

Statement of
Todd Hauptli
President and CEO
American Association of Airport Executives
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Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
Committee on Appropriations
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Chairman Collins, Ranking Member Reed, and members of the Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, thank you for inviting me to participate in this hearing on the condition of our nation's transportation system and financing options to sustain long-term growth. It is an honor for me to be here today.

The American Association of Airport Executives (AAAE) is the world's largest professional organization representing the men and women who manage commercial service, reliever, and general aviation airports. On behalf of all our members, I would like to begin by thanking each of you for helping airports in your respective states and throughout the country build critical infrastructure through the annual appropriations process.

This committee has a strong track record of supporting the Airport Improvement Program (AIP) – a federal program that airports of all sizes rely on to upgrade aging facilities and construct runways, taxiways and other capital projects. Airport executives are also grateful that this Subcommittee has funded programs that ensure people who live in rural and less populated areas have access to safe and reliable air service. We are also appreciative of the strong support for the Contract Tower Program.

Unfortunately, the limited federal funding that airports receive is not nearly enough to cover their AIP-eligible projects let alone the longer list of capital projects that airports must fund with other revenues. By any measure, airports need additional resources to upgrade aging facilities, accommodate rising demand, and to keep pace with evolving safety and security standards.

While a number of difficult and complicated proposals for infrastructure investment are swirling in Washington, airports have a simple solution for expediting airport infrastructure: We are calling on Congress and the Administration to eliminate the outdated federal cap on Passenger Facility Charges (PFCs), local airport user fees that are imposed locally, justified locally, and

used locally for key airport projects. At a time when there is enormous pressure to reduce federal spending, allowing airports to finance a greater share of their projects with local revenue free from federal interference is by far the easiest way to improve our nation's airport infrastructure.

The Need for Infrastructure Investment

Considering the significant infrastructure needs in this country, the women and men who operate airports around the country are encouraged that this Subcommittee, lawmakers in both chambers, and the Administration are focusing on improving our nation's infrastructure. Investing in infrastructure will help rebuild our nation's airports, roads, and bridges while supporting good-paying jobs.

We are systematically and chronically under-investing in infrastructure in this country. And it is not just airport infrastructure, aviation infrastructure, or even transportation infrastructure. We are under-investing in water infrastructure, power infrastructure, and communications infrastructure. And, increasingly, this lack of investment in infrastructure across the board is having a negative impact on our domestic and international competitiveness.

According to the 2016 Global Competitiveness report, the United States has the 11th best infrastructure in the world and the 9th best aviation infrastructure. The report points out that the United States has been falling behind on infrastructure since 2007. It also makes the case that “effective modes of transport – including high-quality roads, railroads, ports, and air transport – enable entrepreneurs to get their goods and services to market in a secure and timely manner....”

I'm sure all of us would agree that we can and should do better. After all, 9th or 11th place simply isn't good enough if we want to compete in the 21st century. That's why airport executives are encouraged that Congress and the Administration are exploring various ideas for a major infrastructure investment package.

President Trump and his advisors have talked about a \$1 trillion infrastructure package that could include possible tax credits for private investors. Senate Democrats recently unveiled their own proposal that includes \$30 billion to improve airports and our aviation system. In the House, there appears to be some level of bipartisan support for legislation that proposes to eliminate the PFC cap.

Like other infrastructure stakeholders, we're awaiting details on the Administration's approach and are anxious to see what proposals Congress may ultimately coalesce around. Different approaches from the White House and both chambers of Congress may have various components that could help airports in some ways. But the PFC is the biggest bang for the buck to build critical safety and security infrastructure at our nation's airports without stressing the federal budget.

Giving airports more local autonomy through additional PFC flexibility would help airports of all sizes move forward with a long list of critical infrastructure projects. Allowing large airports to finance a greater share of their projects with local revenue could also open the door to focus

limited federal dollars on smaller airports around the country that rely on federal assistance the most.

Rising Demand, Aging Facilities, and a Long List of Airport Capital Needs

Rising Demand: 2016 was a banner year for our airline partners. According to Airlines for America (A4A), U.S. passenger airlines set multiple traffic and capacity records last year. The airline group indicated that passenger enplanements, revenue passenger miles, available seat miles and load factors all hit record highs in 2016.

Considering the current trajectory, it should be no surprise that the FAA anticipates passenger levels will continue to grow in the short- and long-terms. The agency's 2016 Aerospace Forecast estimates that U.S. commercial air carrier enplanements will increase from an estimated 786 million in 2015 to 839 million this year. That's an increase of more than 50 million passenger enplanements in just two years.

The FAA's latest Forecast also indicates that passenger enplanements will reach the one billion mark by 2027 – just 10 years from now and two years earlier than previously expected. By 2033, passenger levels are expected to reach 1.16 billion. Adding approximately 325 million passengers between now and 2033 is the equivalent of adding the entire U.S. population to our already constrained aviation system.

Sixteen years may seem like a long time into the future. But planning, designing, and building runways, terminals and other capacity-enhancing projects can take an enormous amount of time. Airports need to prepare now for rising passenger levels to come in order to avoid congestion on the ground.

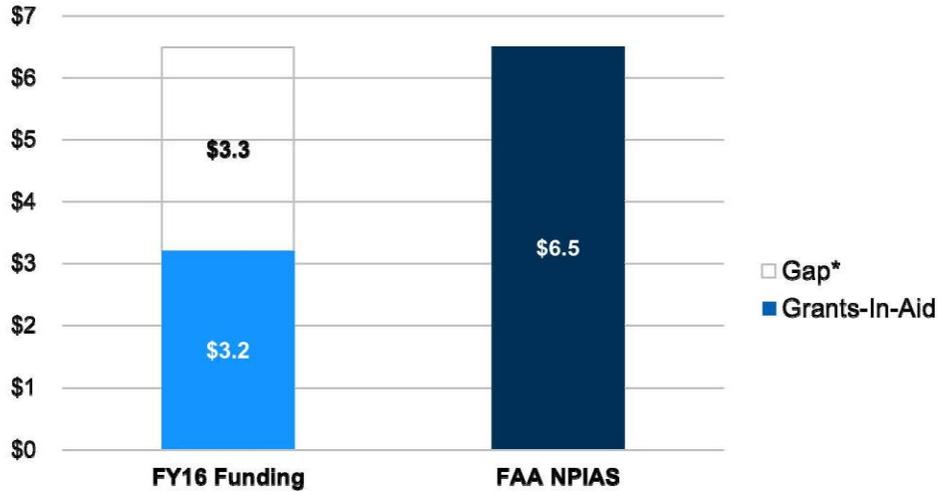
Along with increasing passenger enplanements, the number of aircraft operations is also slated to rise in the years ahead. According to the FAA's Forecast, operations are expected to increase from 50,000 in 2016 to almost 60,000 by 2036 – a 20 percent jump. But the FAA warns that “inadequate” infrastructure could result in congestion and delays as well as impact the agency's projections for demand and operations.

Increasing Airport Capital Needs: With increasing passenger levels and aging facilities, large and small airports are also facing significant capital needs. As part of its 2017 National Plan of Integrated Airports System (NPIAS) report, the FAA estimated that airports have \$32.5 billion in AIP-eligible projects between 2017 and 2021 or approximately \$6.5 billion annually.

As members of this Subcommittee know, Congress has appropriated \$3.35 billion for AIP in recent years, down from \$3.5 billion a few years ago. Of the current amount, approximately \$3.2 billion is designated for actual capital projects. The remaining amount goes to the FAA to administer the program and to fund other research and small community programs. At \$3.2 billion, AIP funding is only enough to cover about half of airport's annual AIP-eligible projects.

Annual AIP Funding vs. Eligible Projects

(Dollars in Billions; Source: FAA 2017 NPIAS)



*Gap does not reflect funding from PFCs, bonds, other sources.

The FAA's NPIAS provides a snapshot of certain airport capital needs. But it is important to note that the FAA estimate only reflects some projects that are eligible for federal funds. The FAA report does not include other necessary but ineligible infrastructure projects such as gates and certain terminal projects that airports fund with PFCs and other revenue sources.

Like the FAA, our colleagues at Airports Council International-North America (ACI-NA) evaluate airport capital needs. The association's latest Airport Capital Needs Survey – which evaluates the full range of airport capital needs rather than just AIP-eligible projects – estimates that airports will face \$100 billion in capital needs between 2017 and 2021 or approximately \$20 billion annually.

The results from ACI-NA's latest Airport Capital Needs Survey are up from its survey two years ago that showed \$15.1 billion in annual capital needs. The new estimate is also more than three times the \$6.3 billion that airports received in AIP funds and PFC revenue last year.

Annual AIP and PFC Funding vs. Airport Capital Needs

(Dollars in Billions; Sources: FAA, ACI-NA 2017 Airport Capital Needs Survey)



*Gap does not reflect funding from bonds; other sources.

Construction Cost Inflation: In addition to rising passenger levels, airports have been hit hard by rising construction costs. According to the Means Construction Cost Indexes, the average construction costs for 30 major U.S. cities have jumped approximately 75 percent since 2000 – the last time Congress raised the PFC cap.

Unfortunately, rising construction costs have eroded the purchasing power of artificially-capped PFCs and stagnant AIP funding levels. Because the PFC has not been adjusted for inflation over the years, a \$4.50 PFC is worth only about \$2.20 today according to the Means Construction Cost Indexes. Unless corrective action is taken, the value of PFCs will erode even more. The easiest way to keep up with annual construction inflation is to completely eliminate the PFC cap.

Recommendations for Helping Airports Finance Critical Infrastructure Projects

Airports rely mostly on local PFCs, federal AIP grants, and bonds to finance infrastructure projects at their facilities. Ensuring that airports have adequate funding to build critical infrastructure projects will require Congressional action in all three areas. Needless to say, flat or reduced AIP funding will only increase pressure on airports to secure funds from other revenue sources like PFCs.

As you continue to move forward on the annual appropriations bills and prepare to debate a possible infrastructure package, airports have four steps that Congress could take to ensure that they have the revenue they need for airport capital projects.

1. Eliminate Outdated Federal Cap on Local PFCs

Airports are united behind a proposal to eliminate the federal cap on local PFCs. For more than 25 years, the PFC program has helped airports increase safety, security, and capacity; mitigate the impact of aircraft noise; and increase competition.

PFCs are local fees that must be approved locally, imposed locally, and used locally for projects approved by the Department of Transportation (DOT) in consultation with the airlines. There is an inherent level of accountability locally that ensures any revenues raised through the PFC are used for critical locally-supported projects.

A PFC adjustment is long overdue. Congress has not adjusted the cap since 2000 – 17 years ago. Considering the ongoing pressure to reduce federal spending, it is now more important than ever that Congress eliminate the federal cap on local PFCs. Eliminating the cap would allow airports to finance a greater share of critical infrastructure projects with their own local revenues.

PFCs Help Increase Capacity; Enhance Competition: Airports use PFC revenue to build infrastructure projects that increase capacity, reduce delays, and enhance competition among carriers. With over \$13 billion in capital needs, the Seattle-Tacoma International Airport (SEA-TAC) is a good case study for why Congress should eliminate the federal cap on local PFCs.

Seattle-Tacoma International Airport: Last week, Lance Lyttle, SEA-TAC’s Managing Director, testified before the House Aviation Subcommittee during a hearing on the state of American airports. He told lawmakers that the airport plans to invest more than \$3.2 billion in capital improvement projects during the next seven years including \$660 million for a new International Arrivals Facility.

He also indicated that these upcoming capital projects will “use essentially all of Sea-Tac’s anticipated PFC collections through 2035, and most PFC collections through 2047, to pay revenue bond debt service on PFC eligible projects.” In other words, unless Congress adjusts the outdated PFC cap, the airport will be PFC-constrained for the foreseeable future.

But SEA-TAC, like other airports around the country, needs to continue to repair aging infrastructure and expand its facilities to accommodate rising passenger levels. The airport expects its passenger levels will jump from 46 million last year to 66 million by 2034. To accommodate the huge influx of travelers, SEA-TAC will need another \$10 billion to build 35 more gates, expand ticketing/check-in facilities, and rebuild airport access roads.

With AIP funding held flat in recent years, many in the airport community think a big boost in federal funding is unlikely. In Seattle, airport officials would prefer that funds for their infrastructure projects come from PFCs rather than from airline rates and charges. Absent additional PFC flexibility, SEA-TAC has few feasible options remaining.

PFCs Help Small Airports: Although large airports obviously benefit from PFCs, the local user fee is an important source of income for smaller commercial service airports around the country, too. In fact, some of the most compelling calls for self-help come from communities like Bangor, Maine; Providence, Rhode Island; and Missoula, Montana.

Small airports rely on PFCs to augment their AIP funding and to help pay the higher local matching requirement for AIP funds. The last FAA reauthorization bill regrettably doubled the local matching share requirement for small communities over the previous requirement. Doubling the local match requirement has had an enormous financial impact on small airports. Eliminating the PFC cap would help small airports generate more local revenue to meet their higher local requirements.

Bangor International Airport: Madame Chair, as you know, the Bangor International Airport recently completed work on a \$14 million terminal project that allowed the airport to add another passenger gate and jet bridge for domestic travelers. That major renovation project was made possible by a combination of local PFCs, AIP grants, and other revenue sources.

Officials at the non-hub airport now have their sights set on two major airside projects including rehabilitating a taxiway that parallels the runway. At over 11,000 feet in length, the project is expected to cost approximately \$10 million. The airport, which is home to the 101st Air Refueling Wing, also plans to redo the adjacent runway. The runway project could cost twice as much as the taxiway, and the airport plans to use AIP grants and PFCs for both.

The Bangor International Airport is experiencing tremendous passenger growth. Last year the airport had a record 492,000 enplanements. That's 120,000 more enplanements than the airport had just eight years ago. With increasing passenger loads and the continuous need to upgrade aging facilities, it's clear that the airport will need to invest in other necessary airside and landside projects. Lifting the PFC cap would give the airport another financing option to meet its infrastructure demands.

T.F. Green Airport: T.F. Green Airport near Providence, Rhode Island has relied on federal grants and PFC revenue for critical infrastructure projects. Two week ago, Rhode Island Airport Corporation officials, Ranking Member Reed, and other leaders announced that the airport will begin receiving new international service this summer. Senator Reed deserves a great deal of credit for facilitating that new service by helping to secure \$110 million in AIP grants to upgrade the airport and extend its runway.

Looking ahead, airport officials indicate that raising or eliminating the PFC cap could help the airport fund critical infrastructure projects and airfield equipment. With potential growth in service to international destinations, airport officials point out that they may need to use PFCs to help pay for expanding or potentially building a new Federal Inspection Service facility. The airport also intends to use PFCs to pay for debt service on associated airfield projects.

Missoula International Airport: The Missoula International Airport is another airport in need of a new terminal. The current terminal at the Montana airport was built in the late 1940s, and the

airport has added on to it about a dozen times since then. In an effort to replace outdated facilities and accommodate unprecedented passenger growth, airport officials are preparing to break ground next year on a new \$72 million terminal. The airport plans to use a combination of PFCs, AIP grants, and other revenue sources to pay for the much-needed project.

Adjusting the PFC cap would allow the airport to service a higher level of debt and complete all phases of the new terminal project. Airport officials also point out that a higher PFC cap would allow them to pay off the terminal-related debt more quickly. It would also allow them to use PFC revenue for other high-priority projects such as airfield pavement, Aircraft Rescue and Fire Fighting equipment, and Snow Removal Equipment.

Response to Airline Arguments: Unfortunately, airports and airlines don't agree on the need to eliminate the PFC cap. We've been going around and around on this issue for the past 25 years. It is a dispute about money. But, more importantly, it is a dispute about control. Airlines don't like the fact that airports can use PFC revenue to help increase competition at their facilities, which can lead to lower fares.

The dispute between airports and airlines is also about perspective. Airlines tend to look at the world in 90-day increments of time and their next quarterly report. That is understandable since their job is to maximize revenue for their shareholders. Airports, on the other hand, look at the world in 3-, 5-, 7-, 10-, even 15-year increments because that's how long it takes to build necessary infrastructure.

Airports, like you, are representatives and stewards of their communities. Airports are trying to provide the best opportunities for competition and enhanced service. If an airline doesn't like their yield in a particular market, they can pick up and leave. We believe that our interest, as units of local government, aligns with your interest, as members of the United States Senate, in looking out for what is best interest of your community.

The airlines often make the erroneous claim that PFCs are taxes. But PFCs are not taxes. They are local user fees charged to passengers using airport facilities to help defray the costs of building airport infrastructure. Moreover, PFCs are imposed by states or units of local government – not the federal government. PFCs are not collected by the federal government, not spent by the federal government, and not deposited into the U.S. Treasury.

Marc Scribner from the libertarian Competitive Enterprise Institute described PFCs as “classic example of a user fee.” He correctly pointed out that “unlike taxes, user fees can only be imposed on the service beneficiaries... The primary beneficiaries of airports are the passengers who use the airports; thus, charging them a facility user fee that will be used solely for specific, statutorily-defined airport improvements cannot constitute a tax.”

Our airline partners will continue to try to make the case in that raising the PFC cap isn't necessary because commercial service airports collected \$24.5 billion in revenues in 2013. The airlines might have a point if airports could have devoted that entire amount for capital projects. But, not surprisingly, airports use various revenue sources to pay for capital *and* operational expenses.

The fact is almost half of the airline's estimate – or \$11.7 billion – paid for airport operating expenses such as personnel costs, firefighting and law enforcement. According to airport financial reports, airports also had \$6.3 billion in debt service costs in 2013. That's the amount of principal and interest that airports paid for long-term bonds during the year. When combined with airport operating expenses, airport non-capital costs were \$18 billion in 2013 – or 73 percent of A4A's estimate.

Another 25 percent of A4A's estimate – or \$6.2 billion – came from AIP funds and PFCs. That estimate is misleading because airports didn't actually receive the full \$3.4 billion in AIP grants. According to the FAA, airports received less than \$3 billion in AIP grants in 2013 and slightly less than \$2.8 billion from PFCs. There's no question that \$5.8 billion is a large amount of money. But revenue from those two programs would only cover a fraction of the \$20 billion in annual airport capital needs.

Finally, A4A's estimate also doesn't take into account the amount of debt that airports have outstanding. Airport financial reports show that airports had more than \$83 billion in outstanding debt in 2013, and that number climbed to more than \$88 billion by 2015. Without a PFC increase, airports that have more borrowing capacity will have to issue even more debt to finance their infrastructure projects. Eliminating the PFC cap and paying for more projects on is a fiscally responsible approach that would help both airports and airlines.

2. Continue to Invest in Federal Airport Improvement Program

Airports are also urging Congress to continue to provide full funding for AIP in the annual appropriations bills. As members of this Subcommittee are well aware, no general fund revenues are used for AIP grants. The AIP program is supported entirely by users of the aviation system through various taxes and fees deposited into the Airport and Airway Trust Fund.

AIP is a critical source of funding for airports of all sizes and especially smaller airports around the country that don't generate as much PFC revenue or have easy access to the bond market. Large and medium hub airports also depend on AIP funding – particularly money distributed through the Letter of Intent Program – to help pay for large capacity-enhancing projects.

AIP funds key airport projects that improve safety, security, capacity, and efficiency. Airports often rely on federal grants to construct and rehabilitate runways and taxiways. Despite enormous demand and increased construction cost inflation, the authorized funding levels for AIP has dropped in recent years from \$3.515 billion to \$3.35 billion.

It is important to point out that not all AIP funding actually flows to airports for actual construction projects. In FY16, for instance, only about \$3.2 billion went to actual infrastructure projects. Slightly more than \$107 million of AIP went to the FAA to operate the program. At that funding level, the annual appropriations for AIP amount is only enough to cover half the FAA's estimated \$6.5 billion in annual AIP-eligible projects and one-third of airports' entire annual capital needs.

The next FAA reauthorization bill may propose slightly higher funding levels for AIP. But we realize that it is unlikely that the program will double in size any time soon. It is for that reason that we believe that it is absolutely imperative for Congress to eliminate the PFC cap. Doing away with the cap could potentially open the door to recalibrate the AIP program. With a PFC increase firmly in place, limited federal funds could be focused on smaller airports that need AIP funds the most.

3. Preserve and Restore Tax Exempt Financing for Airport Bonds

While it isn't under this Subcommittee's jurisdiction, airports urge you to work with your colleagues on the Senate Finance Committee to help airports pay for their infrastructure projects with bonds. Specifically, we are urging Congress to retain the tax exemption for municipal bonds and to eliminate the tax burden of the Alternative Minimum Tax (AMT) on airport private activity bonds.

AAAE and ACI-NA have long argued that federal tax law unfairly classifies the vast majority of bonds that airports use as private activity even though they are used to finance runways, taxiways and other facilities that benefit the public. Since private activity bonds are subject to the AMT, airport bond issuers traditionally have been charged higher interest rates on their borrowing.

A permanent AMT fix would help airports reduce their borrowing costs, allow them to invest in more infrastructure projects, and support more jobs. Since reducing borrowing costs would benefit airports and their customers, this is one airport infrastructure financing proposal that airports and airlines will likely continue to agree makes sense.

But it is important to note that unlike AIP and PFCs, bonds are not a revenue source – they are essentially loans that airports need to pay back. In terms of additional borrowing, many airports are unable to issue new bonds because they have reached the limits of their debt capacity. Other small airports are simply unable to go to the bond market to finance infrastructure projects.

4. Close Bag Fee Loophole

While airports and airlines may agree on the need for AMT relief, we continue to have a fundamental disagreement over the impact of airlines' increasing reliance on baggage fees and other ancillary charges. AAAE is recommending that those fees be subject to the same aviation excise taxes as base air fares and that the revenue be deposited into the Airport and Airway Trust Fund.

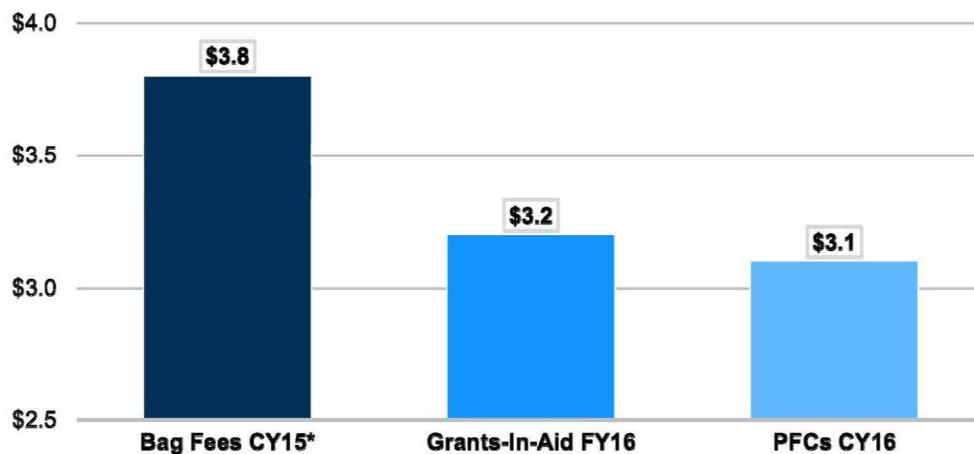
Airport operators respect our airline partners and the highly competitive nature of the commercial airline industry. However, at a time when federal funding for airport infrastructure projects is stagnant, and the purchasing power of PFCs is eroding, the airlines' current business model simultaneously reduces funds that could be used for airport infrastructure projects and air traffic control modernization.

Air carriers are increasingly relying on revenue generated from checked baggage fees and other ancillary charges and less on funds from base airline tickets. Unlike airline tickets, baggage fees and some other ancillary charges are not subject to a 7.5 percent excise tax. In other words, the airlines' a la carte pricing model allows carriers to avoid paying aviation excise taxes for services that were once included in the price of traditional airline tickets.

According to DOT's Bureau of Transportation and Statistics, U.S. airlines collected more than \$3.8 billion in baggage fees in 2015 – the last complete year available. And carriers were on track to exceed that amount in 2016 having collected approximately \$3.15 billion in first three quarters of the year. Those figures are for bag fees alone and do not include revenue that carriers generate from reservation change fees and other ancillary charges. The 2015 airline bag fee revenue exceeds the amount that Congress approved for AIP in FY16 and the amount that airports collected in PFC revenue in the same calendar year.

Airline Bag Fees vs. AIP and PFCs

(Dollars in Billions; Source: Bureau of Transportation Statistics)



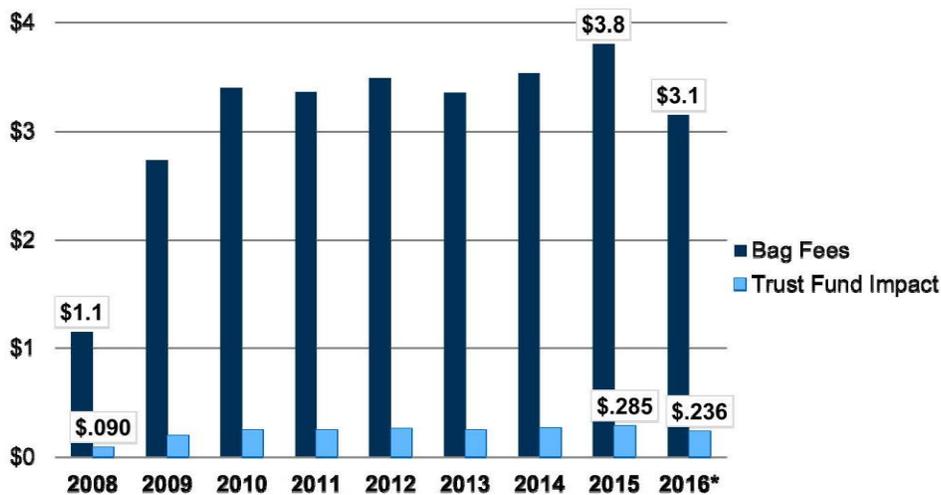
*Last complete year available.

The airlines' use of ancillary fees shortchanges the Airport and Airway Trust Fund of revenue that could otherwise support airport infrastructure projects, air traffic control modernization, and other aviation system improvements. Between 2008 and the third quarter of 2016, the airlines raked in almost \$28 billion in revenue from bag fees. By the end of the first quarter of 2017 – less than one month from now – that number will likely climb to approximately \$30 billion.

Closing the baggage fee loophole and charging the same 7.5 percent as base fares would have generated approximately \$285 million in 2015 alone. From 2008 through the first quarter of 2017, the bag fee loophole is expected to cost the Airport and Airway Trust Fund approximately \$2.2 billion in foregone revenue.

\$30 Billion in Bag Fees; \$2.2 Billion Loss to Aviation Trust Fund

(Dollars in Billions; Source: Bureau of Transportation Statistics)



*Through 3Q 2016

We appreciate the airlines' responsibility to answer to their shareholders. And airports want our airline partners to be successful. But the ancillary fee loophole should be closed. Doing so would generate over \$1 billion every four years that could be used for AIP and NextGen. It would also help the nation meet the long-term needs of our aviation system.

Recommendations for Helping Small Communities

This Subcommittee has long looked out for small communities by supporting programs that ensure people who live and work in rural areas have access to our aviation system. As you consider the annual appropriations bills, we urge you to protect the cost-effective Contract Tower Program and maintain funding for small community programs.

Contract Tower Program: On behalf of the 253 airports with FAA contract towers, we would like to thank this Subcommittee for the full and dedicated funding you have provided the

contract tower program over the years. This successful program allows smaller airports in 46 states to have air traffic control services that have a direct impact on aviation safety. It also plays a key role in connecting smaller airports and rural communities with our national air transportation system.

As you well know, the Contract Tower Program continues to enjoy strong bipartisan and bicameral support in Congress for the way it enhances aviation safety and provides significant cost savings to the FAA and U.S. taxpayers. The enormous benefits of this highly-regarded government/industry partnership have been validated repeatedly by DOT's Office of Inspector General.

Almost half of all military operations at civilian airports in the U.S. occur at contract towers and approximately 70 percent of all contract controllers are veterans. Contract towers operate together with FAA-staffed facilities throughout the country as part of a unified national air traffic control system. Without this federal program and critical support from this Subcommittee, many of these towers would be forced to close.

We are grateful that Senate and House versions of the FY17 DOT Appropriations bill include \$159 million for the Contract Tower Cost Share program. We urge you to include that full amount in the final FY17 and FY18 DOT spending bills.

Essential Air Service: Congress created the Essential Air Service (EAS) program as part of the Airline Deregulation Act of 1978 to ensure that small communities could maintain a minimal level of scheduled air service. Since then, this program has successfully allowed people who live in rural and less populated areas to have access to the national aviation system. According to DOT, 173 communities participate in the EAS program including 61 in Alaska.

Commercial air service is not just a matter of convenience for leisure travelers. It is also critical to economic development efforts in communities around the country. Without the EAS program it would be difficult for many small communities to retain commercial air service and attract businesses that promote economic development and create jobs.

The EAS program is funded by a combination of annual appropriations and revenue from overflight fees. On behalf of EAS communities around the country, we urge you to continue to support this program.

Small Community Air Service Development Program: AAAE has been a strong supporter of the Small Community Air Service Development Program. Since its creation, the program has helped numerous small communities suffering from insufficient air service or unreasonably high fares.

DOT officials have pointed out that small community grants fund a variety of projects including financial incentives for airlines and marketing initiatives. At a time when small airports are trying to do everything they can to hold on to commercial air service and attract new service, the Small Community Air Service Development Program can provide small communities with a much-needed boost.

It is worth noting that small communities that participate in the program bring significant local funds to the table. When announcing grant recipients last year, DOT noted that “nearly all the communities pledged local cash and/or in-kind contributions from local, state, airport, or private sources to complement their requests for Federal assistance.”

Vision 100 authorized \$35 million per year for the Small Community Air Service Development Program, and authorizers reduced that level to \$6 million annually in the FAA Modernization and Reform Act of 2012. This Subcommittee has approved even higher funding levels for the Small Community Air Service Development Program in recent years, and we urge you to help airports in small communities by continuing to support this program in FY17 and FY18.

Conclusion

Chairman Collins, Ranking Member Reed, and members of the Senate Appropriations Subcommittee on Transportation, thank you again for inviting me to participate in this hearing on airport issues and infrastructure financing. We appreciate your long-standing support of the nation’s airports and maintaining air service. We look forward to working with you as we seek to better prepare airports to deal with the significant challenges on the horizon.