pass a separate spending bill, which is not likely to see action before the presidential election in November. Plus, a law passed last August aimed at reducing the massive U.S. deficit sets lower government spending rates for each fiscal year, and if Congress does not approve $1.2 trillion in additional spending reductions, the FAA's budget for fiscal 2013 could be further reduced as part of a government-wide penalty known as sequestration.

Dan Elwell, vice president of civil aviation for the Aerospace Industries Association, says these funding levels are just about enough to implement NextGen and allow the FAA to keep up with the "gold standard" that the world has come to rely on. But if Congress fails to prevent deeper across-the-board budget cuts, a 15% reduction is possible, Elwell says. In that case, "we will not be able to maintain our second-to-none status globally on civil aviation," he says. "We will not be able to get NextGen on anywhere near the timetable laid out."

In terms of deadlines, the bill mandates that the FAA establish Required Navigation Performance (RNP) and Required Area Navigation (RNAV) procedures for the top 35 airports by the end of 2015. The bill allows third parties to test and map additional types of RNP approaches, but it will also require streamlining the environmental impact process to reach the bill's goal, according to Capitol Hill aides and industry officials.

It directs the FAA to come up with a plan mandating that aircraft "operating in capacity constrained airspace, at capacity constrained airports, or in any other airspace deemed ap-
Whether airlines will support investments in new equipment is unclear. For now, “our focus remains on the potential benefits of short-term improvements from the equipment we already have on the aircraft,” says Steve Lott, spokesman for the trade group Airlines for America.

The bill attempts to lend airlines a hand with financing. It allows the Transportation Department to enter into public-private arrangements, and more importantly to provide loan guarantees with deferred payments that would lower the up-front cost of equipage, says Ed Sayadian, vice president for air traffic management at ITT Exelis. ITT is working with Nexa Capital Partners and others on proposals for the FAA. They are working on a range of options, but one example could be for the government to budget just for default on the loan, forcing them to set aside but not spend about 10% of the loan. A loan guarantee could drop the interest rate to 4% from a high of 20%.

“I think we’re prepared to move forward in the very near term,” Sayadian says, possibly within the calendar year.

The biggest challenge ahead will be selling the business case to the airlines, he says. “It’s potentially becoming real,” Sayadian says. “We’ll see if people are really willing to execute and jump in.”

With Adrian Schofield.