

This is the conclusion of an article prepared by Langhorne Bond, Federal Aviation Administrator and a member of the TRB Executive Committee. The first part was published in the January-February 1980 issue of *Transportation Research News*. TRB has taken no official position on the matter of federal aid to airports; however, a comment by TRB Executive Committee member Robert S. Michael is published following Mr. Bond's article. *Editor.*

The Airport and Airway Trust Fund and most of the aviation user taxes that support it are authorized only through June 30, 1980. The funding authorizations for the various programs financed from the Trust Fund will expire on September 30, 1980. Today's high rate of growth in air transportation places increasing demands on 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 that we must concentrate our efforts toward maintaining safety and providing capacity improvements by continuing to refine the existing system.

In anticipation of the expiration of the Trust Fund and the funding authorizations [including the Planning Grant Program (PGP) and Airport Development Aid Program (ADAP)], the administration, through a joint Office of the Secretary of Transportation and Federal Aviation Administration task force, reviewed aviation needs and alternative financing mechanisms to determine the most desirable course for the future. The review was conducted in close consultation with aviation user groups and with other levels of government. It concluded that the existing aviation programs and financial mechanisms are working well and should be retained, but with some

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important changes in funding levels and program emphasis. On April 24, 1979, the administration sent Congress proposed legislation to provide \$6.6 billion for development and improvement of the nation's airport and airway system for the five years beginning October 1, 1980. This legislation would extend, with certain modifications, the program authorizations contained in the Airport and Airway Development Act of 1970, as amended, and would continue the funding mechanism (i.e., the Airport and Airway Trust Fund) provided by the 1970 Airport and Airway Revenue Act. The administration proposal, the Airport and Airway Improvement Act of 1979, was introduced in the House as HR 3745 and in the Senate as S 1581 and S 1582. The major features of this legislative proposal are

1. A significant increase in the authorized level of funding for the facilities and equipment appropriation, which finances the capital costs of the airway system;
2. A steady increase in the proposed program level for research, engineering, and development, which will be vitally important to timely development of the advanced systems and technology that will be needed to maintain a safe and efficient air traffic system in future years;
3. Increased program levels for airport development



and planning grants, which will be consolidated into a single airport grant program;

4. Emphasis on improved system planning and the development of critical reliever airports in the large metropolitan areas where extensive congestion either now occurs on a regular basis or is expected to occur over the next decade;

5. Provision for greater involvement of the states, on an optional basis, in the administration of airport grants;

6. Broadening of the eligible uses of airport grants to include certain noise-compatibility items and planning of noise-abatement actions;

7. A 10-year extension of the Airport and Airway Trust Fund, with a closer balancing of revenues and expenditures;

8. A 10-year extension of existing aviation user taxes, with the 7-cents/gal tax on aviation fuel replaced by a tax of 10 percent of the retail price of fuel, and a new tax of 6 percent levied on the sale of new aircraft and avionics for use in noncommercial or general aviation;

9. A large increase in the amount of the ongoing costs of operating and maintaining the airway system that will be recovered from the Airport and Airway Trust Fund, rather than from the General Fund (i.e., from the aviation system user, rather than from the general taxpayer); and

10. A provision to assure that airport owners and operators make their facilities available for use by air carriers on fair and reasonable terms and without unjust discrimination.

Under the Airport and Airway Improvement Act of 1979, funding for the airport grant program would grow from \$700 million in FY 1981 to \$900 million in FY 1985, for a five-year total of \$4 billion. This is only slightly less than the total amount of federal funding authorized under the current ADAP for the entire decade of the 1970s. The proposal would shift much of the burden of paying for maintenance and operation of the air transportation system from the general taxpayer to aviation system users. Some \$8 billion would be transferred from the Trust Fund to pay for maintenance and operation costs over the five-year period, thus reducing by that amount the drain on general tax revenues.

One of the important program management problems addressed in this proposal is the excessive number of small funding categories. Under the current program, there is an annual authorization of \$15 million each for reliever airports, commuter service airports, and planning grants, as well as an approximately 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—in a highly visible way. The mandatory earmarking of "entitlement" funds in annual amounts from about \$300 000 down to \$50 000 to 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 used in combination for up to three years, as per-

mitted 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 marginally beneficial use of the entitlement funds. The proposed new program addresses these deficiencies by consolidating these smaller categories, which gives sponsors access to much larger funding pools to meet their needs.

Among other things, HR 3745 also provides for a restructuring of the grant program to give greater emphasis to 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 40 of the busiest air traffic hubs, which would be known as "primary hubs" under the proposal. Funds would be apportioned to these primary hubs on the basis of the number of revenue passenger enplanements at all of the "commercial service airports"—a new category of airport created to encompass the airports formerly identified as air carrier and commuter service—located in the primary hub. The funds could be used for development projects at airports within the hub area, based on a consolidated improvement plan developed jointly by the local airports, thereby reflecting increased local decision making. This new category of grant recipient would result in greatly increased federal aid for new capacity at reliever airports.

The existing PGP will be consolidated into the new program structure, with planning per se being an eligible item of development rather than a totally separate program. Instead of being tied to a fixed amount for planning each year—which has been inadequate in some years and excessive in others—planning needs will be assessed on a case-by-case basis annually and receive funding in accordance with actual needs.

The proposed legislation tries to deal with the serious aircraft and airport noise problem. In 1976, the existing ADAP 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 reduce further the adverse impacts of aircraft noise, this draft legislation would permit the use of federal airport grants to soundproof schools, hospitals, and public health facilities near airports and to buy noise-monitoring equipment. The legislation would also explicitly encourage planning to address noise problems and to develop specific abatement actions.

Finally, in support of the Airline Deregulation Act of 1978, this proposal would require airports to be available for use by air carriers on fair and reasonable terms and without unjust discrimination. 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 of Transportation would have standby authority in certain cases 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 services for small com-

munities in the deregulation law are not frustrated by the inability of new entrants to obtain access to airports.

Comment

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The administration bill, as explained by Mr. Bond, contains a number of features that will be welcomed by many airport sponsors; the most notable of these might be the increased level of funding for airport development grants. Further, it retains eligibility for all sizes of airports, while legislation already passed in the Senate eliminates funding for the largest 72 airports over the next two years.

One significant aspect of the administration bill is the vastly increased level of spending for FAA operation and maintenance (O&M). Even though the levels of grants to airports would rise, over the first five years of the new program nearly twice as much trust fund money would be authorized for O&M expenses as for airport development. Readers may wish to question the wisdom of spending nearly \$2 billion in FY 1985 for O&M versus \$900 million for airport development. Capital needs for airport development might suggest that the levels of funding for these two categories be reversed.

There can be little question that the expiring program has been quite successful. The demands that will be placed on the air transportation system—through the combined effects of natural growth and airline deregulation—clearly warrant continuation along the same general line with the experience gained under ADAP and a widespread general desire to see this user-supported transportation program continued. The administration bill should provide a good forum for focusing congressional and industry debate—not on the concept but only on the specifics.

