

Foreign Students Receive Pilot Training at U.S. General Aviation Airports

American Public Foots the Bill

by Miki Barnes, LCSW President of Oregon Aviation Watch
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A 2012 Federal Aviation Administration (FAA) publication defined general aviation as "the operation of civilian aircraft for purposes other than commercial passenger or freight transport, including personal, business and instructional flying."^[i] This report stated that more than \$7 billion in FAA Airport Improvement Program (AIP) funds were dispersed to general aviation airports between 2001 and 2009.^[ii] More than twice that amount has been doled out since that time.^[iii]

The FAA identifies their primary funding source for general aviation airports as follows:

"The Aviation Trust Fund provides the primary source of funding for FAA and receives revenues principally from a variety of excise taxes paid by users of the national airspace system. The excise taxes are imposed on domestic passenger tickets, domestic flight segments, and international passenger arrivals and departures, and on purchases of air travel miles for frequent flyer and similar programs. In addition, taxes are imposed on air cargo waybills and aviation fuel purchases. The largest source of excise tax revenues are related totransportation of passengers."^[iv]

Monies from the Aviation Trust Fund are funneled to several different FAA accounts including the Airport Improvement Program (AIP), which provides grants for airport construction and infrastructure projects. Per the FAA, "In FY 2018, AIP also received an additional billion dollars in discretionary funding for airport grants from the General Fund of the U.S. Treasury."^[v]

FAA Passenger Facility Charge

A substantial portion of the AIP funds are accrued by requiring commercial airline passengers to pay a Passenger Facility Charge (PFC) each time they fly - up to \$4.50 per flight. The fee can be applied on a maximum of two segments of a flight, for a total of \$9.00 each way or \$18 for a round trip.^[vi] However, legislation currently under consideration aims to raise that amount to \$8.50 per flight segment. Forbes contributor Ike Brannon lends perspective:

"Airport revenue is at an all-time high, airline traffic has never been greater, and the nation癩airports have tens of billions of dollars of fully-funded projects under construction or on tap. Despite these boom times for the nation癩airports, various politicians have decided that it is an imperative that we double the passenger facility charge."^[vii]

What is curious about this arrangement is that the users of general aviation airports do not pay passenger facility charges even though, as pointed out by the FAA, "three out of every four takeoffs and landings at U.S. airports are conducted by general aviation aircraft, and most of these flights occur at general aviation airports."^[viii] Nonetheless, general aviation airports are the recipients of billions annually from the Aviation Trust Fund as well as U.S. tax dollars dispersed through the FAA AIP.

Oregon airports provide an example of the lavish funds routinely awarded to general aviation airports. In 2017, 46 of Oregon's GA airports received a combined total of more than \$6.5 million through FAA non-primary entitlement funds.^[ix] An additional \$49 million in AIP grants was dispersed to various Oregon airports, including some that received pay-outs from the non-primary entitlement category.^[x] Yet the users of these airports contribute little to the funding of these airports. In fact, general aviation airports are subsidized by commercial airline passengers and taxpayer dollars while the benefits accrue to those affluent enough to own airports and airport businesses as well as those who own, lease, or travel by private jet, fixed wing aircraft, or helicopter. The flight training industry is also a major beneficiary.

U.S. Airline Passengers Underwriting Cost of Training Chinese Pilots

The FAA asserts that many general aviation airports "provide flight training which helps keep a steady supply of pilots available for our airlines and military,"^[xi] but in fact a large percentage of the student pilots training in the U.S. are recruited from overseas and return to their home countries after obtaining their certification. The Port of Portland's

(Port) general aviation airports illustrate the degree to which these airports have become a magnet for Chinese pilots, largely due to orchestrated efforts on the part of Hillsboro Aviation, Hillsboro Aero Academy, and Portland Community College (PCC) to actively recruit student pilots from that country. Hillsboro Aviation is owned and managed by Max Lyons. According to a 2013 website quote, a number of foreign organizations and airlines contributed to making his company "a leader in the industry." The Chinese state-owned airlines and businesses listed below were among those identified in the posting:

- Shanghai Airlines chose Hillsboro Aviation to train its pilots.
- China Eastern Airlines chose Hillsboro Aviation to train its pilots.
- Air China chose Hillsboro Aviation to train its pilots.
- PTES (Cessna's single-engine piston airplane and Robinson helicopter dealer in China) chose Hillsboro Aviation as its U.S. aviation partner.
- The CAAC (Chinese government) approved Hillsboro Aviation to conduct both airplane and helicopter training.[xii]

China's Militarized Airspace

According to an article in the South China Morning Post, 80% of the airspace over mainland China is controlled by the military.[xiii] A similar finding is echoed by the BBC:

"Aviation experts agree that one of the main problems in China is the fact the country's airspace is largely controlled by the military, leaving little room for civilian aircraft even as the domestic airline industry booms. According to the state-run China Daily newspaper, less than 30% of China's airspace can be used by commercial airlines, compared to about 80% of the airspace in the United States.

Not only does this create a daily bottleneck for passenger planes, it can occasionally result in mass flight cancellations when the military wants to conduct drills, such as in the summer of 2014 when 12 airports, including the two in Shanghai, were ordered to reduce traffic by 25% for a three-week period for military training."[xiv]

Forbes reporter Ralph Jennings has also weighed in on this issue:

"China's secretive air force controls the skies, academic researchers Zhang Yu and Zhao Yifei told a conference two years ago. Military planes might suddenly need a civilian flight path. Airlines never let this on to their passengers, because the military operates largely in secret."[xv]

The conference alluded to in the above quote was held at the University of Florida. It was sponsored by the FAA and an organization identified as NEXTOR (The National Center of Excellence for Aviation Operations Research). The presenters were from the University of South Florida and the Civil Aviation University of China.[xvi]

The FAA, Port of Portland and Portland Community College have a history of spending public money on Oregon general aviation airports that are heavily involved in training Chinese pilots. By doing this they are in effect helping to preserve China's militarized airspace and its authoritarian regime while dumping the negative impacts of this activity onto local residents.

Hillsboro Aero Academy Owned by Out of State Investors

Hillsboro Airport tenants Hillsboro Aviation and Hillsboro Aero Academy foster strong ties with China, Asia and other foreign government and business interests. In 2014 Hillsboro Aviation sold the flight training portion of its business to Hillsboro Aero Academy. Max Lyons remained as manager and a minority owner of the Academy, while retaining his ownership of Hillsboro Aviation. Hillsboro Aero Academy, which lays claim to being one of the largest flight training schools in the U.S., states that it has trained thousands of pilots from over 75 countries.[xvii] Like Hillsboro Aviation, it too boasts of being approved by the Chinese government to provide flight training.[xviii]

As a result of the flight school sale, the majority owners of Hillsboro Aero Academy are now two out of state investment firms - Graycliff Partners and Renovus.

Graycliff Partners is headquartered in New York and Brazil. Per their website, "The Graycliff team has worked together for almost two decades originally as part of HSBC Capital."[xix] Graycliff spun off from HSBC then stepped in to buy Hillsboro Aviation flight school within a year or two after the U.S. Government leveraged criminal charges

against HSBC. A Homeland Security and Government Affairs U.S. Senate Permanent Subcommittee on Investigations report entitled U.S. Vulnerabilities to Money Laundering, Drugs, and Terrorist Financing: HSBC Case History chaired by Senator Carl Levin sheds light on HSBC's shady dealings.[xx]

According to a BBC report, HSBC was eventually fined nearly \$2 billion dollars for its lax money laundering oversight related to drug trafficking in Mexico and for circumventing rules designed to prevent dealings with sanctioned countries including Iran, North Korea and Burma. Business transactions with a Saudi Arabian bank linked to the 9/11 attacks were also cited as a significant concern. In addition, evidence emerged that,

"Between 2005 and 2008, HBUS [United States] cleared \$290m worth of US dollar travellers' cheques which were being presented at a Japanese bank...

After prompting from US regulators, HBUS found out that the travellers' cheques were being bought in Russia - a country at high-risk of money laundering." [xxi]

Pennsylvania based Renovus Capital is also a majority owner of Hillsboro Aero Academy. The website portfolio for this firm [xxii] reveals that in addition to Hillsboro Aero Academy, it owns Phoenix East Aviation (PEA), an international flight training school located in Daytona Beach, Florida. PEA's website indicates that over 65% of their students are from outside the U.S. [xxiii]

Hillsboro Aero Academy to Train Chinese Pilots at Oregon's Redmond Airport

In late 2017, Hillsboro Aero Academy announced plans to move their Prineville flight training program to Redmond. According to the academy president, Jon Hay, who along with Max Lyons, is a minority owner in the company:

"...the move may eventually bring as many as 150 flight students, most of them Chinese, to Redmond. The move will allow the flight school, which also has campuses in Hillsboro and Troutdale, to expand into larger quarters and to make available to its students experience with tower operations at Redmond Airport." [xxiv]

Located in central Oregon, the Redmond Airport has received millions in FAA and ConnectOregon handouts. The academy plans to lease land for its flight training pursuits from Leading Edge Aviation Inc., a private business located at both the Redmond and Bend Municipal Airports. Like Hillsboro Aero Academy, Leading Edge has benefited from the millions in FAA and ConnectOregon dollars lavished on the Redmond and Bend airports. Leading Edge is also in the business of training foreign pilots. [xxv]

In addition, Hillsboro Aero Academy trains pilots at the Port owned Troutdale Airport. A 2013 Portland Tribune article described the airport as a "cockpit for international pilots" and emphasized the focus on Chinese pilot training in particular. The article explained that the increase in flight training activity was requested by Portland Community College in the interest of expanding their Aviation Sciences program. [xxvi]

ATP Flight School Based at HIO

Another Hillsboro Airport tenant, the Florida based ATP Flight School, illustrates the degree to which publicly funded flight training for international students has proliferated across the U.S. ATP describes itself as "the largest flight school in America with over 320 aircraft and 42 training centers." [xxvii] ATP flight school locations are currently spread throughout 19 states: 3 in Arizona, 6 in California, 7 in Texas, 6 in Florida, 3 in Georgia, 2 in Kentucky, 2 in New Jersey, 2 in Washington, 2 in North Carolina, and 1 each in Colorado, Connecticut, Delaware, Illinois, Nevada, New York, Oklahoma, Oregon, Tennessee, Utah, and Virginia.

Port of Portland Professes Ignorance about HIO Aviation Activity

Sadly, the Port of Portland is remarkably uninformed about what is going on at the Hillsboro Airport. So much so that a reasonable individual could legitimately suspect that this agency lacks the business acumen, professional competency, integrity, moral fiber and transparency to responsibly manage this airport.

In response to an Oregon Aviation Watch information request, the Port claimed that it does not track the operations or flight hours logged by the various tenants located at the Hillsboro Airport, nor does it seem to know how many aircraft each airport business bases at the airport. Per the Port, the FAA has classified this type of information as

"Sensitive Security Information." In addition, the Port does not know how many or how often student pilots are training at HIO nor does it know the types of aircraft they are training in, such as jets, fixed wing or helicopter. The Port stated that it does not collect information on the number of pilots from out of state or overseas or the number of pilots affiliated with the PCC Aviation Sciences program.[xxviii]

Foreign Aviation Training Schools Negatively Impacting U.S Citizens across the Nation

While denying local communities a democratic voice in airport decisions, the Port and FAA have engaged in the orchestrated exploitation of the public on behalf of foreign interests. Not only are airports throughout Oregon profiting from the international flight training industry, other states are doing so as well. In addition to the international pilot training occurring at the airports mentioned above, a few more examples follow, but these are just the tip of the iceberg:

- ‡ Scandinavian Aviation Academy located at Gillespie Field in San Diego[xxix]and El Cajon, California[xxx]
- ‡ The privately owned Taiwanese EVA Flight Training Academy located at Mather Field in Sacramento[xxxi]
- ‡ The Griffith-Merrillville Airport in Indiana which trains pilots for China [xxxii]
- ‡ Trans Pac Aviation Academy in Phoenix, AZ specializes in training Asian pilots[xxxiii]

Similar scenarios are playing out across the country. In Oregon numerous airports besides HIO, Troutdale, Prineville, Redmond and Bend Municipal are profiting from the flight training industry. These include but are by no means limited to Scappoose, Stark's Twin Oaks, Aurora, McMinnville, and a host of others. All are on the receiving end of FAA funding disbursements.

Glaring Questions

There are a number of unanswered questions that arise in response to this very serious situation:

- Why is the U.S. Department of Transportation, via the FAA, State of Oregon and Port of Portland, foisting the consequences of China's decision to militarize its airspace onto local residents?
- Why are the costs as well as the noise, pollution, safety and security burden inherent in this activity being dumped on local residents?
- Why are the FAA, Port of Portland, the State of Oregon, Washington County and City of Hillsboro prostrating themselves at the feet of China's authoritarian regime? China is a country with an ongoing history of committing genocide against Tibet, of suppressing democracy in its own country, and of jailing dissidents while their leader, President Xi Jinping feels entitled to rule for life. All the American government agencies listed above demonstrate a shameful willingness to compromise the health and well-being of local residents, of destroying livability, and of complacently pumping toxins into the air in a revolting display of allegiance to this foreign, brutal totalitarian regime
- How many of the Chinese pilots trained in Oregon return to their country to serve in the military? Given the militarization of China's airspace, it is reasonable to assume, and perhaps negligent not to, that Oregon's general aviation airports, subsidized with public money, largely serves as a training ground for China's military pilots.
- Why are private companies and out-of-state investment firms allowed to profit from the degradation of our communities by inflicting the noise, pollution, financial costs, safety, and national security risks posed by the flight training industry onto area residents and local communities?

Conclusion

Over the past couple years there has been a barrage of near daily reports questioning who is actually running the federal government. Legitimate suspicions about the totalitarian influence of countries such as Russia abound.

The actions of the FAA, Port of Portland and other aviation businesses and investors trigger similar questions. Just exactly who do they work for and why are they so guarded, secretive and evasive about their activities? A growing body of evidence suggests that they are freely investing public resources, including commercial passenger fees and taxpayer dollars, into promoting the interests of repressive governments, such as China, as well as other foreign aviation businesses. In the process they are marginalizing and dismissing the impact on local communities. A thorough and comprehensive investigation of this issue is in order.

It is noteworthy that while users of general aviation airports, including private jet owners, hobbyists and flight training students, are flying high, those of us who are footing the bill each time we book a commercial flight are being stuffed into overcrowded aircraft and denied basic amenities. The situation has become so extreme that those who have the sheer audacity to bring their legs on a flight are now charged additional fees for the provision of adequate space. What's next? Are we soon to be charged extra for head, arm, shoulder, and torso space? Flying by commercial airline has deteriorated so dramatically in the U.S. that it is becoming comparable to reading the chilling dismemberment section of an insurance policy rather than a sojourn through the friendly skies.

The Port's lack of knowledge and accountability about what is going on at the Hillsboro Airport is alarming. Residents of this community have a right to know who is prowling their skies, who is circling their homes, who is disrupting their sound-scape and who is pumping lead, CO2, particulate matter and host of other toxins into the environment.

In a similar vein, the FAA's willingness to compromise the health, well-being, and democratic rights of local communities is unacceptable. U.S. taxpayers and commercial airline passengers have a right to know how their hard earned dollars are being spent, and the degree to which they are being forced to subsidize businesses that profit from training foreign and out of state pilots while eroding the quality of life of those impacted.

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[v] Ibid.

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