



DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Chapter I

[Docket No. FAA-2015-2022]

Petition of the Aircraft Owner and Pilots Association (AOPA) To Amend FAA Policy Concerning Flying Club Operations at Federally Obligated Airports.

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final policy.

SUMMARY: The policy statement clarifies the FAA’s policy interpretation regarding the operation of flying clubs at federally-obligated airports. Specifically, this policy statement amends FAA Order 5190.6B, Airport Compliance Requirements, Section 10.6 Flying Clubs to allow the clubs to compensate instructors and mechanics who are club members for services rendered to the Club. This policy statement also amends the FAA’s definition of flying clubs.

DATES: This action becomes effective April 4, 2016.

FOR FURTHER INFORMATION CONTACT: Miguel Vasconcelos, Airport Compliance Division, ACO-100, Federal Aviation Administration, 800 Independence Avenue, SW. Washington, DC 20591, telephone (202) 267-3085; facsimile: (202) 267-4620.

SUPPLEMENTARY INFORMATION:

Introduction and Background

On April 3, 2015, the Aircraft Owners and Pilots Association (AOPA) Senior Vice President for Government Affairs & Advocacy wrote to the FAA’s Director of the Office of Airport Compliance and Management Analysis proposing revisions to FAA’s current policy regarding compensation for flight instructors and persons maintaining aircraft within the context of flying club operations. AOPA stated in its letter that it sought “to help current flying clubs and airport sponsors comply with the FAA guidance outlined in 5190.6B, and to provide future flying clubs the opportunity to strengthen and unify general aviation pilots.” AOPA said that its goal is “to provide guidance that is attainable and ensures educated compliance from all airport users,” and asked for “updated guidance regarding compensation for flight instructors and maintainers” because

“flight instructors and aviation mechanics are valuable assets to the aviation industry, and should be granted the privilege of fair compensation for their efforts on a local level.”

AOPA proposes clubs be permitted to compensate member flight instructors and member mechanics for services rendered to the club or club members. Such compensation, AOPA suggests, should be monetary or in the form of credit against payment of dues or flight time.

The FAA requested comments on whether AOPA’s recommendations are consistent with the FAA’s general policies regarding commercial aeronautical services and on-airport flying clubs, and if so, whether the stated agency policy on flying clubs should be revised to amend its definition of flying clubs. In particular, the FAA sought comments from commercial service providers that engage in flight training and aircraft rental, from associations representing such service providers, and other interested parties. Public comments were received and considered, and changes to the existing policy were adopted.

I. Current Policy

FAA Order 5190.6B, *FAA Airport Compliance Manual* (Order), paragraph 10(6)(a), published on September 30, 2009, defines a flying club as: “a nonprofit or not-for-profit entity (*e.g.*, corporation, association, or partnership) organized for the express purpose of providing its members with aircraft for their personal use and enjoyment only.” The Order states that,

the ownership of the club aircraft must be vested in the name of the flying club or owned by all its members. The property rights of the members of the club shall be equal; no part of the net earnings of the club will inure to the benefit of any individual in any form, including salaries, bonuses, etc. The flying club may not derive greater revenue from the use of its aircraft than the amount needed for the operation, maintenance, and replacement of its aircraft. FAA Order 5190.6B at para. 10(6)(b).

The Order also notes that “flying clubs may not offer or conduct...aircraft rental operations. They may conduct aircraft flight instruction for regular members only, and only members of the flying club may operate the aircraft.” FAA Order 5190.6B at para. 10.6(c)(1). The Order also states that “no flying club shall permit its aircraft to be used for flight instruction for any person, including members of the club owning the aircraft, when such person pays or becomes obligated to pay for such instruction. FAA Order 5190.6B at para. 10.6(c)(3). An exception applies when the instruction is given by a lessee based on the airport who provides

flight training and the person receiving the training is a member of the flying club. *Id.* Flight instructors who are also club members may not receive payment for instruction except that they may be compensated by credit against payment of dues or flight time” and that “any qualified mechanic who is a registered member and part owner of the aircraft owned and operated by a flying club may perform maintenance work on aircraft owned by the club. The flying club may not become obligated to pay for such maintenance work except that such mechanics may be compensated by credit against payment of dues or flight time.” Flying clubs are defined in such a way as to differentiate from for-profit aeronautical businesses offering aeronautical services to general public, *e.g.*, FBOs, flight schools and aircraft rental providers.

The owner of any federally-obligated airport (airport sponsor) is required by the sponsor grant assurances to operate that airport for the use and benefit of the public and to make that airport available to all types, kinds, and classes of aeronautical activity on fair and reasonable terms, without unjust discrimination

II. AOPA Proposal

AOPA states that its recommendations are designed to promote flying clubs by allowing flight instructors and mechanics who are club members to receive monetary compensation for services conducted for other club members or club aircraft:

AOPA Policy Proposal Item 1:

“No flying club shall permit its aircraft to be used for flight instruction for any person, including members of the club owning the aircraft, when such person pays or becomes obligated to pay for such instruction except in the following circumstances; (a) The flight instruction is provided to a club member by a commercial operator authorized by the airport sponsor to provide flight instruction on field. (b) The flight instruction is provided to a club member by a flight instructor who is also a club member that is in good standings according to the club bylaws. In either case, the flight instructor may receive monetary compensation; however the flying club is prohibited from holding itself out to the public as a fixed based operator, a specialized aviation service operation, or a flight school. In the case of (b) above, the Airport Sponsor has the right to limit flight instruction for monetary compensation but must permit the club to compensate club instructors with credit against payment of dues or flight time.”

AOPA Policy Proposal Item 2:

“Any qualified mechanic who is a member of the flying club may perform maintenance work on aircraft owned or exclusively used by the flying club. The flying club may not become obligated to pay for such maintenance work except that such mechanics may be compensated not to exceed a reasonable rate for the work performed at the discretion of club members. The club however may not hold out to the public as operating as a fixed base operator, a specialized aviation service operation, or maintenance facility. The Airport Sponsor has the right to limit maintenance work for monetary compensation but must permit the club to compensate club mechanics with credit against payment of dues or flight time.”

III. Comments Received

The FAA received comments from 44 airport users including flight instructors, pilots and flying club members. Thirty-seven of the airport users were flying club members who submitted a letter identifying themselves as “Flying Club Participants at Air Venture 2015”. The remaining seven airport users submitted individual comments. Two industry groups submitted comments: Flight School Association of North America (FSANA) and National Air Transportation Association of North America (NATA). FSANA is a membership-based association representing flight schools and firms involved in flight training. NATA is an organization representing the interest of aviation businesses such as aircraft fueling, maintenance, parts sales, storage, rental, airline servicing, flight training, Part 135 on-demand air charter, and fractional aircraft program management.

Forty-three airport users offered support of both AOPA Policy Proposals: An individual commenter believes that the policy change would provide an incentive for pilots who belong to flying clubs to remain current and continue their education in a convenient, cost-effective, and familiar environment. Another commenter indicated that small airports rely on flying clubs because there is not enough business activity to support a flight school. This commenter is an inactive pilot because there is no aircraft rental or flight training available at the airport. However, the club at a local airport has several certificated flight instructors (CFI). Many CFIs have full time jobs and are not interested in donating their evenings and weekends without compensation. The president of a nonprofit flying club at Skyhaven Airport in Rochester, New Hampshire, indicates that the airport does not have a flight school. None of the club members can receive proficiency checkouts or

additional training in club aircraft without violating the airport's policy. There are several CFIs in the community that would join the club if they could be compensated.

Supporters of the AOPA proposal believe the proposed policy change would (1) provide enhanced opportunities for students to fulfill their educational needs in surroundings they find appealing and accessible; (2) provide incentive for pilots who are members of flying clubs to remain current; and (3) create additional opportunities and incentives for certificated flight instructors to actively participate in flying clubs.

A commenter is opposed to a change in policy. He believes it will weaken "for profit" flight schools which have suffered financially for the past eight years.

FSANA believes that flying clubs can be a positive asset to the community. FSANA recognizes that flying clubs that are not for profit have a business advantage over for profit flight schools. They also believe a flying club should not be classified as a commercial operator. FSANA supports compensation for certificated flight instructors and mechanics as long as flying clubs serve the needs of their members and not promote their services to the general public and do not compete with commercial operators. FSANA encouraged the FAA to create awareness and enforce transparency for the flying club community and airport sponsors to ensure that flying clubs do not compete with commercial operators and promote themselves to the general public.

NATA recognizes AOPA's initiative is intended to increase public interest in flying by strengthening flying clubs. Of concern to NATA are those entities that classify themselves as flying clubs but are commercial aviation businesses thus avoiding compliance with an airport sponsor's minimum standards. NATA asserts that flying clubs that offer their services to the general public should not be able to enjoy the protection of a non-profit flying club to avoid complying with an airport's minimum standards. NATA does not object to either of AOPA's proposals but recommends that CFIs and mechanics receive either 1) monetary compensation or 2) discounted/waived regular club member dues or flying time, but not both. NATA believes that without such a restriction, outside instructors or mechanics could receive waived dues and monetary compensation for performing work without ever having invested in the club as would a bona-fide member. NATA suggests that the policy change with these limitations will be beneficial and will create a more level playing field.

FSANA and NATA suggest that any clarification of the policy should emphasize that (1) flying clubs should at no time hold themselves out as fixed based operators, flight schools, or as businesses at which people can learn to fly; and (2) CFIs and mechanics should be permitted to receive monetary compensation as long as flying clubs of which they are members meet adequate criteria, which may include the airport sponsor's authorization and/or sponsor-imposed conditions. FSANA and NATA also recommended that flying clubs must not indicate in any form of marketing and/or communications that they are a flight school, and flying clubs must not indicate in any form of marketing and/or communications that they are a business where people can learn to fly.

IV. Final Policy Changes

FAA's primary concern is that flying clubs operating at federally-obligated airports must conform to the FAA definition found in FAA Order 5190.6B, paragraph 10.6. As stated, the Order defines "a flying club as a nonprofit or not-for-profit entity (e.g., corporation, association, or partnership) organized for the express purpose of providing its members with aircraft for their personal use and enjoyment only." In addition, the ownership of the club aircraft must be vested in the name of the flying club or owned by all its members, the property rights of the members of the club shall be equal and no part of the net earnings of the club will inure to the benefit of any individual in any form, including salaries, bonuses, etc. These flying clubs can be distinguished from commercial service providers that use the term "flying club" to describe their operation in order to avoid having to comply with the airport's minimum standards for commercial service providers. Those "flying clubs" do not conform to the FAA definition and put other commercial aeronautical service providers at an economic disadvantage. Generally, they hold themselves out to the public as alternatives to traditional flight schools and aircraft rental providers, and charge only nominal annual "club fees."

FAA policy will emphasize three points: (1) flying clubs should at no time hold themselves out as fixed based operators, flight schools, or as businesses offering services to the general public; and (2) CFIs and mechanics should be permitted to receive either monetary compensation or discounted/waived regular club member dues but not both; (3) flying clubs must not indicate, in any form of marketing and/or communications, that they are a flight school and flying clubs must not indicate in any form of marketing and/or communications that they are a business where people can learn to fly. FAA agrees with NATA that flight instructors and mechanics should be bona-fide club members paying dues as a condition to receiving compensation for

services or a bona-fide member receiving a discount or waiver of dues with no compensation. To offer both compensation and discounted/waived dues may result in abuse and the use of outside instructors and mechanics who have no investment of time or commitment to the club. Additionally, FAA agrees with NATA and FSANA that flying clubs must distinguish themselves from other aeronautical service providers.

FAA expects that sponsors of federally-obligated airports will take appropriate action to ensure that commercial operators and flying clubs are properly classified, and the sponsor's actions are consistent with its grant assurances, specifically Grant Assurance 22, *Economic Nondiscrimination*.

FAA's policy regarding flying clubs is amended by revising FAA Order 5190.6B paragraphs 10.6(c)(3) and (4) and by adding paragraphs 10.6 (c)(8) and (9):

b. General The ownership of the club aircraft must be vested in the name of the flying club or owned by all its members. The property rights of the members of the club shall be equal; no part of the net earnings of the club will inure to the benefit of any individual in any form, including salaries, bonuses, etc. The flying club may not derive greater revenue from the use of its aircraft than the amount needed for the operation, maintenance and replacement of its aircraft.

(c)(3). A flying club may permit its aircraft to be used for flight instruction in a club-owned aircraft as long as both the instructor providing instruction and person receiving instruction are members of the club owning the aircraft, or when the instruction is given by a lessee based on the airport who provides flight training and the person receiving the training is a member of the flying club. In either circumstance, a flight instructor may receive monetary compensation for instruction or may be compensated by credit against payment of dues or flight time; however that individual may not receive both compensation and waived or discounted dues or flight time concurrently. The airport sponsor may set limits on the amount of instruction that may be performed for compensation.

(c)(4). A qualified mechanic who is a registered member and part owner of the aircraft owned and operated by a flying club may perform maintenance work on aircraft owned by the club. The mechanic may receive monetary compensation for such maintenance work or may be compensated

by credit against payment of dues or flight time; however that individual may not receive both compensation and waived or discounted dues or flight time concurrently. The airport sponsor may set limits on the amount of maintenance that may be performed for compensation.

(c) (8). Flying Clubs may not hold themselves out to the public as fixed based operators, a specialized aviation service operation, maintenance facility or a flight school and are prohibited from advertisements as such or be required to comply with the appropriate airport minimum standards.

(c) (9). Flying Clubs may not indicate in any form of marketing and/or communications that they are a flight school, and Flying Clubs must not indicate in any form of marketing and/or communications that they are a business where people can learn to fly.

Issued in Washington, DC on March 9, 2016.

Byron Huffman,
Acting Director, Office of Airport Compliance and Management Analysis.
[FR Doc. 2016-05833 Filed: 3/14/2016 8:45 am; Publication Date: 3/15/2016]