

SECRETARY OF TRANSPORTATION ANDREW CARD
AMER. ASSOC. OF AIRPORT EXECUTIVES/ AACI
LEGISLATIVE ISSUES CONFERENCE
WASHINGTON, D.C.
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INTRODUCTION

- Thank you **Ralph Tonseth** (Chairman of AAAE) for the introduction and also to "**Chip**" **Barclay** (President AAAE) and **George Howard** (AACI) for the invitation.
- We value our relationship with "Triple A" E (AAAE) and AACI. Past Deputy Secretary James Busey talked to you back in mid-March -- now it's my turn.
- Aviation is always a front page story. And this week marks the anniversary of what may well have been the strangest automobile ride in history --possibly with the largest number of back seat drivers in history. Some 21 years ago, Apollo astronauts David Scott and James Irwin were watched by millions of TV viewers as they explored the surface of the moon on a specially designed electric car.

In one respect, the moon's first drivers were a lot like a speaker in front of an audience -- nobody knows in advance exactly where he is going and they can't wait for him to get there.

Mindful of this, I shall immediately shift into high gear and get rolling on those issues I want briefly to discuss with you today.

AIRLINE COMPETITION

- The Nation's airlines are giving the public what it wants : cheap fares, excellent service, and safe flights. But the airline industry is going through a very difficult period. Some major carriers have failed and 3 others are in bankruptcy reorganization. Even our healthiest airlines are now reporting very large losses -- and 1992 was to be the year for the industry to recover.
- But we remain confident that the industry will remain competitive when it emerges from this troubled period. It would be a mistake to get back into the business of regulating airlines.
- We are closely reviewing the new USAIR/ British Airways alliance. As I recently stated, "such transactions hold the promise of competitive benefits to carriers, to their customers and to the communities they serve." But we also want to assure that legitimate U.S. interests are protected.

PFCs

- AACI and AAAE know better than anyone the need to improve our airport infrastructure.
- The PFC -- along with the AIP -- are at the center of our efforts to enhance and expand capacity, promote competition and mitigate noise. We are trying to approve PFC requests as quickly as feasible. We are not, however, simply rubber stamping applications. As of yesterday (July 27) 30 have been approved for \$3.5 billion.
- In regard to PFC collection on frequent flyers, just yesterday I drafted a letter to Frank Lautenberg. To quote: "Of concern is the statutory provision to prohibit funds from being used for planning or executing any rules which would result in the levying of PFCs on frequent flyer tickets. This represents a troubling incursion into the management discretion of the department."

AIRCRAFT NOISE

- We're in the midst of implementing the precedent setting aircraft noise initiative that was hammered out over the past several years.

- We fought long and hard to establish a more predictable environment in which industry can respond to market demands and simultaneously achieve the orderly phase out of Stage 2 aircraft. And we're convinced that necessary noise relief can be achieved under this policy without extensive additional local restrictions.
- While all airports will benefit from the national rule, if relief is not sufficient or if special problems exist at particular airports -- then negotiations should be pursued within the context of the 1990 legislation.
- We strongly believe that voluntary agreements between parties should be the solution on local noise issues. Successful negotiations have been conducted at the local level in Los Angeles and Minneapolis/St. Paul. We are closely monitoring the situation at the Port Authority of New York and New Jersey and we have been in contact with all parties involved.

FAA REAUTHORIZATION

- Now to what's happening on the Hill.
- House reauthorization bill -- HR 4691 -- incorporates many of the Department's key proposals.

- The bill's enhancement of the military airport program and increasing funds for noise mitigation will contribute directly to new capacity. Support of Facilities and Equipment funding will allow us to continue modernization of the air traffic control system at an accelerated pace.
- We appreciated the decision to continue the PFC programs without modification. We are still concerned about the linkage between the PFC and specific AIP funding levels. We appreciate the work of the AAAE and AACI in making it clear to Congress how detrimental this action could be.
- House and Senate bills have some differences -- especially from the bill submitted by DOT. Funding levels in HR 4691 are somewhat higher than those submitted by DOT and significantly higher in the Senate bill -- S 2642. We believe that the \$1.9 billion is an appropriate funding level for AIP. And we believe that the length of the reauthorization should be 3 years as proposed by DOT and the Senate version.

- Both HR 4691 and Senate bill lack some items we requested including the establishment of a State Block grant program based upon the pilot program created back in 1987. The House has extended the current pilot program and increased the number of states participating from three to seven.

APPROPRIATIONS BILL

- Provides for funding for AIP at \$1.85 billion -- which is \$50 million less than Administration request. At this level, and if the linkage provisions and funding levels of HR 4691 become law, PFC applications submitted after September 30, 1993 could not be approved for new locations.
- Overall, House bill knocks down "firewalls" or separate caps on domestic discretionary spending. House funded President's transportation request by spending "alleged savings" in the foreign aid budget category. As a result, House increases spending above what would otherwise occur under the Budget Enforcement Act. Adds to the deficit -- that's not fiscal responsibility.

- Senate Subcommittee expected to mark up appropriations bill this week -- perhaps differences will be ironed out. If House language is adopted, President's senior advisors would recommend a veto.

AIRLINE COMPETITION ENHANCEMENT ACT OF 1992

- DOT opposes provisions governing computer reservation systems (CRS). Freezing -- in statute -- such diverse and detailed matters as CRS contract expiration dates, liquidated damages clauses, and the conditions for upgrading computer hardware or software, will create major problems as time change. In short, bill offers no flexibility.
- DOT also opposes bill because it extends the "on-time" reporting requirements to commuter air carriers that do not have sophisticated computer resources to perform electronic reporting. This could favor commuters associated with large carriers over independent carriers.

CONCLUSION

- I doubt if there's been an administration more supportive of -- and more friendly to -- the aviation community.

- I have full confidence it's going to stay that way-- especially with our new head of the FAA, Tom Richards.
- I've talked long enough -- it's time to take questions.

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