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January 15, 2015

The Honorable John Boehner  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Democratic Leader  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable Harry Reid  
Democratic Leader  
U.S. Senate  
Washington, D.C. 20510

### **ARSA Urges Action on the Aviation Maintenance Industry's Legislative Priorities**

Dear Speaker Boehner and Leaders McConnell, Reid, and Pelosi:

The Aeronautical Repair Station Association (ARSA) strongly urges lawmakers to keep the aviation maintenance sector in mind as Congress considers Federal Aviation Administration reauthorization and other legislative proposals that impact repair stations.

ARSA is an international trade association with a distinguished record of representing certificated aviation maintenance facilities before Congress, the FAA, the European Aviation Safety Agency and other civil aviation authorities.

Although maintenance may be the least visible segment of the aviation industry, repair stations are significant economic contributors throughout the country and help make U.S. airlines safer and more competitive. A recent study found that the U.S. civil aviation maintenance industry employs more than 300,000 people and generates \$44.4B in economic activity (see attached chart quantifying the economic and employment impact in your respective states). Additionally, 84 percent of maintenance, repair and overhaul (MRO) companies in the United States are small to medium-sized entities.

ARSA members look forward to working with lawmakers on the following policy priorities to ensure the continued growth, competitiveness, and safety of the industry:

- **Refrain From Implementing Unnecessary Regulatory Mandates.** The biggest long-term threat to the maintenance sector is government intrusion through over-regulation. The basic nature of the aviation industry demands that safety and security are paramount for participating companies. Operators and airlines will not do business with companies that put passengers and valuable business assets (i.e., aircraft) at risk. Put simply: good safety is good business. Congress and the FAA must understand that government and the industry share the same safety goals and refrain from micromanaging industry through unnecessary agency action.
- **Reform the Regulatory Process.** In the Regulatory Flexibility Act (RFA), Congress mandated that regulators analyze and minimize the impact of rules on small businesses. Unfortunately, RFA requirements are often ignored. Lawmakers should improve the RFA to ensure agencies follow the law and are held accountable for ignoring its important mandates. Additionally, lawmakers must address unfair practices by regulators and ensure FAA-certificated entities are afforded proper due process protections.

- **Encourage Bilateral Aviation Safety Agreement (BASAs).** BASAs are government-to-government arrangements that allow cooperation between aviation safety regulators to enhance efficiencies and prevent duplicative oversight. Specifically, bilateral agreements with comprehensive Maintenance Implementation Procedures (MIP) significantly reduce certification costs for repair stations. In fact, according to a recent ARSA study, American repair stations pay a 300 percent mark-up when applying for certification by "foreign" CAA's when the home country does not have a BASA with the United States. This additional cost burden impairs U.S. repair stations' profitability, particularly for smaller companies. Congress must encourage the FAA to enter into more BASAs and refrain from enacting legislation that disrupts current international aviation accords.
- **Give the FAA the Resources to Do its Job.** Aviation maintenance companies rely on the FAA for congressionally-mandated certifications and inspections. Failing to provide the agency sufficient resources results in administrative delays, ultimately undermining the U.S. aviation industry's competitiveness. The situation is further exasperated by government shutdowns. ARSA calls on Congress to fully fund the FAA to prevent aviation maintenance companies from being detrimentally impacted by inadequate agency resources and shutdowns.
- **Ensure a Skilled and Dynamic Aviation Workforce.** The aviation maintenance sector is growing and hiring. Unfortunately, the industry faces a shortage of qualified, trained technical workers. Congress must channel resources to train a new generation of skilled workers. Federal laws should be updated to reflect current workforce needs and to allow greater flexibility for state and local entities, non-governmental organizations, community colleges and technical schools and industry to work together to address the skilled worker deficiency.
- **Restoring Tax Code Certainty and Simplification.** As primarily small to medium-sized businesses, ARSA members are overburdened by a complex and inefficient tax code. Congress should proceed simultaneously on corporate and pass-through tax reform to ensure all businesses benefit from improvements to the Internal Revenue Code. Additionally, lawmakers should permanently increase Sec. 179 expensing and phase out levels to encourage capital investment as the nation's economic recovery continues. Congress should also permanently repeal the estate tax. ARSA's family-owned member companies are forced to incur significant estate planning and insurance costs, which could be better used to invest and hire employees.

When considering legislative proposals, ARSA asks Congress to keep our industry's contributions and safety record in mind. Maintenance may be the least visible segment of the aviation world, but you can't fly without us. ARSA and its members stand ready to work with you.

Sincerely,



Daniel B. Fisher  
Vice President of Legislative Affairs

cc: U.S. Senate Members  
U.S. House Members

## U.S. Employment & Economic Impact by State

### Overview

The U.S. civil aviation maintenance industry employs 311,614 people and generates \$44.4B in economic activity. (Figure 1.) MRO accounts for 78% of the total employment in the U.S. with 244,144 employees. Within the MRO industry, companies that are certificated by the FAA under part 145 are the largest employers with some 195,114 employees. The remaining 49,030 are employed by other companies involved in civil aviation. Parts manufacturing and distribution accounts for the remaining 22% of employment with 67,470 employees. MRO generates 48% of the economic activity or \$21.3B. With 22% of the total employment, parts manufacturing and distribution, accounts for 52% of the total economic activity or \$23.1B.

Figure 1. 2014 U.S. CIVIL MRO EMPLOYMENT & ECONOMIC ACTIVITY

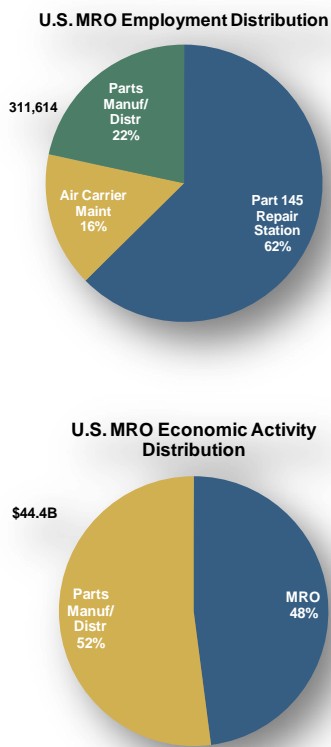
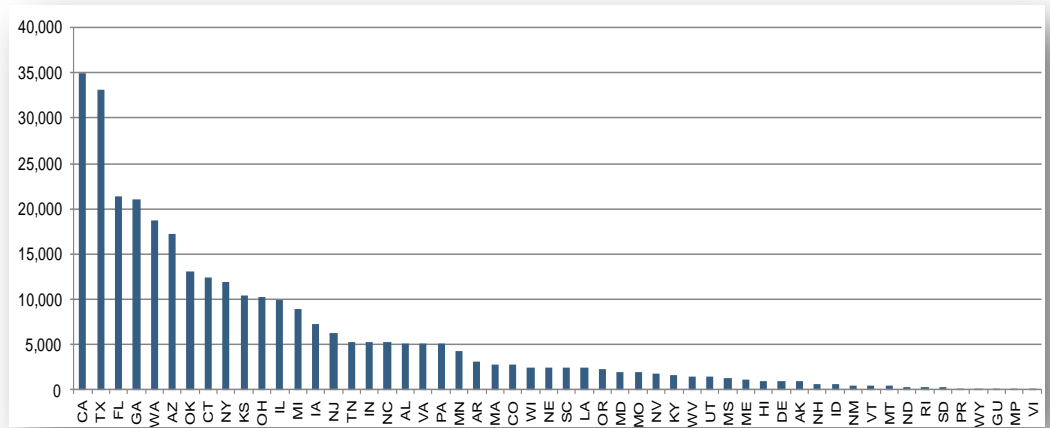
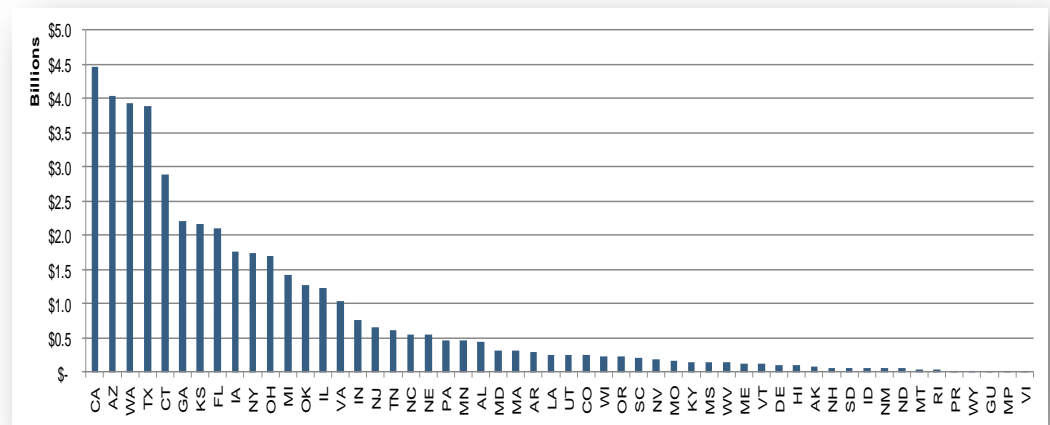


Figure 2. 2014 U.S. EMPLOYMENT RANKING BY STATE (# EMPLOYEES)



Source: FAA/BLS/RITA/TeamSAI Consulting Services analysis

Figure 3. 2014 U.S. ECONOMIC ACTIVITY RANKING BY STATE (\$USB)



Source: FAA/BLS/RITA/TeamSAI Consulting Services analysis

Analyzing the MRO industry at the state level, TeamSAI estimates that California, Florida, Georgia, and Texas combined represent 35% of the total U.S. civil aviation maintenance employment with an estimated 110,330 employees. The top ten states represent 62% of the total employment in the U.S. (Figure 2.)

California and Texas also generate the most economic activity followed by Arizona, Connecticut, Georgia, and Washington. Together, these six states generate 49% of the total economic activity. (Figure 3.)

Figure 4 presents the detailed employment and economic impact at the state level.

**Figure 4. 2014 U.S. AVIATION MAINTENANCE INDUSTRY EMPLOYMENT AND ECONOMIC IMPACT**

State	Aviation Maintenance Industry Employment				Aviation Maintenance Industry Economic Activity		
	Maintenance, Repair and Overhaul (MRO)		Parts Manufacturing /Distribution	Total Employment	Maintenance, Repair and Overhaul (MRO)	Parts Manufacturing /Distribution	Total Economic Activity
	FAA Repair Station	Air Carrier					
AK	490	417	9	916	\$79,094,837	\$3,084,064	\$82,178,901
AL	5,065	-	28	5,093	\$441,692,780	\$9,594,866	\$451,287,646
AR	2,927	79	61	3,067	\$262,137,906	\$20,903,101	\$283,041,007
AZ	6,306	978	9,907	17,191	\$635,200,436	\$3,394,869,148	\$4,030,069,584
CA	26,296	3,170	5,493	34,959	\$2,569,579,358	\$1,882,307,079	\$4,451,886,437
CO	1,211	1,535	15	2,761	\$239,464,634	\$5,140,107	\$244,604,741
CT	5,042	240	7,067	12,349	\$460,616,241	\$2,421,675,610	\$2,882,291,851
DE	893	25	83	1,001	\$80,054,091	\$28,441,924	\$108,496,015
FL	16,536	3,780	976	21,292	\$1,771,654,593	\$334,449,610	\$2,106,104,203
GA	16,225	3,338	1,435	20,998	\$1,705,989,309	\$491,736,876	\$2,197,726,185
GU	21	54	-	75	\$6,540,367	\$0	\$6,540,367
HI	158	863	8	1,029	\$89,036,195	\$2,741,390	\$91,777,585
IA	2,738	-	4,443	7,181	\$238,766,995	\$1,522,499,609	\$1,761,266,604
ID	501	95	33	629	\$51,974,116	\$11,308,235	\$63,282,351
IL	4,010	4,501	1,441	9,952	\$742,200,839	\$493,792,918	\$1,235,993,757
IN	3,450	618	1,164	5,232	\$354,749,502	\$398,872,281	\$753,621,783
KS	5,479	53	4,932	10,464	\$482,417,465	\$1,690,067,088	\$2,172,484,552
KY	538	965	44	1,547	\$131,068,953	\$15,077,646	\$146,146,600
LA	2,040	135	187	2,362	\$189,670,641	\$64,079,997	\$253,750,638
MA	2,060	486	268	2,814	\$222,023,656	\$91,836,573	\$313,860,229
MD	1,102	246	593	1,941	\$117,552,195	\$203,205,552	\$320,757,747
ME	923	-	129	1,052	\$80,490,116	\$44,204,918	\$124,695,033
MI	4,377	1,946	2,531	8,854	\$551,396,534	\$867,307,340	\$1,418,703,874
MN	2,367	1,557	360	4,284	\$342,191,998	\$123,362,561	\$465,554,559
MO	1,630	276	23	1,929	\$166,212,525	\$7,881,497	\$174,094,022
MP	6	-	-	6	\$523,229	\$0	\$523,229
MS	1,076	23	140	1,239	\$95,838,177	\$47,974,329	\$143,812,506
MT	367	-	18	385	\$32,004,195	\$6,168,128	\$38,172,324
NC	3,788	1,031	384	5,203	\$420,240,376	\$131,586,732	\$551,827,108
ND	233	-	99	332	\$20,318,740	\$33,924,704	\$54,243,444
NE	1,079	-	1,297	2,376	\$94,094,079	\$444,447,894	\$538,541,973
NH	661	-	33	694	\$57,642,434	\$11,308,235	\$68,950,669
NJ	4,060	1,735	449	6,244	\$505,352,351	\$153,860,528	\$659,212,879
NM	462	-	47	509	\$40,288,660	\$16,105,668	\$56,394,328
NV	545	1,175	116	1,836	\$149,992,415	\$39,750,159	\$189,742,573
NY	5,761	3,438	2,743	11,942	\$802,197,805	\$939,954,181	\$1,742,151,986
OH	6,052	937	3,174	10,163	\$609,474,993	\$1,087,646,581	\$1,697,121,573
OK	12,188	335	523	13,046	\$1,092,066,867	\$179,218,387	\$1,271,285,254
OR	1,645	552	116	2,313	\$191,589,149	\$39,750,159	\$231,339,307
PA	3,411	1,536	114	5,061	\$431,402,602	\$39,064,811	\$470,467,414
PR	116	55	-	171	\$14,912,037	\$0	\$14,912,037
RI	251	-	44	295	\$21,888,428	\$15,077,646	\$36,966,074
SC	2,197	164	10	2,371	\$205,890,751	\$3,426,738	\$209,317,489
SD	83	-	170	253	\$7,238,006	\$58,254,543	\$65,492,549
TN	2,633	2,055	601	5,289	\$408,816,535	\$205,946,942	\$614,763,478
TX	21,871	7,300	3,910	33,081	\$2,543,853,915	\$1,339,854,483	\$3,883,708,398
UT	342	697	458	1,497	\$90,605,883	\$156,944,592	\$247,550,475
VA	1,179	1,557	2,336	5,072	\$238,592,585	\$800,485,952	\$1,039,078,538
VI	2	-	-	2	\$174,410	\$0	\$174,410
VT	171	-	297	468	\$14,912,037	\$101,774,113	\$116,686,150
WA	8,838	888	9,012	18,738	\$848,154,783	\$3,088,176,114	\$3,936,330,897
WI	2,155	195	94	2,444	\$204,931,497	\$32,211,335	\$237,142,832
WV	1,483	-	38	1,521	\$129,324,855	\$13,021,604	\$142,346,459
WY	74	-	17	91	\$6,453,162	\$5,825,454	\$12,278,616
<b>Total</b>	<b>195,114</b>	<b>49,030</b>	<b>67,470</b>	<b>311,614</b>	<b>\$21,290,551,239</b>	<b>\$23,120,200,000</b>	<b>\$44,410,751,239</b>

Source: FAA/BLS/RITA/TeamSAI Consulting Services analysis