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<TARGET><BILL>SR 2</BILL><SUBJECT>SR
2</SUBJECT><COMM>STRA27</COMM></TARGET>

RE: SR 2

To Be Published Today 2/9/11

SENATE RESOLUTION NO. 2

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY SENATOR KOOKESH

Introduced:

Referred:

A RESOLUTION

1 Urging the United States Congress to fund fully the essential air service program.

2 BE IT RESOLVED BY THE SENATE:

3 WHEREAS S.223, the FAA Air Transportation Modernization and Safety
4 Improvement Act, has been introduced in the United States Senate; and

5 WHEREAS Amendment 4 to S.223 by the senior senator from Arizona would
6 eliminate funding for the essential air service program; and

7 WHEREAS the 44 communities in the state that benefit from the essential air service
8 program under 49 U.S.C. 41731 - 41748 are the most remote and isolated communities in the
9 nation; and

10 WHEREAS air carriers in the state that are subsidized by the essential air service
11 program provide critical passenger, cargo, and mail services to remote communities; and

12 WHEREAS, for many remote communities in the state, air travel is not simply a
13 convenience, but the only scheduled passenger service to the rest of the world, making it vital
14 for basic economic, health, and safety needs; and

15 WHEREAS the essential air service program ensures that remote communities can
16 maintain a link to the national air transportation system; and

L

1 **WHEREAS** Alaska is a young state and, because of the size and the unique
2 geography of the state, relatively few roads provide access to remote communities, making
3 aircraft the dominant mode of transportation in many rural areas; and

4 **WHEREAS** the elimination of the essential air service program would significantly
5 increase commodity prices and the cost of general passenger air travel essential to residents of
6 the state's rural communities; and

7 **WHEREAS**, without the essential air service program, at least 12,000 Alaskans living
8 off the road system would not be able to afford travel to regional hubs for essential medical
9 care; and

10 **WHEREAS** the complete elimination of the essential air service program would have
11 a severe negative economic effect on remote communities in the state, many of which are
12 already economically depressed, and could destabilize those communities;

13 **BE IT RESOLVED** that the Senate supports the essential air service program and
14 urges the United States Congress to reauthorize full funding for the program in S.223; the
15 FAA Air Transportation Modernization and Safety Improvement Act.

16 **COPIES** of this resolution shall be sent to the Honorable Barack Obama, President of
17 the United States; the Honorable Raymond L. LaHood, United States Secretary of
18 Transportation; the Honorable John McCain, U.S. Senator; the Honorable Lisa Murkowski
19 and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S.
20 Representative, members of the Alaska delegation in Congress; and all other members of the
21 112th United States Congress.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
 Bill Version SR 2
 (S) Publish Date 2/9/2011

Identifier (file name) _____ Dept. Affected _____
 Title SR 2-URGING FUNDING FOR ESSENTIAL AIR SERVICE Appropriation _____
 Allocation _____
 Sponsor Senator Kookesh
 Requester (S) RULES OMB Component Number _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| | Appropriation Required | Information | | | | | | |
|-------------------------------|---------------------------|-------------|------------|------------|------------|------------|------------|------------|
| | | FY 2012 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Services | | | | | | | | |
| Commodities | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Grants | | | | | | | | |
| Miscellaneous | | | | | | | | |
| TOTAL OPERATING | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|

| | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|
| CHANGE IN REVENUES | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | | | |
|--------------------------|--|------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | | | |
| 1003 GF Match | | | | | | | | |
| 1004 GF | | | | | | | | |
| 1005 GF/Program Receipts | | | | | | | | |
| 1037 GF/Mental Health | | | | | | | | |
| Other (please identify) | | | | | | | | |
| TOTAL | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2011) cost _____

POSITIONS

| | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|
| Full-time | | | | | | | | |
| Part-time | | | | | | | | |
| Temporary | | | | | | | | |

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Senate Rules Committee
 Division _____
 Approved by /s/ Senator Ellis, Chair

Phone _____
 Date/Time 2/7/11 12:00 AM
 Date _____

Analysis

Will be absorbed within the current legislative budget.

Nancy Barnes

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Friday, February 18, 2011 7:43 AM
Subject: Libby Casey: Alaska Will Keep Flight Subsidies

Alaska Will Keep Flight Subsidies

Thu, February 17, 2011

Libby Casey, [APRN](#) – Washington

The Essential Air Service Program that subsidizes flights to rural Alaska is safe – for now. Arizona Senator John McCain's attempt to kill the program's funding died in the Senate today. McCain's amendment was tabled on a vote of 61 to 38.

He targeted the program as a way to save money, even though it would've meant losing funds for airports in his home state. The Essential Air Service program, or EAS, cost \$200 million dollars last year and helped pay for airport service in about 150 communities throughout the country.

Alaska's Congressional delegation has been fighting McCain because \$12.5 million dollars of that went to 44 Alaskan communities.

McCain spoke on the Senate floor Tuesday and marveled at the reaction, especially of the Alaska senators.

Senator Lisa Murkowski made her own comments on the Senate floor this week, and said she couldn't weigh-in on what losing EAS would do to Lower 48 states like McCain's, but that it could destabilize Alaskan communities.

Both Senator Murkowski and Democratic Senator Mark Begich showed their colleagues posters of Alaska and its vast size and limited road system. Begich in his floor speech warned losing ESA would put Alaskans out of work and isolate already distant villages.

McCain, however, says if Alaska feels that strongly, it should pay for the program itself. He pointed to a recent editorial by former Alaskan state legislator Andrew Halcro.

McCain criticized members of Congress who would vote down his amendment, saying it's time to tackle the ballooning federal debt.

McCain floated his amendment as part of the Federal Aviation Administration re-authorization. Even though his attempt to kill the program stalled out, EAS isn't necessarily safe. It will still be scrutinized as members of Congress look for ways to shave spending.

The President's new proposed budget funds it at only slightly lower levels than last year. **Over in the House, Congressman Don Young successfully got a provision through committee Wednesday continuing EAS only in Alaska and Hawaii while eliminating it in all other states.**

[Download Audio](#) (MP3)

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Thursday, February 17, 2011 7:44 AM
Subject: Daily News: Air subsidies threatened; Alaska's may survive; Empire: House bill keeping EAS in Alaska approved

Air subsidies threatened; Alaska's may survive

ESSENTIAL: Senate could vote today on cutting program that serves rural communities.

By [ERIKA BOLSTAD](#)
ebolstad@adn.com

Published: February 16th, 2011 11:26 PM
Last Modified: February 17th, 2011 12:31 AM

WASHINGTON -- Alaska is likely to be spared in a House bill that guts \$200 million in annual airfare subsidies to rural and hard-to-reach places across the country.

A House panel voted Wednesday to end the Essential Air Service program, except in Alaska and Hawaii. About \$12 million in subsidies go to airlines to encourage them to fly everywhere from Adak to Yakutat -- among 44 communities airlines say could be too expensive to service in Alaska otherwise.

Yet the national program remains under threat, even though it has the backing of the White House in the 2012 budget.

The Senate is expected to vote today on a proposal by Sen. John McCain, R-Ariz., to do away with it entirely, including in Alaska and Hawaii. McCain's home state isn't immune from the cuts -- the communities of Kingman, Page and Prescott would lose \$4.8 million in subsidies for service.

Both of Alaska's senators took to the floor of the Senate this week to defend Essential Air Service, saying that without the subsidies, air travel in some communities is so prohibitively expensive that their communities would be all but inaccessible. Alaska lawmakers have long argued the program is no different than subsidizing Lower 48 highways.

"Aviation is the lifeblood of Alaska," Sen. Mark Begich, D-Alaska, said Monday on the Senate floor. "It's truly our highway in the sky."

Rep. Don Young, R-Alaska, defended the program Wednesday when its elimination came up at the House Transportation and Infrastructure Committee. Essential Air Service "is essential for a reason," Young said. "It's a means of survival and it is very important to our state."

The program has long been a target of budget watchdog groups and was singled out this year by House Republicans eager to show voters they're serious about their campaign promises to slash federal spending.

SUBSIDIES UNDER SIEGE

Citizens Against Government Waste has Essential Air Service in its Prime Cuts database of 763 waste-cutting recommendations they say could save taxpayers \$350 billion in the first year and \$2.2 trillion over five years. The group complains that the subsidies are expensive when evaluated at a per-passenger rate, and have in the past been awarded for political reasons.

Tom Schatz, president of Citizens Against Government Waste, points to the Johnstown, Pa., airport, which was named for former Democratic Rep. John Murtha, a notorious earmarker. Only about 30 people used the airport each day, The Wall

Street Journal found in a 2009 investigation. Its 18 flights per week -- subsidized under Essential Air Service -- all went to Dulles airport in the the Washington, D.C., area .

The decision to do away with the program should be an easy one when so many other tough budget decisions must be made, Schatz said. If Congress can't muster the courage to cut such a program as it grapples with bigger spending issues, he said, "hope for a long-term cultural shift is dubious."

"Frankly, we consider the EAS low-hanging fruit, something all members of Congress should oppose if they do not wish to leave future generations under a mountain of debt," he said. "If Congress balks at cutting programs that overreach their objectives and waste taxpayer dollars as flagrantly as the EAS, hope for a long-term cultural shift is dubious."

ALASKANS FIGHT BACK

But most Alaska communities served by the program aren't accessible by road, said Sen. Lisa Murkowski, R-Alaska, who with Young and Begich argued that the state has unique transportation needs.

"Given what we face with the limited road system, weather and terrain issues, we in the state treat an airplane or helicopters like most Americans would treat their minivans," Murkowski said. "Aircraft in Alaska are not just a nice thing to have. They are a lifeline for survival, for subsistence, for travel, for recreation. They're truly an essential part of our everyday life."

Alaska Airlines gets about \$2.7 million for flights to the Southeast village of Yakutat, for example, according to the Transportation Department. It's a subsidy of about \$4,300 per person in the community of 628 people. Airlines receive another \$2.7 million to service Cordova, and \$1.6 million for Adak.

Several Alaska towns have subsidized seaplane service: Angoon, Elfin Cove, Pelican and Tenakee.

The federal Department of Transportation determines whether airlines are eligible for subsidies. It has taken no stance on the continuation of the program, said spokesman Bill Mosley. However, it does have \$195 million for Essential Air Service in the presidential budget released this week -- a \$5 million cut in funding for it over the last budget year.

The Department of Transportation also released a report this week that found 3.7 million people lost access to more than one intercity transportation mode between 2005 and 2010. Although access to air service remained relatively unchanged during that period, other forms of transportation -- such as bus and rail -- weren't as easy to come by for many rural residents.

Source: <http://www.adn.com/2011/02/16/1706866/gop-bill-lets-alaska-keep-air.html#ixzz1EEP2Rpps>

House bill keeping EAS in Alaska approved

By Jonathan Grass | JUNEAU EMPIRE

The Federal Aviation Administration Reauthorization and Reform Act of 2011, was approved by the U.S. House Transportation and Infrastructure Committee on Wednesday by a vote of 34-25 after the committee marked it up. Among many aviation program and cost adjustments, the bill proposes to keep the Essential Air Service (EAS) program in Alaska and Hawaii while phasing it out everywhere else over the next four years.

Alaska representatives in both the House and Senate have been pushing to keep the EAS going here after Senator John McCain, R-Ariz., proposed an amendment to the FAA reauthorization bill that would eliminate the \$200 million program nationwide.

Congressman Don Young, R-Alaska, worked with committee Chairman John Mica, R-Fla., on Wednesday to ensure key provisions were included in the bill during the markup. Besides EAS, other provisions they ensured would be in the document include the continuation of three-dimensional mapping in Alaska and exemption from compliance with the regulations regarding the transportation of compressed oxygen cylinders or other oxidizing gasses aboard aircraft in Alaska.

"Aviation is an incredibly important industry to Alaska, a state densely populated with pilots," Young said in a press release. "An issue we face time and time again in Alaska is across-the-board rulemaking that does not take into account the special geographical and infrastructure needs of our state. I thank Chairman Mica for his willingness to understand these issues and for working with me to make things right for Alaskans."

"Receiving basic goods is not the same in the villages of Alaska as it is in most areas of the Lower 48," Young said. "Alaska is one-fifth the size of the United States, with a road system smaller than Rhode Island's. Most communities are completely isolated and can only receive necessities and medical care via air service. An airplane in Alaska is equivalent to a car, truck, or train elsewhere. Essential Air Service is essential for a reason; it's a means of survival and it is very important to our state."

The amounts needed for EAS in the two states in fiscal 2014 and every fiscal year after would be determined by the Secretary of Transportation.

On the Senate side, Mark Begich, D-Alaska, and Lisa Murkowski, R-Alaska, spoke on the Senate floor this week about the issue. They spoke separately but both stressed the service is vital to rural communities that have no outgoing roads, as well as addressing the high cost of flying within the state, even with EAS subsidies.

"I can say without any reservation that this amendment would create an economic and a transportation disaster for Alaska, including the loss of jobs, livelihoods and would potentially impact health and medical situations," Murkowski said in a press release. "The complete elimination of the EAS program could destabilize many of our rural communities, could negatively impact the integrity of Alaska's interconnected aviation system and severely reduce air services to essential parts of the state."

Both senators addressed how requirements in Alaska are different from the rest of the country and that other airports are not representative of those here. Each said this is a factor that separates local significance to a 2009 Government Accountability Office report that states EAS may have outlived its usefulness. McCain cited this report in his legislation's introduction.

"Given what we face with the limited road system, weather and terrain issues, we in the state treat an airplane or helicopters like most Americans would treat their minivans. Aircraft in Alaska are not just a nice thing to have. They are a lifeline for survival, for subsistence, for travel, for recreation. They're truly an essential part of our everyday life," Murkowski states.

EAS currently serves 44 Alaskan communities.

- Contact reporter Jonathan Grass at 523-2276 or jonathan.grass@juneauempire.com.

Nancy Barnes

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Tuesday, February 15, 2011 8:02 AM
Subject: KINY: Murkowski and Begich campaign to crush McCain proposal; Alaska Dispatch: Alaska Sens. Begich and Murkowski address Essential Air Service repeal; Tundra Drums: Alaska senators defend Essential Air Service; Empire: Lawmakers fighting to keep EAS a...

Murkowski and Begich campaign to crush McCain proposal

Senator Lisa Murkowski with a map presented her case on the senate floor Monday against Senator John McCain's proposal to cut the Essential Air Program.

The federal program currently provides **\$12 million a year to compensate flights to rural Alaska** where it may otherwise be unprofitable to fly.

Murkowski said, "We are not that little state that's down in the water next to Hawaii or off of California despite some of the maps that are still out there on people's walls."

The map placed the outline of Alaska across most of middle America demonstrating the size of the state.

McCain targeted EAS as an "outdated" program that if cancelled, would help lower government spending. Senator Mark Begich responded with, "I don't believe you should balance the federal budget on the backs of communities and people facing some of the highest costs of living and the toughest conditions in the country, and that is exactly what the McCain amendment would do."

Murkowski says Alaska is a different case, saying "I can say without any reservation that this amendment would create an economic and transportation disaster for Alaska."

According to Begich, Alaska has six times more pilots and sixteen times more planes per capita than any other state. Murkowski said that slashing the EAS program would be an economic and transportation disaster to Alaska, crippling rural towns and killing jobs.

Murkowski added, "I can not repeat enough the importance of a program like Essential Air Services to a remote and rural state. It truly is essential. I would urge defeat of the McCain amendment."

EAS was created when the airline industry was deregulated in 1978.

Alaska Sens. Begich and Murkowski address Essential Air Service repeal

Ben Anderson | Feb 14, 2011 As the Senate debate continues over the Federal Aviation Administration reauthorization bill, the question of Essential Air Service remains up in the air. The service, [which provides government subsidies for air carriers providing regular air service to rural American communities](#), is the target of an amendment proposed by Sen. John McCain (R-Ariz.) that would cut the \$212 million program from the FAA's budget.

Alaska Sens. Lisa Murkowski and Mark Begich both addressed the proposed amendment on the Senate floor this morning, and both made a strong case for the necessity of EAS in Alaska. Both senators used [a map of Alaska circulating right now](#) that shows the state's road system, and Begich imposed Alaska over the contiguous U.S. for size comparison.

The map has become the flag being waved by aviation proponents across Alaska, illustrating the lack of roads and the vastness of the state. Murkowski underscored this illustration by mentioning that **Alaska, for all its size, has 11,000 miles of roads, and 80 percent of Alaska communities aren't connected to that road system.** California, by comparison, has 2.3 million miles of roads.

Of the 44 Alaska communities that could be affected by the EAS repeal, 38 are not connected by roads, Murkowski said. And those communities that are connected, like McCarthy, have roads either unmaintained in the winter months or that are two-lane gravel affairs.

"Alaska is different," Murkowski said, "and when we're talking about the Essential Air Service, I repeat, Alaska is different."

<http://openx.alaskadispatch.com/www/delivery/avw.php?zoneid=34&source=1&cb=1297783083&n=ad4d5a992bc80ae' border='0' alt=' />>

Murkowski and Begich both mentioned that where most citizens in the US can get in a car and drive to a hospital, that simply isn't an option for many rural Alaskans. "(Air service) is not a luxury, (it) is a necessity," Murkowski said.

Both senators read from letters from their constituents, from individual rural residents to the owner of PenAir. All the letters discussed the reliance of citizens and businesses on the government subsidies provided by the program. Begich addressed the possible loss of employment and a spike in the cost of goods in rural communities.

"If you eliminate the EAS program, it is going to drive these prices even higher in the state of Alaska," he said. He said that McCain's example of rural residents bypassing flights from rural communities and driving in their cars to larger, hub airports doesn't apply to Alaska. Begich pointed out that Adak is not connected by road to Anchorage, which is 1,200 miles away. This would be the equivalent of driving from Los Angeles to Houston, Texas, according to Begich.

Neither of the senators raised points that haven't been brought up before, rather focusing on the many unique features that make Alaska different when it comes to EAS. "**Alaska has six times more pilots and 16 times more planes**" than any other state, Begich said. Whether the speeches will have any effect when the bill and amendments are put up for a vote remains to be seen, but they underscored for the rest of the Senate the necessity of the program within Alaska.

Contact Ben Anderson at [ben\(at\)alaskadispatch.com](mailto:ben(at)alaskadispatch.com).

Alaska senators defend Essential Air Service

Published on February 14th, 2011 5:34 pm

By ALASKA NEWSPAPERS STAFF

In Senate floor speeches today, Alaska's senators strongly defended the need to continue Essential Air Service for 44 rural Alaska communities not connected to the state's road system.

The comments from Senators Mark Begich, D-Alaska, and Lisa Murkowski, R-Alaska, come in the face of a proposal from Sen. John McCain, R-Arizona, to cut funding for the \$212 million Essential Air Service, as a savings in federal spending under the Federal Aviation Administration reauthorization legislation.

This year's federal deficit is projected to reach \$1.6 trillion. **President Obama's proposed budget would cut the deficit by \$1.1 trillion in 10 years**, while **House Republicans have called for broader cuts of \$2.5 trillion for the same period.**

"I agree with Senator McCain that we need to do something to address our nation's budget deficit," Begich said. "But I don't believe you should balance the federal budget on the backs of communities and people facing some of the highest costs of living and toughest conditions in the country. And that is exactly what this McCain amendment would do," he said.

"I can say without any reservation that this amendment would create an economic and a transportation disaster for Alaska, including the loss of jobs, livelihoods and would potentially impact health and medical situations," Murkowski said.

"The complete elimination of the EAS program could destabilize many of our rural communities, could negatively impact the integrity of Alaska's interconnected aviation system and severely reduce air services to essential parts of the state.

"Given what we face with the limited road system, weather and terrain issues, we in the state treat an airplane or helicopters like most Americans would treat their minivans. "Aircraft in Alaska are not just a nice thing to have.

"They are a lifeline for survival, for subsistence, for travel, for recreation. They're truly an essential part of our everyday life."

Begich told fellow senators that he has a stack of letters in his office from communities that would lose all air service if the McCain amendment is adopted, "from individuals in these communities who are terrified about what this would mean for the price of goods in their community," he said. "from those worried about the cost of air travel if they get sick and need to seek medical attention at a hospital. And from small air carriers worried that they will either have to lay off employees or go under altogether."

Begich also cited a letter from Danny Seybert, who runs the Peninsula Airways Service, known as PenAir, founded by his father, Orin Seybert, in 1955.

The younger Seybert notes in his letter to Begich that for many communities, PenAir is the only scheduled passenger air service link to the rest of the world. If the McCain amendment is passed, Seybert said. It "would have a devastating effect on many remote communities in Alaska, on many air carriers who provide those communities with air transportation service, and on Alaska's economy," Seybert said.

Alaska Newspapers Staff can be reached at editor@alaskanewspapers.com, or by phone at 907-348-2449

Lawmakers fighting to keep EAS alive

Sen. John McCain seeks to cut the \$200M air program

By Jonathan Grass | JUNEAU EMPIRE

Alaska's delegation in both the U.S. House and the Senate say Essential Air Service (EAS) is needed here and is making strides toward keeping it in light of Sen. John McCain's recent proposal to eliminate the program nationwide.

McCain is seeking to cut out the \$200 million air program to reduce government spending. He recently told the Senate he feels the program is outdated and unnecessary.

The House introduced its own legislation in response to this. **The Federal Aviation Administration Reauthorization and Reform Act of 2011 (H.R. 658)** offers a compromise in that proposes to phase out EAS over the next four years in the Lower 48 while keeping it in Alaska and Hawaii. It was **introduced by Transportation and Infrastructure Committee Chairman John L. Mica, R-Fla., and Aviation Subcommittee Chairman Tom Petri, R-Wis.,** among other members.

"This is a lean bill that recognizes our current budgetary difficulties and the need to do more with less," Mica said in a press release. "Families and businesses across the country have no choice but to tighten their belts, and the federal

government must do the same. This bill saves \$4 billion, requiring FAA to find significant cost savings without negatively impacting safety.”

The bill proposes the appropriation of \$97.5 million in fiscal 2011 for the EAS program, \$60 million in fiscal 2012 and \$30 million in fiscal 2013. These amounts are in addition to the \$50 million per year the EAS program is currently authorized to receive from the FAA’s collection of overflight fees.

Starting in fiscal 2014, EAS would only receive the amounts needed from overflight fees to provide service to eligible communities in Alaska and Hawaii. The amounts needed would be determined by the Secretary of Transportation.

“Receiving basic goods is not the same in the villages of Alaska as it is in most areas of the Lower 48. Many communities are completely isolated, and can only receive necessities and medical care via air service. An airplane in Alaska is equivalent to a car, truck, or train elsewhere. Essential Air Service is essential for a reason; it’s a means of survival,” said Alaska Congressman Don Young.

H.R. 658 also amends current laws to distribute overflight fees exceeding the amounts provided to the EAS program. Up to \$6 million per year would be for the Small Community Air Service Development program. Any amount remaining would be used for the Next Generation Air Transportation System.

It also authorizes the Secretary to take actions as necessary to administer the EAS program within the amount of funding made available for the program.

The Senate is also trying to keep EAS going. Sen. Mark Begich spoke on the Senate floor Monday, saying the program is a vital tool in nationwide aviation. Still, the Alaska Democrat focused on what the program means to his home state.

“Aviation is the lifeblood of Alaska. It’s truly our highway in the sky,” he said. “We have six times more pilots and 16 times more planes per capita than the rest of the country. In Alaska, small planes are the equivalent of minivans in the Lower 48. They’re how Alaskans get around.”

He told the Senate EAS is vital in the state, and he has grave concerns for what would happen to rural Alaskans and rural Americans if it were taken away.

“Since 1978, the Essential Air Service program has successfully guaranteed small communities that were served by certified air carriers before deregulation it would maintain a minimal level of scheduled air service. The program has been a vital link for rural America. There are very real consequences to eliminating this program for my constituents, especially in the 44 communities served by the EAS program,” he said.

He visually displayed Alaska’s limited road infrastructure, explaining that 82 percent of Alaska’s communities do not have an outgoing road system and rely on aviation as a primary system for goods, mail and people.

“People in communities face some of the highest costs of living in the country. Rural Alaskans can’t drive to a Safeway when they need something. There are no roads, and there are no Safeways,” Begich said. “If you eliminate the EAS program, it is going to drive these prices even higher in rural Alaska.”

Begich gave an example by means of a letter written to him by Gary Williams, executive director of the Organized Village of Kake, expressing how elimination of the program would “isolate and cripple” the small community.

He said McCain’s amendment would also harm jobs in small air carriers and rural communities. To this effect, he read several submitted letters from services.

He also emphasized that one of McCain’s reasons for the amendment was that most Americans are within driving distance of hub airports, saying that’s not the case for many here.

Begich agreed there should be cuts to reduce the budget deficit, but not with this program, saying, “but I don’t believe you should balance the federal budget on the backs of communities and people facing some of the highest costs of living in the toughest conditions in this country.”

Begich also noted the 2009 report from the Government Accountability Office that McCain cited in his introduction for the amendment that suggested EAS has outlived its usefulness. Begich said the report also states that analysis focused on reviews in the continental United States because the office felt Alaskan community requirements are different from those of other states and airports outside the Lower 48 and are not representative of the programs found in the rest of the country.

Begich, along with other senators, have written to McCain, expressing their opposition to his proposal.

- Contact reporter Jonathan Grass at 523-2276 or jonathan.grass@juneauempire.com.

February 3, 2011

United States Senator Begich
144 Russell Senate Office Building
Washington, DC 20510

Re: SB 223 Senator McCain Amendments Repealing Essential Air Service
(EAS)

Honorable Senator Begich,

I write in opposition to Senator McCain's amendments to S. 223 EAS due to the significant negative impacts it will have upon the aviation transportation system serving Alaskan communities, including ours.

Our community of _____ is dependent upon air transportation for basic needs including health, safety, and economy. The amendment would significantly reduce air service essential to our community and its residents.

As proposed, the McCain amendments are detrimental to the Alaskan communities' viability and we encourage you to oppose the amendment. If you have any questions or concerns please contact me. Thank you for your time and consideration regarding this important matter.

Regards,



CALISTA CORPORATION
www.calistacorp.com

Senator Mark Begich
144 Russell Senate Office Building
Washington, DC 20510

February 1, 2011

RE: SB 223 Repealing Essential Air Service

Honorable Senator Begich:

Senator McCain has introduced amendments to bill S. 223, to modernize the air traffic control system, improve safety, reliability, availability of air transportation in the United States, provide air traffic control modernization, reauthorize Federal Aviation Administration, and repeal Essential Air Service subsidy program (EAS). We strongly oppose any actions to repeal the EAS program for the eligible communities for which it was intended for.

The essential in EAS is just that: "Essential" to the access, survival, and economy of isolated and rural communities throughout America, as well as Alaska which do not have alternatives:

- The EAS program was intended for - and has successfully kept - scheduled air service to those cities and rural Alaskan communities that were served at the time of deregulation, and, which would otherwise lose or have lost ALL air service after the airline deregulation of 1978, and in any anticipated subsequent and more recently poor market conditions.
- EAS ensures small communities served by air carriers before the deregulation, can maintain minimal service to retain their link to the national air transportation system. It guarantees air service even during: low passenger volumes; low profitability to air carriers; less than ideal operating conditions (great distances and remote areas, weather, and mountainous terrain); and periods where air carriers will simply leave for better, easier, and more profitable market areas.
- EAS provides and maintains stability to the National Aviation Transportation System and network in America, by ensuring the system is not overly modified or changed suddenly, again simply due to carrier profitability in some communities or areas at the expense of those smaller and less profitable markets.
- EAS keeps ticket prices to MANY smaller rural communities down. As an example, even with EAS subsidies, ticket costs to some communities can be over \$1,100. such as Adak, Alaska, and other cities ranging in population from 35,000 to a few hundred. Nearly every community in Southeast Alaska depends on EAS to receive jet and even any scheduled air service in that area. Without EAS, ticket prices would more than DOUBLE costs of air travel to RURAL communities throughout Alaska; as well as in many cities throughout the U.S.
- In Alaska, EAS provides funding subsidies to 44 of 300+ communities, with 38 of those relying on aircraft as the primary access and transport mode because there is NO other transportation access alternative —they are completely isolated from any roads.



- The EAS program provides an average \$285,559 community subsidy in Alaska, as compared to the average subsidy in other U.S. communities of \$1,495,505. Other U.S. communities actually have roads and other transportation mode options and backup.
- Unlike most parts of the U.S. with a long history of infrastructure building and access to well established National Transportation System roads, highways, railroads, buses, ferries, and airports; Alaska is a new state and the only state in the union where a majority (82 percent) of our 300+ remote communities are inaccessible and unlikely (due to being largely or entirely surrounded by Federal wilderness, preserves, park, and restricted lands) to ever become accessible by roads! This problem was realized during the original drafting, debates, and establishment of the EAS program. Airports and airways in Alaska have had to by necessity, had to serve as 'highways' in order to provide reliable, scheduled air service that would become essential to the health, safety, economy, and literally survival of people living in our state. We have 8 times the enplanements and 39 times the freight per capita compared to the rest of the U.S.; and aviation provides 1 in 10 jobs and is the 5th largest employer in Alaska.
- Even the smallest of air carriers often provides a full or part time job in most communities they serve assisting with schedules, passengers, and cargo; while, each runway and airport also has an employee to maintain and operate the smallest of facilities. Airport, carrier, and related service positions provide critical jobs that help support the economy and rural communities.

A better solution (rather than repeal an entire important program such as EAS), would be updating the criteria utilized for EAS eligibility; as well as, including consideration of what nearby airports, carriers', and modes of transportation communities have for access options to receive EAS program funds.

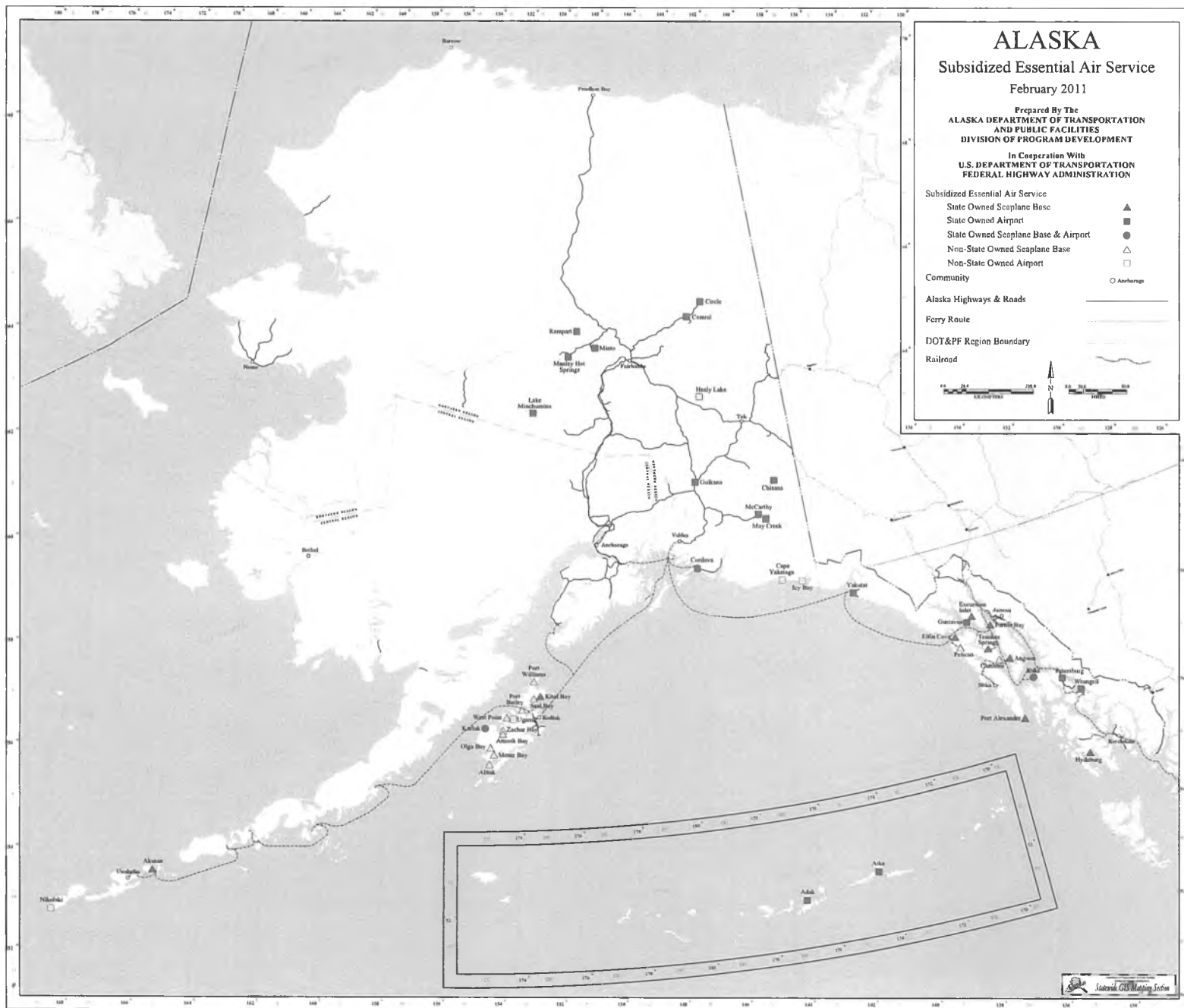
In summary, complete elimination of EAS could destabilize some small communities, would have an extremely negative impact on the integrity of Alaska's interconnected aviation system, and seriously reduce air service. EAS has been and will continue to be critical for the aviation transportation system network, provides important jobs, and enables access for rural isolated communities across America.

Thank you for your attention and consideration to this serious matter. Please do not hesitate to contact us with questions, or if we can assist in defending this essential program (907) 644-6309.

Sincerely,

CALISTA CORPORATION

Christine Klein, AAE
Executive Vice President & COO



ALASKA

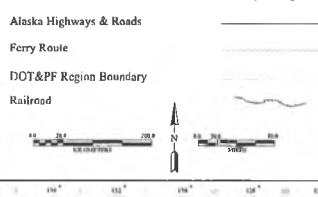
Subsidized Essential Air Service

February 2011

Prepared By The
**ALASKA DEPARTMENT OF TRANSPORTATION
 AND PUBLIC FACILITIES
 DIVISION OF PROGRAM DEVELOPMENT**

In Cooperation With
**U.S. DEPARTMENT OF TRANSPORTATION
 FEDERAL HIGHWAY ADMINISTRATION**

- Subsidized Essential Air Service
- State Owned Seaplane Base
- State Owned Airport
- State Owned Seaplane Base & Airport
- Non-State Owned Seaplane Base
- Non-State Owned Airport
- Community
- Alaska Highways & Roads
- Ferry Route
- DOT&PF Region Boundary
- Railroad



The Essential Air Service Program in Alaska

The Airline Deregulation Act, passed in 1978, gave airlines almost total freedom to determine which markets to serve domestically and what fares to charge for that service. The Essential Air Service (EAS) program was put into place to guarantee that small communities that were served by certificated air carriers before deregulation maintain a minimal level of scheduled air service. The US DOT (United States Department of Transportation) administers the EAS program to ensure that smaller communities retain a link to the national air transportation system with a Federal subsidy where necessary.

There are currently 44 communities in the State of Alaska that receive subsidized air service under the EAS program. Alaskan communities receiving EAS (Essential Air Service) subsidies set benchmarks for need and cost effectiveness in the program.

- Alaska Communities receiving EAS are the most remote and isolated in the nation.
- There are 44 Alaska communities that receive EAS. Of those communities only 6 are connected to the national transportation system by a road.
- Of these 6, one, McCarthy, does not have road maintenance in the winter months.
- Of the remaining 5, only one is on a paved road (Gulkana) and that one is over 210 miles from the nearest hub airport.
- The remaining 38 communities are completely isolated from the road system and rely on air travel as their primary means of transportation.
- Alaska communities receiving EAS subsidy far exceed the recommendations to qualify as remote communities.
- The average community subsidy in Alaska is \$285,559
- The average community subsidy in the rest of the U.S. is \$1,495,505
- Air travel in Alaska is not a convenience; it is a critical transportation mode that provides basic day to day necessities and access to health facilities.

Subsidized Essential Air Service Locator Index

| | |
|---------------------|--------------------|
| Adak H113 | Kikel Bay O7 |
| Aktotuk P9 | Lake Minchumina O5 |
| Allak N6 | Mosley P4 |
| Amnok Bay O8 | May Creek T6 |
| Angoon X8 | McCarthy T5 |
| Aka I112 | Minto Q4 |
| Cape Yakutat T6 | Minar Bay N8 |
| Central S4 | Nikolski O10 |
| Chitwan X8 | Oliga Bay N8 |
| Chisana T5 | Peliana W8 |
| Circle S4 | Petersburg Y8 |
| Chukchee S6 | Port Alexander X9 |
| Ellis Cove W7 | Port Bailey O8 |
| Excursion Island X3 | Port Williams C7 |
| Fauntleroy Bay X7 | Rampart P4 |
| Gulkana S5 | Seal Bay O7 |
| Gustavus X7 | Techukot X8 |
| Healy Lake S5 | Ugashik O8 |
| Hydaburg Y6 | West Point O8 |
| Icy Bay U7 | Wrangell Y8 |
| Kake Y8 | Yakutat V7 |
| Kotlik N6 | Zachar Bay O8 |





FOR IMMEDIATE RELEASE

February 3, 2011
2011-024

Contact: Julie Hasquet, Press Secretary
(907) 258-9304 office
(907) 350-4846 cell

Begich Defends Lifeline for 44 Alaska Communities ***Sen. McCain seeks to strip funding for Essential Air Services***

Defending a vital lifeline that supports dozens of Alaska communities, U.S. Sen. Mark Begich led Senate colleagues from rural state in denouncing a proposal from Sen. John McCain (R-Ariz.) that would eliminate the Essential Air Services (EAS) program.

EAS provides critical subsidies in support of commercial air service to 44 Alaska communities who rely on air transport as their primary source of goods, mail and medical supplies.

“This amendment is worse than political grandstanding, it’s just plain reckless and seriously endangers thousands of Alaskans in dozens of communities from getting food on their tables, heating fuel for their homes, and medical supplies in their clinics,” Begich said. “Eliminating EAS means driving up the price of air transportation which inflates the cost of milk, toilet paper, diapers and everything Sen. McCain’s constituents can find in a box store or shopping mall.”

Begich was joined on a letter to Sen. McCain opposing the elimination of EAS by Sens. Ben Nelson (D-NE), Bob Casey (D-PA) and Joe Manchin (D-WV) all who represent significant rural populations that depend on EAS. Established in 1978 following the deregulation of the airline industry, EAS has grown into a vital, non-controversial program connecting Americans living in rural communities with the rest of the world. The program provides over \$12 million in subsidies to air carriers in Alaska each year.

“Terminating the EAS program also means eliminating hundreds of jobs for Alaska’s air carriers, many of which are small businesses. At a time when the economy is recovering, it makes no sense to pass an amendment which would put Alaska’s small businesses out of work,” Begich said.

McCain’s proposal comes in the form of an amendment to the FAA Reauthorization legislation currently on the floor of the Senate. Dozens of local communities and air carriers in Alaska have contacted Sen. Begich about the issue, encouraging him to work to preserve the EAS program.

The letter to Sen. McCain is attached.

###

Julie Hasquet
Press Secretary
Office of U.S. Senator Mark Begich
(907) 258-9304
E-newsletter signup: begich.senate.gov



United States Senate

WASHINGTON, DC 20510

February 1, 2011

The Honorable John McCain
United States Senate
241 Russell Senate Office Building
Washington, DC 20510-0001

Dear Senator McCain:

We are writing to express our opposition to your amendment to the FAA Reauthorization bill repealing the Essential Air Service (EAS) program. As it is currently drafted, we will not support your amendment, and will be calling upon other Senators representing communities that benefit from the EAS program to oppose it as well.

As you know, the Essential Air Service was established after the 1978 deregulation of the airline industry and has grown into a vital, non-controversial, program that connects Americans living in rural communities with the rest of the world. According to May 2010 data, there are 109 airports in the contiguous 48 states, Hawaii and Puerto Rico, as well as 44 in Alaska, receiving subsidized service.

Eliminating the program will have a devastating impact on the economies of rural communities. At a moment when the nation's economic recovery is starting to gain momentum, it makes little sense to reduce personal and business travel volume by cutting off residents of rural areas. And at a time when jobs are already so hard to come by in our rural communities, it makes even less sense to enact cuts that will only make the problem worse.

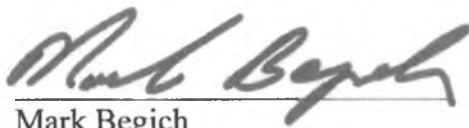
Over the years, Congress and the Department of Transportation have worked to streamline the EAS program to increase its efficiency, mostly by eliminating subsidy support for communities that are within a reasonable driving distance of a major hub airport. The FAA Reauthorization bill currently being debated by the Senate proposes a number of additional improvements, such as allowing new financial incentives for EAS carriers to encourage better service; allowing longer-term EAS contracts if such an arrangement is in the public interest; allowing

The Honorable John McCain
February 1, 2011
Page 2

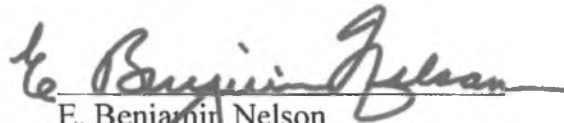
incentives for large airlines to code-share on service to small communities; and requiring large airlines to code-share on EAS flights in up to ten communities.

Because we strongly believe in this program and understand the fiscal challenges facing our nation, we would welcome the opportunity to discuss ways to improve EAS. But we strongly oppose ending it. We ask that you abandon your attempts to repeal EAS and work with us to ensure its continued success across the nation.

Sincerely,



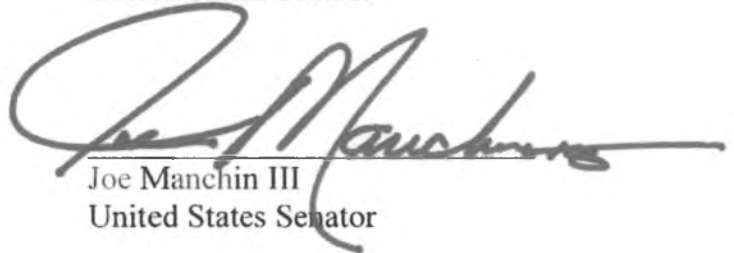
Mark Begich
United States Senator



E. Benjamin Nelson
United States Senator



Robert P. Casey Jr.
United States Senator



Joe Manchin III
United States Senator

CC: The Honorable John Rockefeller
The Honorable Kay Bailey Hutchison

Talking Points for Senate Resolution 2 (the House is introducing the same resolution)

Urging the United States congress to fund fully the essential air service

- Provides millions of dollars to subsidize flights to remote Alaska villages and towns ~~is~~ under fire in DC.
-
- The United States Senator from Arizona has proposed amending an FAA authorization bill to cut funding for the Essential Air Service Bill
-
- Program uses federal dollars to lower commercial costs to airports where it might otherwise be too expensive to fly.
-
- This includes 44 communities in Alaska
-
- The amendments are **detrimental** to Alaskan communities viability.
-
- The program was created to ensure that *less profitable routes to small airports wouldn't be eliminated* when airlines service was deregulated in 1978.

| <u>Total</u> | <u>Community</u> | <u>Docket</u> | <u>Carrier</u> | <u>Hub</u> | <u>Subsidy Rate</u> <u>@ May 1, 2010</u> | <u>Rate Order</u> | <u>Rate Ends</u> | <u>Aircraft</u> | <u>Seats</u> |
|--------------|------------------|---------------|-----------------|------------|---|-------------------|------------------|-----------------|--------------|
| 1 | Adak | 2000-8556 | Alaska | ANC | \$1,483,122 | 2008-3-36 | 6/30/2010 | B-737 | 72 |
| 1 | Akutan | 2000-7068 | PenAir | DUT | \$654,964 | 2009-5-4 | 4/30/2011 | Goose | 9 |
| 1 | Alitak | 2000-6945 | Island Air | ADQ | \$15,219 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 1 | Amook Bay | 2000-6945 | Island Air | ADQ | \$12,175 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 1 | Angoon | 2006-25542 | Alaska Seaplane | JNU | \$101,359 | 2008-12-27 | 1/31/2011 | Beaver | 5 |
| 1 | Atka | 1995-363 | PenAir | DUT | \$513,803 | 2008-3-36 | 6/30/2010 | T-1040 | 9 |
| 1 | Cape Yakataga | 1996-2009 | Alsek | YAK | \$39,000 | 2008-7-28 | 10/31/2010 | Cessna | 4 |
| 1 | Central | 1998-3621 | Warbelow's | FAI | \$203,360 | 2009-9-17 | 11/30/2011 | Navajo | 8 |
| 1 | Chatham | 1997-3134 | Ward Air | JNU | \$8,640 | 2008-6-27 | 9/30/2010 | C-185 | 3 |
| 1 | Chisana | 1998-4574 | 40-Mile | TOK | \$65,546 | 2008-4-41 | 5/31/2010 | C-185 | 3 |
| 1 | Circle | 1998-3621 | Warbelow's | FAI | \$203,360 | 2009-9-17 | 11/30/2011 | Navajo | 8 |
| 1 | Cordova | 1998-4899 | Alaska | ANC/JNU | \$2,726,212 | 2009-2-3 | 4/30/2011 | B-737 | 72 |
| 1 | Elfin Cove | 2002-11586 | Alaska Seaplane | JNU | \$92,886 | 2007-9-7 | 5/31/2011 | Beaver | 6 |
| 1 | Excursion Inlet | 2002-12014 | Wings | JNU | \$34,659 | 2008-8-16 | 8/31/2010 | C-206 | 5 |
| 1 | Funter Bay | 1997-3134 | Ward Air | JNU | \$8,640 | 2008-6-27 | 9/30/2010 | C-185 | 3 |
| 1 | Gulkana | 1995-492 | Ellis Air | ANC | \$251,300 | 2008-12-19 | 1/31/2011 | PA-31 | 6 |
| 1 | Gustavus | 1998-4899 | Alaska | JNU | \$340,777 | 2009-2-3 | 1/31/2011 | B-737 | 72 |
| 1 | Healy Lake | 1998-3546 | 40-Mile | FAI | \$77,683 | 2008-4-41 | 5/31/2010 | C-206 | 5 |
| 1 | Hydaburg | 1999-6245 | Taquan | KTN | \$86,755 | 2007-10-12 | 10/31/2011 | Beaver | 6 |
| 1 | Icy Bay | 1996-2009 | Alsek | YAK | \$39,000 | 2008-7-28 | 10/31/2010 | Cessna | 4 |
| 1 | Kake | 2008-0217 | Wings | JNU | \$314,302 | 2008-8-16 | 8/31/2010 | C-208 | 9 |
| 1 | Karluk | 2004-19342 | Island Air | ADQ | \$29,481 | 2009-2-5 | 3/31/2010 | BN-2A | 9 |
| 1 | Kitoy Bay | 2000-6945 | Island Air | ADQ | \$12,175 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 1 | Lake Minchumina | 2008-0237 | Tatonduk | FAI | \$42,560 | 2008-9-21 | 10/31/2010 | PA-32 | 5 |
| 1 | Manley | 2004-17563 | Warbelow's | FAI | \$42,085 | 2008-7-20 | 8/31/2010 | C-206 | 3 |
| 1 | May Creek | 1996-2009 | Ellis Air | GKN | \$86,676 | 2008-12-19 | 1/31/2011 | C-185 | 3 |
| 1 | McCarthy | 1996-2009 | Ellis Air | GKN | \$86,676 | 2008-12-19 | 1/31/2011 | C-185 | 3 |
| 1 | Minto | 2004-17563 | Warbelow's | FAI | \$42,085 | 2008-7-20 | 8/31/2010 | C-206 | 3 |
| 1 | Moser Bay | 2000-6945 | Island Air | ADQ | \$15,219 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 1 | Nikolski | 1995-363 | PenAir | DUT | \$469,786 | 2008-3-36 | 6/30/2010 | Goose | 9 |
| 1 | Olga Bay | 2000-6945 | Island Air | ADQ | \$15,219 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 1 | Pelican | 2002-11586 | Alaska Seaplane | JNU | \$92,886 | 2007-9-7 | 5/31/2011 | Beaver | 6 |
| 1 | Petersburg | 1998-4899 | Alaska | JNU/KTN | \$673,598 | 2009-2-3 | 4/30/2011 | B-737 | 72 |
| 1 | Port Alexander | 1999-6244 | Harris | SIT | \$60,083 | 2009-12-3 | 2/28/2012 | C-185 | 3 |

| <u>Total</u> | <u>Community</u> | <u>Docket</u> | <u>Carrier</u> | <u>Hub</u> | <u>Subsidy Rate</u> <u>@ May 1, 2010</u> | <u>Rate Order</u> | <u>Rate Ends</u> | <u>Aircraft</u> | <u>Seats</u> |
|--------------|------------------|---------------|-----------------|------------|---|-------------------|------------------|-----------------|--------------|
| 1 | Port Bailey | 2000-6945 | Island Air | ADQ | \$12,175 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 1 | Port Williams | 2000-6945 | Island Air | ADQ | \$12,175 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 1 | Rampart | 2008-0201 | Warbelow's | FAI | \$86,701 | 2008-9-20 | 9/30/2010 | Navajo | 9 |
| 1 | Seal Bay | 2000-6945 | Island Air | ADQ | \$12,175 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 1 | Tenakee | 2006-25542 | Alaska Seaplane | JNU | \$63,748 | 2008-12-27 | 1/31/2011 | Beaver | 5 |
| 1 | Uganik | 2000-6945 | Island Air | ADQ | \$12,175 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 1 | West Point | 2000-6945 | Island Air | ADQ | \$12,175 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 1 | Wrangell | 1998-4899 | Alaska | JNU/KTN | \$673,598 | 2009-2-3 | 4/30/2011 | B-737 | 72 |
| 1 | Yakutat | 1998-4899 | Alaska | ANC/JNU | \$2,726,212 | 2009-2-3 | 4/30/2011 | B-737 | 72 |
| 1 | Zachar Bay | 2000-6945 | Island Air | ADQ | \$12,175 | 2009-4-23 | 10/31/2011 | C-206 | 5 |
| 44 | | | | | | | | | |
| | | | | Total: | \$12,564,599 | | | | |

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Millions in subsidies for rural Alaska flights under fire in D.C.

Posted by thevillage
 Posted: February 3, 2011 - 12:40 pm

A federal program that provides millions of dollars to subsidize flights to remote Alaska villages and towns is under fire in D.C.

Sen. Mark Begich and three other Democratic senators recently sent this letter to Sen. John McCain, who has proposed amending an FAA authorization bill to cut funding for the Essential Air Service program.

The program uses federal money to lower commercial air-travel costs to airports where it might otherwise be too expensive to fly. That includes 44 communities in Alaska, Begich says.

The program sends more than \$12 million in subsidies to Alaska air carriers each year, he said.

Just how much does each Alaska community get? [Click here](#) for a Department of Transportation list, with May 2010 rates.

Flights for the Southeast village of Yakutat are receiving about \$2.7 million, it says. That amounts to about \$4,300 per person in a community of 628 people.

"Eliminating EAS means driving up the price of air transportation which inflates the cost of milk, toilet paper, diapers and everything Sen. McCain's constituents can find in a box store or shopping mall," Begich said in prepared statement.

This today, from The AP:

Rural air subsidies test resolve to cut spending

By JOAN LOWY
 Associated Press

WASHINGTON — A senator who is a key figure in aviation issues vowed Thursday to fight off an attempt to eliminate a program that subsidizes air service to small airports, often in remote communities.

The proposal is shaping up as an early test in the new Congress of conservatives' zeal for shrinking the federal government.

Senate Commerce, Science and Transportation Committee Chairman Jay Rockefeller said the proposal to eliminate the \$200 million essential air service program is a "nonstarter." He is the chief sponsor of a bill to authorize Federal Aviation Administration programs for the next two years that opponents are trying to amend to eliminate the air service subsidies.

"It makes no sense to choke off rural residents' access to air travel and their connection to jobs and family," the West Virginia Democrat said in a statement. "I will fight tooth and nail against any proposal to eliminate or cut funding for this critical program."

The program pays airlines to provide scheduled service to about 150 communities, from Muscle Shoals, Ala., to Pelican, Alaska. There are five airports in West Virginia with subsidized service.

"I think it will be a test of the willingness to cut spending," said Sen. John McCain, R-Ariz., who proposed the amendment.

Rural blog



The Village is a Daily News blog about life and politics in rural Alaska. Its main author is ADN reporter Kyle Hopkins. Come here for breaking news on village issues, plus interviews, videos and photos. But that's just part of the story. We want to feature your pictures, videos and stories, too. Think of The Village as your bulletin board. E-mail us anything you'd like to share with the rest of Alaska -- your letters to the editor, the photos of your latest hunt or video of your latest patch. (We love video.)

Contributor

Kyle Hopkins

I was born in Sitka, have lived in Kake, Skagway and Fairbanks and joined the ADN in 2005 after writing for the Anchorage Press and Fairbanks Daily News-Miner. I started blogging for the paper in 2006 with The Trail, our blog about the governor's race. Then came the Alaska Politics blog. Now I'm covering government and rural affairs and live in Anchorage with my wife, Rebecca. (Update: Our daughter Alice was born May 31. Thanks everyone for the suggestions.) E-mail me at khopkins@adn.com and find me on Twitter at twitter.com/ADNVillage.

khopkins@adn.com

Features

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Singapore man found safe near Alaska 'Wild' bus

Musher who survived snowmachine crash reacts to manslaughter verdict

Waterman admitted she knew of plans to kill her mother

Blogs

Ah Alaska! (Quinbagak)

Alaska Real

Anonymous Bloggers

Damon's Data & Heidi's Highlights (Unalakleet)

Dena'ina Daughter (Pedro Bay)

Eskimo Power (Kotzebue)

Eskimo to the World (New York)

Finnskimo (Kotzebue)

Just Living the Dream...(Chevak)

Keeping it Real at 66 Degrees North Latitude (Kotzebue)

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 USKH

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Oral Surgeons
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3721 Reflection Drive
 Lovely two story home, all 3 bedrooms & laundry room upstairs, 1.5 bths, 2cg, FP, laminate flooring, master walkin closet, Creek runs along back yd.



◀ 12 of 13 ▶

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4 of 13 ▶

apartments.com

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Top Autos all autos

Lithia Chrysler Jeep Dodge of Anchorage



2005 Chevrolet Silverado 2500
\$24,995
 Lithia Chrysler Jeep Dodge of Anchorage

In the House, the Republican Study Committee — a group of conservative lawmakers — has also proposed killing the program.

But several conservative senators from rural states declined to discuss McCain's amendment when approached by The Associated Press.

"I'll have to see it first. I haven't seen the amendment," said Sen. John Barrasso, R-Wyo. Two communities in Wyoming — Laramie and Worland — receive subsidized service, according to the Transportation Department.

"I just don't know about that," echoed Sen. Orrin Hatch, R-Utah. Three communities in Utah — Moab, Vernal and Cedar City — receive subsidized service

The program was created to ensure that less-profitable routes to small airports wouldn't be eliminated when airline service was deregulated in 1978. Subsidies per airline passenger as of June 1, 2010, ranged as high as \$5,223 in Ely, Nev., to as low as \$9.21 in Thief River Falls, Minn., according to Transportation Department data for the lower 48 states.

But critics say the airports often serve too few people to merit the amount of money spent in subsidies. Urban growth over the past three decades has also placed transportation alternatives — other airports, trains and bus service — within a reasonable distance of some communities receiving subsidies.

Studies show that in a lot of those communities people drive to larger airports to get better service at a lower cost than they can get at the smaller airport, even with subsidized air service, said Severin Borenstein, a University of California-Berkeley business professor who is an expert on airline competition.

"Some communities can make a credible claim they need the service, particularly in Alaska, but I think those are a relatively small part of the program," he said.

A 2009 Government Accountability report said demographic shifts were also depopulating some of the communities served by program. As a result, the reports said, that on average just over a third of the seats were filled on subsidized flights. For commercial flights nationwide, the average was about 80 percent.

The program has been remarkably resilient, partly due to the protection it receives from lawmakers from rural states and districts. It has been proposed for cuts or elimination many times over the years, but continues to grow.

"It's exactly in the political sweet spot," Borenstein said. Lawmakers don't feel it's worth upsetting the few people the program serves to achieve what amounts to a modest savings in federal budget terms, he said.

Supporters say the small airports and their air service are important to the communities' ability to attract investment and jobs. The Obama administration sought an increase in the program last year.

Four Democratic senators — Mark Begich of Alaska, Ben Nelson of Nebraska, Robert Casey of Pennsylvania and Joe Manchin of West Virginia — sent a letter to McCain Thursday urging him to give up his attempt to kill the program.

"Eliminating the program will have a devastating impact on the economies of rural communities," their letter says.

"At a moment when the nation's economic recovery is starting to gain momentum, it makes little sense to reduce personal and business travel volume by cutting off residents of rural areas," the letter says.

The pending aviation bill would give the Transportation Department more flexibility in structuring contracts with airlines to improve the air subsidies program. It would also let the Transportation Department adjust contracts to take into account rising fuel costs.

Swalaska (Bethel)
Wasilla, Alaska, by 300 ... and then some

Newspapers & media

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- The Arctic Sounder (Barrow)
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- The Cordova Times
- The Delta Discovery (Bethel)
- The Dutch Harbor Fisherman
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Will Be SR 2?

SENATE RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY SENATOR KOOKESH

Introduced:

Referred:

A RESOLUTION

1 **Urging the United States Congress to fund fully the essential air service program.**

2 **BE IT RESOLVED BY THE SENATE:**

3 **WHEREAS** S.223, the FAA Air Transportation Modernization and Safety
4 Improvement Act, has been introduced in the United States Senate; and

5 **WHEREAS** Amendment 4 to S.223 by the senior senator from Arizona would
6 eliminate funding for the essential air service program; and

7 **WHEREAS** the 44 communities in the state that benefit from the essential air service
8 program under 49 U.S.C. 41731 - 41748 are the most remote and isolated communities in the
9 nation; and

10 **WHEREAS** air carriers in the state that are subsidized by the essential air service
11 program provide critical passenger, cargo, and mail services to remote communities; and

12 **WHEREAS**, for many remote communities in the state, air travel is not simply a
13 convenience, but the only scheduled passenger service to the rest of the world, making it vital
14 for basic economic, health, and safety needs; and

15 **WHEREAS** the essential air service program ensures that remote communities can
16 maintain a link to the national air transportation system; and

L

1 **WHEREAS** Alaska is a young state and, because of the size and the unique
2 geography of the state, relatively few roads provide access to remote communities, making
3 aircraft the dominant mode of transportation in many rural areas; and

4 **WHEREAS** the elimination of the essential air service program would significantly
5 increase commodity prices and the cost of general passenger air travel essential to residents of
6 the state's rural communities; and

7 **WHEREAS**, without the essential air service program, at least 12,000 Alaskans living
8 off the road system would not be able to afford travel to regional hubs for essential medical
9 care; and

10 **WHEREAS** the complete elimination of the essential air service program would have
11 a severe negative economic effect on remote communities in the state, many of which are
12 already economically depressed, and could destabilize those communities;

13 **BE IT RESOLVED** that the Senate supports the essential air service program and
14 urges the United States Congress to reauthorize full funding for the program in S.223, the
15 FAA Air Transportation Modernization and Safety Improvement Act.

16 **COPIES** of this resolution shall be sent to the Honorable Barack Obama, President of
17 the United States; the Honorable Raymond L. LaHood, United States Secretary of
18 Transportation; the Honorable John McCain, U.S. Senator; the Honorable Lisa Murkowski
19 and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S.
20 Representative, members of the Alaska delegation in Congress; and all other members of the
21 112th United States Congress.

Nancy Barnes

From: Nancy Barnes
Sent: Monday, February 14, 2011 10:36 AM
To: 'Brennan Cain'; Rod Worl; Jason Barnes; Jason Borer; Geraldine O'Brien; Jim McDaniel; Jim Ujioka; John Johnson; Nancy at home; Nancy Barnes; Roxanne Hansen; Steve Donaldson; Sylvia
Subject: FW: Dermot Cole: Republicans say Alaska subsidized flights 'may' continue after 2013; The Village blog/Daily News: House bill would spare cuts to flight subsidies in Alaska; Empire editorial: Effort to cut EAS misguided

Republicans say Alaska subsidized flights 'may' continue after 2013

[Dermot Cole](#)

Feb 12, 2011

House Republicans have called for the end of the Essential Air Service federal subsidies in the Lower 48, while showing some support for continued subsidies in Alaska and Hawaii.

Sen. John McCain has called for an end to all of the subsidies. The program now costs up to \$200 million a year.

Alaska air carriers received about \$12 million last year, with about \$8 million going to Alaska Airlines for flights to five Southeastern communities and Adak.

In this part of the state, the program subsidizes flights to Circle, Central, Manley, Minto, Rampart, Healy Lake and Lake Minchumina.

The bill, introduced Friday by House Transportation & Infrastructure Committee Chairman John Mica, a Florida Republican, says funding for the program will end in the Lower 48 on Oct. 1, 2013, but it might continue in Alaska and Hawaii after that.

I say "might" because the bill does not use the word "shall."

It says the U.S. transportation secretary "may continue to carry out the essential air service program under this subchapter in Alaska and Hawaii following the sunset date. . ."

Rep. Don Young is a co-sponsor of the bill.

This provision is one of many in a bill to reauthorize the Federal Aviation Administration.

The bill says that starting in the 2014 fiscal year, the "EAS program would receive from overflight fees only the amount needed to provide essential air service to eligible communities in Alaska and Hawaii."

Source: [Fairbanks Daily News-Miner - entry Republicans say Alaska subsidized flights may continue after 2013](#)

House bill would spare cuts to flight subsidies in Alaska

Posted by thevillage

Posted: February 11, 2011 - 5:03 pm

Remember **that push to cut a federal subsidy** that reduces airfare costs in rural Alaska to the tune of more than \$12 million a year?

Today, House Transportation Committee leaders introduced a bill that would spare Alaska and Hawaii from the cuts.

"Congressman Young had discussions with Chairman Mica which resulted in Alaska and Hawaii being exempt from the 4-year phase-out of (Essential Air Service) that will occur," Rep. Don Young spokeswoman Meredith Kenny said in an e-mail.

Root around in the **section-by-section summary** of the House's FAA reauthorization bill and you'll see **plans to sunset the subsidy program "everywhere except Alaska and Hawaii as of October 1, 2014."**

That's good news for Alaska air carriers and some rural towns and villages that were worried about losing millions in federal funding -- Alaska Airlines gets the biggest chunk in our state -- but what's happening over on the Senate side?

UPDATE: A spokesman for Sen. Mark Begich says that **Sen. John McCain, R-Ariz., has not scaled back his original call to get rid of the EAS program. In other words, his amendment in the Senate would still strip the money from Alaska.**

Source: <http://community.adn.com/adn/node/155726#ixzz1DrwfyKoJ>

Empire editorial: Effort to cut EAS misguided

JUNEAU EMPIRE

Wednesday, the Alaska Senate passed a resolution encouraging the U.S. Congress to fully fund the Essential Air Service (EAS) program in Alaska. While the resolution won't actually guarantee any funding for the program, **we applaud its intent and strong, unanimous message to Washington, and we are hopeful the House, Senate and White House will listen.**

Sen. John McCain's efforts to eliminate subsidized air travel to and from small communities across America, including **44 here in Alaska**, suggest he is on a mission to answer only the question "How much can we cut?" and ignoring the interrogatory "What are we cutting?"

And that's not a good thing.

EAS subsidies sprang up in the late 1970s as airlines moved toward government deregulation. The purpose of the EAS program was to ensure airlines suddenly free from government mandates to provide service to smaller towns would still have an economic incentive to do so. Many of these cities, despite being some distance from a larger airport, served and continue to serve as regional centers of economic activity, and it was deemed important to make sure people who relied on these smaller hubs for business could connect from there to the rest of the nation by air. Even today, a drive from EAS city Liberal, Kan. to its nearest major hub airport in Denver takes 6 1/2 hours while a flight takes 20 minutes, saving nearly a day of travel time.

In Alaska, EAS subsidies are even more important, as much of the state is disconnected from the road system. Driving from Angoon to Juneau to catch a flight simply isn't an option. Sure, there's the ferry. Twice a week. An option, perhaps, if a trip can be planned in advance and if someone's got seven or so hours to kill. That's not always practical or possible.

Of course, given the federal debt stood at \$13.5 trillion in September 2010, everything Washington spends money on is fair game for scrutiny. Had McCain suggested a review of the EAS program, and urged cuts where they can be reasonably made, we'd be much more inclined to support his stance. Maybe, in this fiscal day and age, it's appropriate to save \$1.5 million a year by asking the residents of Clovis, N.M. to drive a couple of hours to Lubbock, Texas to catch a flight. But not every government dollar spent is wasted or is in vain, and if cuts need to be made to programs such as EAS, we encourage the federal government to scale them back to efficient executions of their good intentions, instead of simply dropping them altogether simply because it can be difficult to separate the necessary from the excess.

Finally, it must be pointed out that, in 2010, EAS received about \$175 million from the federal government. Put another way, that's about .00005 percent of the \$3.55 trillion Washington spent in 2010. Again, no expenditure can be considered sacrosanct, but we'd rather Congress take its scalpel to bigger slices of the spending pie — such as the excesses in Social Security and defense spending — before looking to toss crumbs from the tin.

Affordable air travel is a necessity for Alaskans as well as for many in the Lower 48. If there are efficiencies to be found in how it is funded, then here's hoping they are implemented. But to toss an entire program that provides essential accessibility to Alaska's — and America's — travel hubs is **misguided political puffery**, not an honest attempt to address our country's fiscal woes.

Nancy Barnes

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Saturday, February 12, 2011 1:05 PM
Subject: Jill Burke/Alaska Dispatch: Should funding for rural flights be phased out?

Should funding for rural flights be phased out?

Jill Burke | Feb 11, 2011

As promised, Republican lawmakers in Congress are going after the nation's Essential Air Service program, which subsidizes flights to rural communities that otherwise would be left without service.

"Proposed legislation in the U.S. House of Representatives would roll back funding for air traffic control and would eliminate a popular airline subsidy that ensures service to small communities," according to Reuters.

The cuts are part of a nearly \$60 billion proposed funding plan for the Federal Aviation Administration which supposedly cuts spending by \$4 billion.

["This is a lean bill that recognizes our current budgetary difficulties and the need to do more with less," said House Transportation and Infrastructure Chairman John Mica, R-Fla., according to The Hill.](http://openx.alaskadispatch.com/www/delivery/avw.php?zoneid=34&source=1&cb=1297537102&n=ad4d56d84eaf99c' border='0' alt=' />http://openx.alaskadispatch.com/www/delivery/avw.php?zoneid=34&source=1&cb=1297537102&n=ad4d56d84eaf99c' border='0' alt=' /></p></div><div data-bbox=)

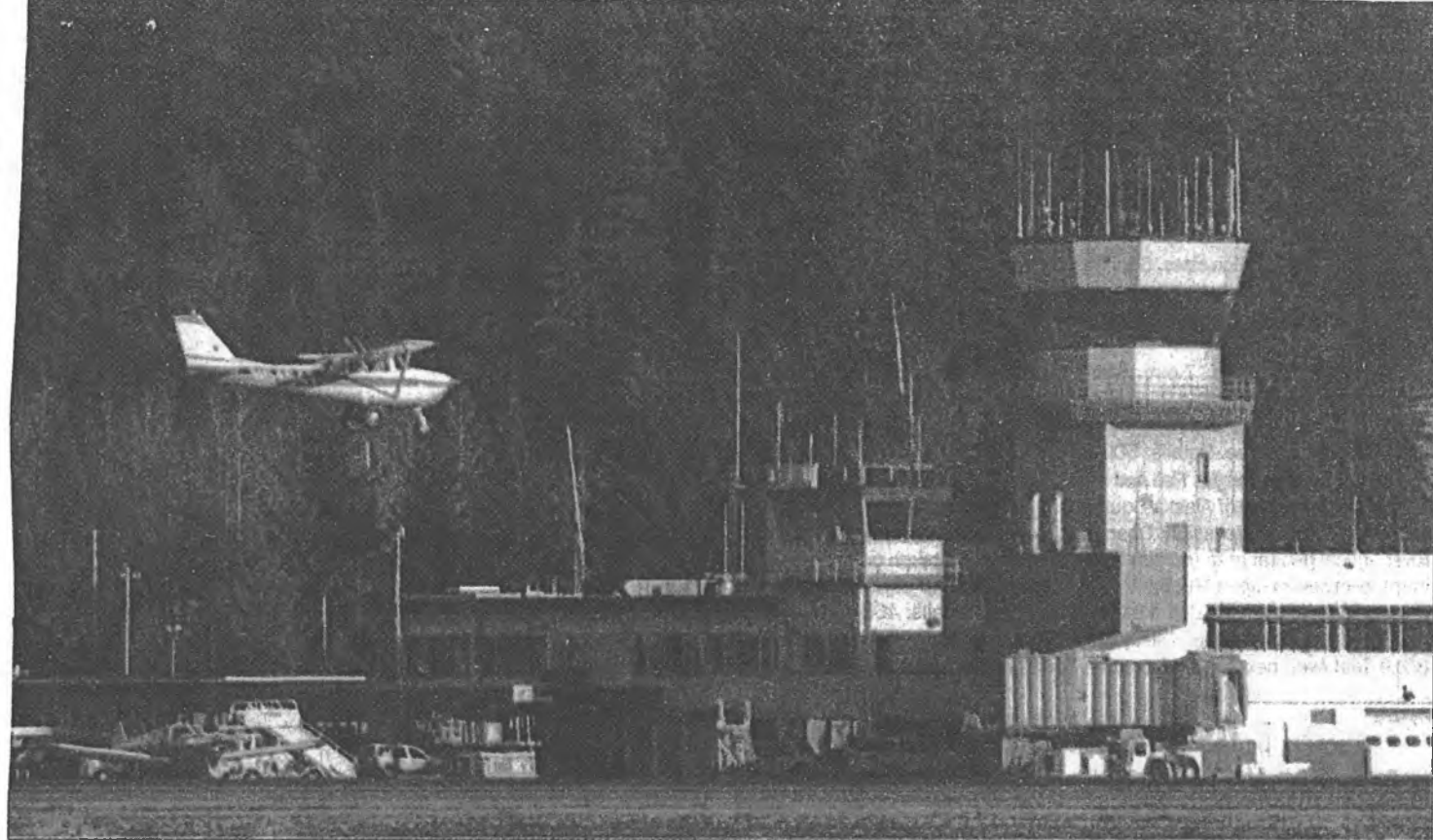
Rep. Mica, who introduced the legislation, further said the bill "saves \$4 billion, requiring FAA to find significant cost savings without negatively impacting safety."

The bill calls for phasing out the Essential Air Service program, which currently costs about \$170 million annually, over four years. Alaska relies heavily on the program and is home to nearly one third of the 150 communities served nationwide by it. Of the 44 villages in Alaska that the program helps, aviation is for most the only transportation in or out of the community. In 2010, Alaska received nearly \$12.5 million in EAS subsidies.

Both Reuters and The Hill note that the House measure is similar to one already under consideration in the Senate. While the reports make no specific mention of whether Alaska is included in the proposed air service cuts, **word on the ground from people familiar with the newly filed legislation is that it may exempt Alaska from the affected service areas.**

Contact Jill Burke at [jill\(at\)alaskadispatch.com](mailto:jill(at)alaskadispatch.com)

JUNEAU EMPIRE FEB. 8, 2011



MICHAEL PENN / JUNEAU EMPIRE

A small plane lands at the Juneau International Airport Monday. Sen. John McCain introduced legislation that could cut air services to rural spots.

McCain targets cash for Essential Air Service for rural communities

By JONATHAN GRASS
JUNEAU EMPIRE

Sen. John McCain, R-Ariz., addressed the Senate on Monday on a bill that would amend the Essential Air Service program, essentially cutting a large chunk in subsidies from the program. Many Alaskan air services and rural communities are taking this proposal hard, hoping it doesn't pass.

McCain is proposing a bill amendment that would eliminate the \$200 million program, as he feels it's unnecessary and outlived its purpose. Yet, many rural Alaska communities feel just the opposite. They feel the daily air service is their lifeline.

The Empire contacted McCa-

in's office on Monday, but a response was not received by press time. However, McCain spoke on the Senate floor Monday, saying he feels the program is unnecessary and promotes needless government spending at time when voters are calling for less.

The amendment to repeal \$200 million in government subsidies "may not, may not be significant, \$200 million in light of a \$1.5 trillion deficit this year is probably not a lot of money, but a lot of Americans on Nov. 2 said they wanted us to stop spending things that are not absolutely essential. Although this program is called the Essential Air Service, in my view it's far from essential," he said.

He said the program's expendability stems from that most Americans live within 120 miles to major hub airports and so bypass EAS flights. He said the program originated because airline deregulations inspired Congress to subsidize carriers to service small communities "at a loss because otherwise no sane business would serve a market at a loss."

He said the \$200 million savings may not make much of a difference in reducing the national debt, "but it might be nice to start somewhere."

However, the driving distance point of McCain's argument does not reflect the many Alaska communities that have no outgoing roads and rely on EAS for the ma-

ajority their of goods and services, virtually everything from medical equipment and laboratory work to fresh seafood, not to mention visitors and tourists that represent large contributions to community economies. Alaska's lawmakers are fighting on this point.

In a release, Sen. Mark Begich stated, "This amendment is worse than political grandstanding, it's just plain reckless and seriously endangers thousands of Alaskans in dozens of communities from getting food on their tables, heating fuel for their homes and medical supplies in their clinics. Eliminating EAS means driving up the price of air transportation

Please see RURAL, Page A6

Rural: Sen. Begich penned letter to McCain in February

Continued from Page A1

tion which inflates the cost of milk, toilet paper, diapers and everything Sen. McCain's constituents can find in a box store or shopping mall."

In a Feb. 1 letter to McCain, Begich writes, "We are writing to express our opposition to your amendment to the FAA Reauthorization bill repealing the Essential Air Service (EAS) program. ... Eliminating the program will have a devastating impact on the economies of rural communities. At a moment when the nation's economic recovery is starting to gain momentum, it makes little sense to reduce personal and business travel volume by cutting off residents of rural areas. And at a time when jobs are already so hard to come by in our rural communities, it makes even less sense to enact cuts that will only make the problem worse."

The letter was also signed by Sens. Benjamin Nelson (D-Neb.), Robert P. Casey Jr. (D-Pa.) and Joe Manchin (D-W. Va.).

McCain quoted the letter yet did not identify the senators behind it. He responded, "I believe the real devastation to rural communities, big com-

munities, small communities, medium-size communities, if we don't stop mortgaging our children and grandchildren's futures, if we don't stop doing things that are unnecessary. This program was put into being in 1978, was supposed to be there for 10 years, was a few million dollars, and now according to this bill it's going to be \$200 million. So it's about time that we matched our redirect with our votes."

Of the total \$200 million in EAS funding, \$12,564,599, or about 6.3 percent of it went to Alaska last year, serving 44 communities. Alaska Air Carriers Association Executive Director Joy Journeay said federal subsidies are essential in the Alaskan market since many communities, several in the Southeast, rely on the program for almost all of their needs and some even have no other ways to get vital services. These are the communities accessible only by sea or air.

In his speech, McCain brought up this fact, quoting Severin Bornstein of the University of California as saying, "Some communities can make a credible claim they need the services, particularly in Alaska, but I think these are a relatively small part of the

program," he said. Bornstein is a business professor and expert on airline competition.

Several air services and communities fiercely want the EAS to remain intact, and have written in support of Begich's opposition. Some of these include Calista Corp., Ward Air, PenAir, Alaska Air Carriers Association and the Organized Village of Kake.

Kake relies on EAS contracts for everything like basic household goods, mail, medicine, utility maintenance and educational needs, said Gary Williams, executive director of the Organized Village of Kake. He said that as an island community, they rely on it for everything. Adding to the necessity of EAS, he said the ferry service can be sparse, increasing the reliance on daily air service.

"I frankly can't imagine being without that service. It would isolate and cripple us on many levels," Williams said.

Kake Mayor Henrich Kadake Sr. agrees, saying many people in rural areas like this live on fixed incomes and this is their only link to Juneau, so the loss would hurt them badly. He said many can't afford to find other ways

out for family emergencies or even school functions.

"Working for a tribal government, we have a responsibility to make sure the welfare of the community is taken care of. We're watching this one. That's why we jumped on it with a quick response," Williams said of the letter to Begich.

Wrangell is another example of an isolated place that fully supports the EAS program. The borough's economic development director, Carol Rushmore, said it's critical to continue such service contracts to transport all manners of goods, services, cargo and people, as well as anything they need to export. She said the ability to fly everything in or out is a vital part of its economy.

As for the argument that EAS carriers are too expensive, Wings of Alaska Regional Manager Richard Cole said the loss of subsidies would increase service costs.

It's not only the small carriers that feel this way.

"In terms of the impact, the EAS program is critical in the state of Alaska to those smaller communities like Adak, and those in Southeast, where there is truly no alternative for

getting essential supplies and connecting to the nation's transportation system. Obviously, we are not in favor of a change that would negatively impact Alaskan communities, like this would," said Marianne Lindsey, a spokeswoman for Alaska Airlines, which holds two EAS contracts.

McCain said EAS has been proposed for cuts or elimination many times over the years but has remained resilient, partly because of lawmakers for rural states and districts. He said in July 2009 the Government Accountability Office questioned whether EAS had outlived its usefulness and said growth of air services, especially low cost carriers serving most U.S. hub airports, weighed against relatively high fares and inconvenience of EAS flights that can lead people to bypass EAS and drive to hub airports anyway.

He added that many watchdog organizations like Citizens Against Government Waste and National Taxpayers Union support his amendment.

● Contact reporter Jonathan Grass at 523-2276 or jonathan.grass@juneauempire.com.