

STATEMENT OF THE HONORABLE LANGHORNE M. BOND, FEDERAL AVIATION ADMINISTRATOR, BEFORE THE SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION, SUBCOMMITTEE ON AVIATION, CONCERNING AIRPORT AND AIRWAY LEGISLATION. SEPTEMBER 10, 1979.

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before you today to discuss the Administration's legislative proposal to provide for the continued safety and efficiency of our Nation's airport and airway system. Today, as was the case when the Airport and Airway Development Act was enacted in 1970, we are experiencing a high rate of growth in air transportation; a rate of growth which places increasing demands upon our air transportation system and requires that we take aggressive action to maintain a high level of safety and provide the necessary capacity.

Most components of our air transportation system are in place today, and we can expect few major changes in the structure of that system. This limitation on system expansion, which is related to such factors as the lack of availability of new airport locations, environmental concerns, market decisions, fuel availability, and the saturation point for certain areas of terminal airspace, means we must concentrate our efforts toward maintaining safety and providing capacity improvements by continuing to refine the existing system. In most instances we can not add airports to the system merely because we are

experiencing traffic congestion; nor is it a simple matter to expand the capabilities of many of our existing airports, for they are already strained in many cases by present traffic levels.

Our legislative proposal recognizes these facts, and places emphasis on those areas that will help provide a sound basis for the Federal Government, states and localities, and the aviation community to meet the challenges of the future. In shaping our proposal, we have benefitted from the views of the aviation community as well as others such as public officials who have an interest in our air transportation system.

Throughout the course of developing our bill, we actively sought the ideas of those involved in aviation. We did this through a consultative planning session; through a series of visits throughout the country with aviation representatives and state and local government officials; and through numerous briefings and meetings. We believe we have benefitted greatly from this continuing dialogue; but, as you know, Mr. Chairman, no "consensus" has developed on the legislation. The fact that you are holding hearings one year before the current legislation expires, hopefully, will provide the needed stimulus to get these diverse interests working with the Congress and the Administration so that sound new legislation will be in place before the end of Fiscal Year 1980.

Mr. Chairman, before discussing in some detail the legislation pending before the Committee, I would like to note our view that the proposal you have introduced contains some innovative and thought provoking features. We look forward to having the opportunity to explore these features with the Committee since they could prove to be constructive changes that will help shape an improved Federal role in the future. I assure you of our resolve to work with you and the Members of the Committee, on these and other aspects of the proposed bills, in order to develop a solid piece of legislation that will serve best the needs of our air transportation system.

Let me cover briefly some of the major features and rationales of our proposed legislation. First, with respect to funding, the legislation calls for an increase in the authorized level of funding for the Facilities and Equipment (F&E) appropriation, which is used for financing the capital costs of the airway system. Further, it provides for a steady increase in the program level for Research, Engineering, and Development (RE&D), and calls for increased program levels for airport development and planning grants, which would be consolidated into a single program. These funding levels are based upon our estimates of what the system needs and what we can reasonably obligate in the respective fiscal years.

Our bill emphasizes improved system planning, as well as the development of critical reliever airports in large metropolitan areas that are experiencing traffic congestion now or are expected to within the next decade. In addition to structuring our legislation to meet this safety and capacity priority, we have sought to accommodate the environmental needs of the system by broadening the eligible uses of airport grants to encompass certain noise compatibility items and the planning of noise abatement actions. We have also emphasized the provision of adequate navigation aids and airport facilities at points receiving scheduled commercial air service.

Further, the bill provides for greater state involvement through the administration of airport grants to smaller airports. To facilitate competition in air transportation, it contains provisions for keeping facilities available for use by air carriers on fair and reasonable terms without unjust discrimination. Last, it sets out a taxing structure for continuing the Airport and Airway Trust Fund, while providing for relief of the general taxpayer through greater use of the Trust Fund to pay the costs of operating and maintaining the Nation's airway system.

I would like now to go into more detail on the major features of our proposed legislation, and then I will discuss the major

differences found in your proposal and our views regarding those differences.

As I mentioned earlier, our proposal calls for higher funding of the Facilities and Equipment Program. This program finances the capital costs of the airway system and permits the acquisition, establishment, and improvement of radars, navigation aids, instrument landing systems and air traffic control facilities. The F&E Program is, therefore, instrumental in providing safety and efficiency enhancements to our air transportation system.

Under the current F&E Program, there is an annual authorization of not less than \$250 million. Our proposal would increase the funding level to \$350 million for fiscal year 1981, and by \$35 million each subsequent year through the end of fiscal year 1985, accounting for a total of \$2.1 billion for F&E authorizations over the five years of our proposal. As you are aware, Mr. Chairman, one key use of the F&E Program is to provide improved facilities at reliever and satellite airports to reduce the mix of general aviation and air carrier traffic at major air carrier airports. I have recently announced a major initiative with respect to such airports, and seeing such a program to a successful conclusion is a high priority with

me. Another element of the F&E Program which I regard as being very important is an extensive effort to upgrade existing facilities by replacement of vacuum tube systems with solid state components. This will provide more reliable service and will produce maintenance and energy savings.

We also are proposing a steady increase in the funding authorization for the FAA's Research, Engineering, and Development Program. Current RE&D funding of \$75 million would increase to \$90 million in fiscal year 1981, with an increase of \$5 million annually thereafter. This would provide \$500 million from 1981 through 1985, to enable the FAA to pursue RE&D programs that will contribute to future safety and efficiency in the system.

When we visited with aviation officials throughout the country, many told us that the airport grant program was, on the whole, working well, and that the major change to the program should be increased funding. Our own analysis of the needs of the Nation's airport system concluded that somewhat higher funding levels were, indeed, desirable. The levels we have proposed in our bill for airport grants increase from \$700 million in fiscal year 1981 to \$900 million in fiscal year 1985, with a total funding level of \$4 billion over the five year life of

the program. This level of funding is nearly as much as was authorized under the current program for the entire decade of the 1970's:

In determining funding requirements for F&E, RE&D, and airport grant programs for the period 1981 through 1985, anticipated aviation activity from the present through 1990 was used as the basis for analysis of the system. For certain critical issues (such as the requirements for the establishment of major new airports, the economic impacts of proposed aviation navigation systems, replacements of major components of the system, and development of new concepts of air traffic control) analyses were carried out through the year 2000 and, in some cases, beyond.

Aviation related forecasts through 1990 predict a substantial increase in aviation activity and supporting FAA services. For example, the air carrier industry is projected to experience a 73 percent increase in passenger enplanements while the commuter airlines are projected to experience an 89 percent increase in passenger enplanements between Fiscal Years 1978 and 1990. The general aviation fleet and hours flown by general aviation are expected to increase by more than 65 percent during the same period.

Instrument operations at airports with FAA traffic control services are forecast to increase 59 percent between Fiscal Years 1978 and 1990, while itinerant and local operations at those airports are expected to increase 50 percent. FAA Air Route Traffic Control Centers are expected to handle 45.6 million Instrument Flight Rules (IFR) Operations during FY 1990, up 62 percent from 1978. Total flight services are forecast to experience the highest growth of the three major FAA air traffic areas, rising 91 percent.

In recognition of this continued aviation growth, our proposed funding levels are intended to deal with the needs of the system for added capacity, new facilities and equipment, renewal and replacement of existing facilities and equipment, and further research and development of new and refined technology such as collision avoidance systems.

Besides higher levels of funding for airport grants, our bill provides for a restructuring of the program to give greater emphasis to improved system planning and the development of new and expanded reliever airports in the larger metropolitan areas. A new apportionment category would be created to provide added funds for approximately 37 of the busiest "air traffic hubs", which would be known as "primary hubs". The

funds could be used for development or planning projects at airports within the hub area, based on a hub system plan and associated "consolidated improvement plan" developed jointly by the local airports. This approach should result in increased local decision-making and, over time, should reduce the Federal administrative effort required. Moreover, this new category is expected to result in greatly increased Federal aid for new capacity at reliever airports.

At the state level, our proposal would allow those states with demonstrated capability to participate, on a voluntary basis, in the administration of airport grants for smaller airports. Block grants would be issued to participating states for use at the smaller airports within their boundaries. This would allow the states to take the lead in the allocation of airport project funds at the smaller airports and should assure a system that is more responsive to state and local needs. At the same time, any airport located within a state that has elected to participate in the management of the airport grant program would have the option of either being a part of the state's program or continuing to deal with the FAA on an individual project basis.

In our proposed bill, we have also dealt with the program management difficulty occasioned by the excessive number of

small funding categories in the present program. Under the current program, there is an annual authorization of \$15 million each for reliever airports, commuter service airports and planning grants and a similar amount for a general aviation discretionary grant program. When these relatively small amounts are divided to meet needs across the country, they tend to be inadequate. The mandatory earmarking of "entitlement" funds, based on passenger enplanements, in annual amounts from about \$300,000 down to \$50,000 for approximately 300 of the smallest air carrier airports has also been relatively ineffective. These small annual amounts provided on a per airport basis, even when accumulated for up to three years as permitted under the present program, are insufficient to accomplish most typical airport development projects. This leads to virtually automatic dependence on additional grants of discretionary funds and/or the possibility of marginally beneficial use of the "entitlement" funds. The proposed program consolidates these smaller categories, giving sponsors access to much larger funding pools to meet the highest priority needs.

The existing planning grant program will be consolidated into the new program structure, with planning being an eligible item of development rather than a totally separate program.

Planning needs, rather than being tied to a fixed amount each year--which has been inadequate in some years and more than needed in others--will be assessed on a case-by-case basis and will receive funding in accordance with actual needs.

One area which received considerable attention in the development of our proposal was the question of possible aid to privately-owned, public-use airports. The issue is controversial, and we found tremendous concern by all parties over how such assistance might be provided with adequate protection of the Federal investment. Our proposal provides a mechanism whereby Federal assistance may be provided, with proper assurances, to privately-owned reliever airports as part of the block-grants issued to states participating in the block grant program discussed earlier.

Our proposed legislation also addresses the question of how to deal with the aircraft noise problem within the vicinity of airports. This issue has been of substantial concern within the aviation community for many years. In 1976, the existing program was modified to allow the use of funds for the acquisition of land for noise abatement purposes and for the purchase of noise suppression equipment. To further reduce the adverse impacts of aircraft noise, our proposed legislation

would permit the use of airport grants for the soundproofing of schools, hospitals, and public health facilities near airports and for the acquisition of noise monitoring equipment. The legislation would also explicitly encourage planning to address noise problems and to develop specific abatement actions. Funneling these grants through the airport operators would both provide an incentive for the operator to take a comprehensive view of noise abatement and provide a check on excessive expenditures.

In support of the Airline Deregulation Act of 1978, our proposal would require airports to be available for use on fair and reasonable terms and without unjust discrimination. For example, any air carrier refused access to an airport could file a complaint with the Secretary of Transportation. If the complainant could not obtain access through voluntary means, the Secretary would have standby authority in some circumstances to order remedial action, such as the modification of lease agreements between airports and carriers. The provision is designed to ensure that the requirements for open market entry and essential air service for small communities in the deregulation law are not frustrated by the inability of new entrants to obtain access to airports.

As you know, Mr. Chairman, the Airport and Airway Trust Fund has been accumulating a growing surplus of uncommitted funds, a fact which has been widely criticized and has generated considerable debate over the merits of alternative approaches for reducing the surplus such as reducing taxes, raising program levels or expanding uses of Trust Fund revenues. In the development of this legislative proposal, we have sought to achieve a closer balancing of Trust Fund revenues and expenditures while steadily reducing the uncommitted balance without creating the need for future tax increases to avoid bankrupting the Fund.

The Administration's legislative proposal would seek to remove the financial imbalance within the Trust Fund through several means. First, the proposal would retain, with one modification, the existing aviation user taxes. Second, it would provide increased program levels for 1981 through 1985 for airport grants, F&E and RE&D. And third, the Trust Fund would be used increasingly, in place of general tax revenues, to fund the FAA's cost of operating and maintaining the airway system.

Although I recognize the committee jurisdictional considerations involved in the taxing aspects of this program,

I nevertheless would like to briefly touch upon our tax proposals. Our proposal would move gradually toward greater overall cost recovery through a progressively higher level of tax collections from general aviation and recovery from all users of an increasing portion of the FAA's costs of operating and maintaining the airway system. The increased cost recovery from general aviation would result from the imposition of a new 6% excise tax on new aircraft and avionics sales and the conversion of the existing 7¢ per gallon tax on aviation fuel into a 10% "ad valorem" tax. The latter modification will produce increased tax collections over time as the price of fuel increases. This concept is analogous to the passenger ticket tax or freight waybill tax, both of which are based directly on a percentage of the cost of the service provided.

The reason for recommending increased taxes on general aviation is that it is the Administration's policy that users should pay a proportionate share of the costs of the Federal airport and airway system. Currently, aviation taxes collected from system users equate to nearly 60%, in the aggregate, of the costs allocable to civil aviation that are incurred by the FAA in equipping, operating, and maintaining the airport and airway system. The users of commercial air service are paying amounts equivalent to about 90% of the costs incurred by the FAA in

their behalf, whereas the comparable figure for general aviation is in the range of 14 to 25%, depending on certain assumptions used in the allocation of costs. Enactment of these proposed tax changes along with the proposed program authorizations would increase the level of recovery from general aviation to about 24 to 44%, again depending on certain allocation assumptions. Recovery from the users of commercial aviation would be in the 95% range. Though the general aviation users would still be paying a much lesser share of the FAA costs attributable to them than would the users of commercial air service, the gap would be much smaller and thus would represent more equitable treatment of all system users.

The second related piece of the cost recovery package addresses the question of who should pay for the costs of maintaining and operating the airway system. This proposal would enable a much greater portion of these maintenance and operation costs to be borne by those who most directly benefit from the system--essentially the air passengers. This would be done through the transfer each year of over \$1 billion from the Airport and Airway Trust Fund to reimburse the General Fund of the Treasury for a portion of the costs of maintaining and operating the airway system. The actual amounts authorized for transfer would be \$1.3 billion in fiscal year 1981, \$1.45

billion in fiscal year 1982, \$1.6 billion in fiscal year 1983, \$1.75 billion in fiscal year 1984, and \$1.9 billion in fiscal year 1985, for a five year total of \$8 billion. Assuming no major cuts in user taxes, these levels would maintain a reasonable, though smaller, surplus in the Trust Fund. The surplus would essentially phase out by 1990 without tax changes if spending levels were to continue at levels similar to those proposed through 1985 in our bill. Not only will this approach permit better use of the aviation tax dollars that are already being collected, but it will relieve the general taxpayer of a substantial financial burden for costs incurred by the FAA on behalf of the users of the aviation system.

I would like to turn now to a discussion of the major differences between the Administration's bill and the legislation you and other Members of the Committee have introduced, Mr. Chairman.

The significant differences between the legislative proposals can be boiled down to about six basic points: 1) your proposal would, after fiscal year 1981, eliminate the larger airports from the airport grant program while ours would retain their eligibility; 2) your bills propose reducing the passenger ticket tax from 8% to 2% while ours would leave it unchanged;

3) our bill calls for a greater degree of cost recovery from general aviation through the imposition of an excise tax on the sale of new aircraft and avionics for use in noncommercial aviation; 4) while your bill provides the general taxpayers with slightly more relief than they are getting under the present law, our bill calls for system users to pay a larger portion of the costs incurred by the FAA in maintaining and operating the airway system; 5) in our bill, we have sought to promote access by air carriers to new markets in support of the purposes of the Airline Deregulation Act of 1978; and 6) there are some differences between the bills in emphasis and support for aviation noise abatement efforts.

Perhaps the most fundamental difference between your bill and our proposal is the concept of removing approximately 72 of the Nation's largest airports from the airport grant program. This is certainly a direct approach toward addressing what some have long perceived as an anomaly in this Federal assistance program. By this, I am referring to the fact that the same airports which qualify for the most funds under past and current distribution formulas are, by virtue of their high activity levels and consequent revenue raising potential, usually the airports with the least intrinsic "need" for Federal assistance. It is my understanding that this is the

reason that the old enplanement formula which had been used to allocate funds among the airports during the first 5 years of the airport development aid program was changed to a sliding scale in 1976. I am, of course, mindful at the same time that it is the passenger enplanements at the large airports which generate the bulk of the revenues in the Trust Fund. Some operators of those airports thus have felt that this argues for a greater "return" to them in the form of airport grants in addition to the other system enhancements financed under the other Trust Fund programs.

In the time available since the introduction of S. 1648 last month, we have looked at two major questions which we believe need to be carefully addressed and understood before a final judgment can be reached on the overall merits of removing the larger airports from the airport grant program. The areas in question concern the continued financial viability of the airports that would be dropped from the program and the continued applicability, or inapplicability as the case may be, of requirements which have been imposed on these airports by other Federal statutes or as a condition to receipt of a prior Federal airport grant.

With respect to the issue of continued financial viability, I believe hardly anyone would seriously argue that the 25 or so

largest airports, which each enplane annually over one percent of total national enplanements, really require an airport grant program for their economic survival. In fact, studies indicate that these airports have considerable revenue raising capability and, therefore, need not be reliant upon airport grants. The question then becomes: at what point or level of activity would we find that airports would have serious financial problems without grants or other similar financial assistance?

Our preliminary analysis suggests that the airports which exceed about one-half of one percent of the total national enplanements would generally be able to cover their capital requirements from their net operating revenues without having to seek alternative revenue sources or without having to modify existing long-term financial agreements with the airlines. For airports which fall below that point--and there are about 35 which would be dropped from the program by your bill that would fall in this category--some alternative revenue source or mechanism would generally be required.

Based on a recent FAA staff survey, which included 14 of the airports that would be dropped from the program, we found that airports typically have a great deal of flexibility in the

amount of airside fees charged to the airlines. Airport use arrangements generally do not prevent changes in airside use fees to finance additional airside construction. Thirteen of the 14 airports surveyed had an airport use agreement with the airlines, and all of them stated a method of airside fee computation rather than an absolute fee level. Thus, as airside capital costs change, the fee levels are adjusted accordingly. The fourteenth airport had no formal use agreement but didn't need one as its fees were set by county ordinance and could be changed at the discretion of the county government.

All of this tends to lead one to the conclusion that, while the affected airports would have to find some alternative revenues, there would generally be no serious obstacle to obtaining any such needed revenues through recomputation of landing fees and other use fees paid by the airlines. In a few cases, airports may have to rely on greater local community support to meet their capital needs. One point I want to emphasize, though, is that we are concerned that the modification of fees, or the use of alternate revenue mechanisms which might be employed, could have an undue impact on commuters or air taxis which could conflict with our overall policies concerning service to small communities. Also, I am fairly certain that questions of

reasonableness and ability to pay will be raised in connection with fees that might be levied on general aviation or commuters and air taxis at some airports.

Let me briefly touch on some of the legal and policy ramifications we perceive with Section 23(c) of the bill which would allow, after September 30, 1981, certain airports to terminate a variety of existing assurances, requirements or contractual obligations with the United States that had arisen from their acceptance of Federal assistance under several statutes. The section would also prohibit any state, or political agency thereof, from enacting or enforcing any law, rule or regulation, standard or other provision having the force of law relating to any such assurance, requirement, or contractual obligation. The section would have the apparent effect of terminating legal obligations arising under Section 30 (the civil rights provision of the Airport and Airway Development Act), and Section 504 of the Rehabilitation Act of 1973, as well as a variety of other legal requirements, including possibly Title VI of the Civil Rights Act, with which a sponsor, who has received Federal assistance, would otherwise have to adhere during the useful life of a project or for the term of the grant agreement. Although the termination of these assurances, requirements, and obligations would be subject to

criteria established by the Secretary of Transportation, because of the wide range and nature of the assurances, requirements, and obligations involved, it would be extremely difficult to develop meaningful criteria under which they could be terminated. We can readily see the desirability of providing an inducement or compensating benefit to sponsors, who elect to forego future Federal assistance, by waiving "red tape" requirements that would otherwise continue in effect from former Federal assistance received. But the waivers that would be called for by Section 23 go beyond "red tape" and conflict with the furtherance of important social and environmental goals to which all of us are committed. I would request, Mr. Chairman, that you permit us the opportunity to work with you to redefine the kinds of requirements which could reasonably be waived for certain airport operators.

Another area where we can see some potential problems is the effect that removal of the large air carrier airports from the program would have on the workability of the entire primary hub concept we are proposing. I consider this new category of funding to be a very important part of our overall program. It is the basic vehicle for bringing together the airports in a particular metropolitan area. Providing funding through such a mechanism should facilitate improved areawide system planning

with major emphasis on improving reliever airports. S. 1648 would apparently make the large airports ineligible for funding under this category also. Beyond that, by providing that the three year consolidated improvement plan be developed by "eligible" airports, the larger air carrier airports could be effectively excluded from participation in this portion of the planning process in the primary hubs. At a minimum, it seems to us that the large airports should have an express role in the planning process. We believe these kinds of considerations need to be reviewed because we are concerned that any legislation provide for the benefits we envision from the primary hub concept.

The next three areas of difference between the legislative proposals are all financial in nature and somewhat inter-related. Concurrent with the removal of the bigger airports from participation in the airport grant program, you have proposed a 75% reduction in the level of the passenger ticket tax, from 8% to 2%. We believe that a tax reduction of this magnitude is contrary to the prevailing public mood concerning balanced budgets. A tax reduction of this magnitude would reduce receipts to the Federal treasury by approximately \$7.5 billion over the next five years or nearly \$1.5 billion per year for each of those five years.

By reducing aviation tax revenues so drastically, it would not be possible to increase cost recovery from those who use the aviation system. A reduction in the taxing structure of slightly less than one and one-half percentage points, rather than six, is all that would be required to account for the removal of the larger airports from the airport grant program. The remaining four and one-half to five percentage point reduction would preclude recovering from system users the costs of operating and maintaining the air traffic system. This would result in a greater subsidy of the aviation system user by the general taxpayer. We believe strongly that the time is long overdue for some relief to the general taxpayer, and, therefore, urge that you reconsider such a drastic reduction in the taxes paid by the users of the aviation system.

A separate aspect of our tax proposals was to obtain from the general aviation users a greater portion of the costs incurred in providing services for their benefit. We proposed to do this in two ways: through a modification of the aviation fuel tax, which would generate increased revenues as the price of fuel rises, and through the imposition of a new 6% excise tax on the sale of aircraft and avionics for noncommercial use. While S. 1648 adopts the concept of an ad valorem tax, the proposed rate of 6% on aviation fuel would amount to a

reduction from the present tax level of 7¢ per gallon. Thus, it is counter to our objective of more equitable cost recovery from the general aviation sector. Since S. 1649 does not provide for an excise tax on general aviation aircraft and avionics, it would have an even greater impact upon our ability to obtain a fair cost recovery from the general aviation community. I would note, Mr. Chairman, that, under your proposal, with the large and medium sized air carrier airports removed from the airport grant program, and with increased emphasis on reliever, commuter, and satellite airports, general aviation would benefit even more than under the present airport program. It seems to me that this argues for their paying a proportionately greater, and thus more equitable, share of the costs of the program.

As I mentioned earlier, the Administration's proposed legislation contains provisions that will assist air carriers in gaining access to new markets. One fact that airline deregulation has brought out is that airports are essentially monopolies. Environmental and other social considerations effectively bar, in many cases, the creation of new airports. Therefore, with virtually unrestricted entry, the air carrier is left to deal with the local airport operator. Whereas before, local airport operators could regularly be found

petitioning the CAB for new service, some major airports are now in a position where there is the strong incentive to be more selective in the access granted to those seeking new or expanded service.

Considering the tremendous surge in air transportation experienced as a result of the Airline Deregulation Act, we are concerned that the benefits of airline deregulation, and for that matter the spirit and intent of the Act, not be frustrated by artificial barriers to competition. We are particularly concerned that the major hubs remain open to receive "essential air service" to small communities. This will likely involve smaller carriers who may have less ability to gain access. For that reason, we believe it essential that provision be made in new airport and airway legislation to foster competition and market entry on fair and equitable terms and without unjust discrimination.

Undoubtedly, there are a number of ways in which this can be done--ours is but one way developed after lengthy deliberations and discussion with our counterparts in the Civil Aeronautics Board who share our concern over this issue. We will be pleased to work with you on this, as well as other facets of the proposed legislation, to develop a sound legislative solution to this problem.

Another point I want to touch upon, Mr. Chairman, concerns the provisions we have proposed in our legislation to assist in the overall efforts to abate aviation noise which, as all of us recognize, is a severe problem for many airport communities, and which has served as one of the major impediments to airport development. We have expressly made noise compatibility planning eligible for funding as airport planning. Though your bill does not expressly include noise compatibility planning, we believe that your definition of planning would enable us to include noise compatibility planning within the program. We believe such planning is an important tool to aid in combatting aviation noise. Also, we would point out that removing the larger airports from the airport grant program would exclude them from noise related grants, and from the requirement to consider noise impacts in their development plans since NEPA requirements would no longer apply. And, in general, it is the larger airports that have the biggest noise problem. We believe that noise considerations should be more thoroughly explored, and that it is an area in which we will all likely benefit from the views of others in the aviation community who would be directly affected.

Mr. Chairman, we do have other concerns and questions about your important legislative proposal. For one thing, we favor a

lower maximum Federal share for projects at eligible airports. But, instead of touching further on areas of difference, I would prefer to mention one of the significant areas of agreement between our proposals, and to suggest that there is something we can do in that area right away. Both of our proposals recognize the importance of a discretionary fund as a means of assuring that the airport grant program can be fully responsive to evolving national aviation priorities. As you know, Mr. Chairman, our authority to administer the discretionary fund program under present law will expire at the end of this fiscal year, just three weeks from now. I would respectfully ask that the Committee take this matter up and timely report out separate legislation to extend the discretionary program through Fiscal Year 1980, so that the aviation community will not be faced with an interruption to this important program.

Finally, Mr. Chairman, I want to again express the willingness of the Administration to work with you and the Members of the Committee to help shape the best legislation possible. All of us share in the concern that we do the best we can today to deal with the air transportation system of the future. I am confident that the legislation which emerges will serve well the needs of the American travelling public.

That concludes my prepared statement. My associates and I will be pleased to respond to any questions you may have at this time.

