft, some of which are the oldest regional jet aircraft manufactured, that are not equipped. There are also approximately 170 Embraer 145 aircraft that are not equipped and would need substantial updates. These aircraft, specifically the Embraer 135/140/145 and CRJ 100/200, are predominantly used to service the smallest communities, which are most vulnerable to air service loss. The equipment required to update these aircraft will include avionics that at a minimum provide Performance Based Navigation (PBN) and Data Communication (Data Comm) capabilities. These updates will ensure that regional aircraft are not disadvantaged while operating in the NextGen NAS and removes the potential for reducing air traffic flow due to lack of necessary equipage. Simulators and training equipment must also be upgraded in parallel with the aircraft modifications to ensure safety in crew training, and these costs should also be covered under the fund.

Further, if the Department of Transportation decides to move forward with NextGen development and subsequent implementation but does not provide financial assistance for regional equipage, small regional aircraft are at risk of being retired from service prematurely by the major airlines, who own or control

most of these fleets. Many of these small regional jet aircraft are over twenty years old, and there is currently no practical replacement in the manufacturing pipeline for them. We strongly believe that purchasing and installing updated avionics will help prolong the useful life of these aircraft by ensuring that they will be able to continue to operate in the busiest and most congested airspace, and in turn will ensure that small communities continue to have access and frequent air service to major hubs. Additionally, equipage will allow these aircraft to operate more efficiently, reducing their environmental impact and serve as a bridge to the next generation of small regional aircraft, such as electric aircraft, that will have a much smaller carbon footprint.

As it relates to some of the supplemental capabilities outlined, avionics manufacturers may not have a technical solution available for regional aircraft. For this reason, we would warn against considering mandates for equipage. Instead, if Congress wishes to move forward with NextGen implementation while preserving air service to the smallest communities and their access to major destinations, federal funding that helps make this equipage more feasible is key to address mixed equipage among existing regional aircraft fleets.

To help encourage the manufacture and purchase of modern, efficient aircraft in the critical regional air service sector, where recent OEM attrition and other covid-19 business disruptions have disrupted innovation, it should also be permissible under the proposed Fund for an operator to transfer the amount of funding it would have received for an aircraft's avionics and equipment upgrades to the purchase of an aircraft that is compliant with the Baseline Capacities and Supplemental Capabilities identified in the MCL. The noncompliant aircraft should be retired from service. This would allow operators to have flexibility for fleet configurations, acquire aircraft with a smaller environmental footprint, and advance NextGen implementation.

Currently, the sole supplier for the US regional jet market is Embraer that manufactures the Embraer 175, which are currently, or can be equipped with NextGen capabilities. However, this aircraft seats up to 76 passengers, which means it is not always a practical replacement for the 50 seat regional jets. Additionally, scope clause limitations in major airlines' union contracts restrict the number of these aircraft that can be utilized in the regional fleet. This highlights the dilemma facing the regional airlines in that there is currently no practical new-build replacement for existing 50 seat regional jets and upgrading the avionics is the only viable solution to maintain the specific air service capability provided by existing aircraft.

Electric Aircraft and EVTOLs:

To reduce the carbon footprint, environmental noise, congestion, and pollution, some of RAA members are either intending to purchase modern electric regional aircraft or are being included in the major airlines plans for electric Vertical Takeoff and Landing (eVTOL) short range feeder operations. Regional air carriers with their shorter routes are well positioned to put electric aircraft into scheduled, passenger air service and make zero emissions flight available to public. Further, the anticipated lower operating costs for electric aircraft and advancements in charging capabilities means that scheduled air service could become financially feasible in communities where it was not with traditional aircraft. However, there are numerous hurdles in place to facilitate eventual adoption of both electric aircraft and eVTOL. DOT and FAA have a leadership role to play in bringing together stakeholders and advancing policies and demonstration programs that support the safe usage of these aircraft, developing and standardizing technology, and addressing any energy supply, distribution, and resilience implications among other items. Similarly, to recent actions by FAA and DOT to move forward on advanced air mobility, DOT and FAA should form an interagency working group to advance the adoption of electric aircraft. Participants should include the

Department of Energy, including the National Renewable Energy Lab, electric aircraft and battery manufacturers, airports, air carriers, along with other stakeholders who will be utilizing the charging infrastructure.

Additionally, given that electric aircraft are currently going through FAA's certification process and are expected to be put into service in the next several years, Congress should explore financial support for the purchase of electric aircraft to serve small communities. This program could be modeled after a loan guarantee program for the purchase of small aircraft in the [Airline Deregulation Act of 1978](#) which was created to help ensure that small communities had access to the air transportation system. Congress also included another loan guarantee program for the purchase of regional jets in the [Wendell H. Ford Aviation Investment and Reform Act for the 21st Century](#) to improve regional jet service to underserved markets. While there are cost saving associated with long-term use of electric aircraft, they may have a higher purchase price than traditional aircraft and financial incentivizes would negate this price difference and facilitate their development and adoption.

Essential Air Service:

The Essential Air Service (EAS) Program should be temporarily expanded so that airports that have lost all scheduled, passenger air service due to COVID-19 can enter the program and help support the economic recovery of the small communities that they operate in. Despite the utilization of "Continuation of Air Service" and "Minimum Air Service Guarantees" orders by the Congress and the Department of Transportation to protect small community air service, approximately 49 airports have completely lost scheduled, passenger air service from March 2020 to March 2021 according to Diio Mia from Cirium

The EAS program is a proven economic multiplier with a very high ROI for each dollar spent. In 2017, a study by Intervistas Consulting demonstrated that commercial passenger service at existing EAS airports carried an economic impact of \$2 billion. The DOT Small Community Working Group also found that during the years 2007-2016, as the airline industry grappled first with the Great Recession and next with workforce shortages, the impact on air service was sharply uneven between small and large communities. Non-hub and small-hub airports saw departures reduced by a factor five times worse than reductions at large hub airports. During the same period, smaller communities lost more than 31% of their scheduled departures and more than 50 airports lost scheduled air service altogether.

RAA supports Congress taking the following actions to support EAS:

- Suspend, for a period of at least two years, the 2012-implemented restriction forbidding new communities from gaining subsidy under the Essential Air Service program in the contiguous 48 states. Newly eligible communities should have had scheduled, passenger air service prior to COVID-19.
- Infuse the program with an additional \$150 million in funding over existing levels for the purpose of supporting additional communities that may qualify for subsidy for each of the next two fiscal years. This number is based on a prior average non-Alaskan community subsidy level of \$2.6 million per year, factors in temporary COVID-related cost increases to providing the service and calculates that many of the at-risk communities become eligible.
- Continue to infuse the Airport & Airways Trust Fund with sufficient funding to ensure that it can properly support DOT and FAA Accounts, including the Essential Air Service Program. The EAS program has experienced a sharp reduction in the foreign overflight fees due to COVID that previously provided a key revenue source for the program. For FY2020, overflight fees contributed \$175 million to the program, and the COVID Relief and Response Act provided an additional \$142 million to the EAS program to account for their decline.

