

U.S. Senate Aviation Operations, Safety and Security Subcommittee
Hearing on Improving Air Service to Small and Rural Communities

Witnesses

- The Honorable Andrew Steinberg, Assistant Secretary for Aviation and International Affairs, U.S. Department of Transportation
- Mr. John Torgerson, Deputy Commissioner of Aviation, Alaska Department of Transportation and Public Facilities
- The Honorable Karen Miller, Boone County Commissioner, representing the National Association of Counties (NACo)
- Mr. Mark F. Courtney, Airport Director, Lynchburg Regional Airport
- Ms. Faye Malarkey, Vice President of Government Affairs, Regional Airline Association (RAA)

Participating Senators

The Honorable Mark Pryor (D-AR)
The Honorable Ted Stevens (R-AK)
The Honorable Byron Dorgan (D-ND)
The Honorable David Vitter (R-LA)
The Honorable Olympia Snowe (R-ME)
The Honorable John Thune (R-SD)

Testimony Summary

Both the House and Senate have held hearings addressing air service to small and rural communities, in particular the Essential Air Service program (EAS). Nearly 145 communities are supported by EAS and that number continues to grow. With strong bipartisan, bicameral support, along with consistent funding increases, EAS has kept pace with an ever-changing market. Unfortunately, the Department of Transportation, more specifically the Federal Aviation Administration, has recently proposed to cut EAS program funding by \$59 million from current enacted levels (\$110 million), forcing out a third or more active communities from the program. In preparing for the FAA reauthorization, the Senate held another hearing to address and discuss this issue.

According to the Administration, DOT is looking to do three things with EAS – 1. retain and attract service; 2. have a strong program approach for communities; and, 3. improve the program. DOT sees EAS as fulfilling “important transportation needs of real people.”

However, EAS has not changed in three decades and providing a safety net of funding for many small communities, even some that are underperforming in this area. DOT hopes to work with Congress to determine solutions that will improve the EAS program.

The three witnesses that represented more “on-the-ground” points of view had varying opinions of EAS. Commissioner Torgerson of Alaska is very supportive of EAS, as it provides a great deal of goods and transport opportunities to the most rural of areas. However, he is unsupportive of a GAO recommendation for carrier subsidies to be changed to local grants and wants the current system to remain in place. Conversely, Commissioner Miller representing the National Association of Counties (NACO) indicated a strong support and importance of the program to enhance competition, but had several recommendations to Congress:

- Increased funding (to \$133 million);
- Identification of more funding from a possible dedicated source (i.e. Airport Airway Trust Fund);
- Repeal of the 10% local match;
- Increased and indexing of the \$200 cap, which would create an incentive for service and penalties for poor service;
- Increased and funded marketing of EAS service within communities; and,
- Increased number of studies to show effectiveness, which would increase competitive bidding.

The last community witness, Mark Courtney, Airport Director, Lynchburg Regional Airport, gave a different perspective – an area and airport that didn’t receive EAS funding, but is experiencing the struggle of not being either a large hub or a small rural. He indicated how crucial the EAS program is to supporting local communities and that more needs to be done to attract additional carriers into areas to fulfill the increase in demand, while keeping costs low. Furthermore, he indicated that the large airline industry was causing the problems for small and regional airports/airlines and that more needs to be done.

The Regional Airline Association (RAA) gave the final testimony, laying out the following positions for RAA:

- Supportive of the Senate Committee’s increase in program funding by \$6 million per year, bringing the program to \$133 million next year.
- Requiring an audit on obligated, unspent EAS funds currently retained on the EAS balance sheet and that leftover funds be reinvested in the EAS program to raise service levels at more viable routes.
- Upgrading EAS contract years from the current two to possibly four or five years.
- Requiring DOT, under the FAA reauthorization, to make real-time rate adjustments, particularly with the recent examples of staggering fuel costs.
- Requiring DOT, in cases of new carrier contracts, to give incumbent carrier a date certain when it may exit the market without exception.
- Urging caution in proceeding with light jets and other similar technology as a solution to EAS shortfalls, as they are expensive and untested.

- Advancing the FAA reauthorization bill that makes modernization of the Air Traffic Control system a priority.

Committee Comments/Questions

Senator Stevens, who strongly supports EAS as a vital part of Alaska's survivability and prosperity, is concerned with DOT's so-called "solutions" to improving EAS, particularly with that of the new technologies like light jets.

Senator Dorgan echoed much of Steven's comments. He further stated that the deregulation of the airlines imposed a terrible penalty on rural America, creating higher fares with decrease service. He suggested developing a system of checks and balances on EAS communities, to ensure that they are continually enhancing their system. According to Dorgan, EAS is "very important and we need to get it right."

Senator Vitter gave his support for Vision 100, the Small Community Air Service Development Program and EAS in general. He questioned whether or not EAS communities were developing air evacuation planning.

Senator Snowe stressed the importance of EAS to rural development and rural economies. She stated the need for an adjustment to federal policy to make EAS fairer and to increase economic growth in those areas served, ensuring that underserved regions get opportunities for improvement. In legislation the Senator co-sponsored, she supports eliminating cost-sharing regionally; indexing caps to inflation; and, a subsidy cap.

Senator Thune was integral in developing the Vision 100 legislation and has concerns about the mileage determination DOT uses for designation of EAS communities. He wants this to remain at the discretion of the Governors in the various states, instead of the DOT. Thune is deeply concerned that EAS communities could completely lose or severely decrease service opportunities with changes to the program.