

SUPPORT OF AIR SERVICE THROUGH SUBSIDY PAYMENTS

The Civil Aeronautics Board administers subsidy under the Federal Aviation Act. U.S. carriers, certificated for carriage of U.S. mail, are entitled to service mail pay, and are generally eligible for subsidy in those situations where the carrier demonstrates a statutory need for subsidy. The dollars of subsidy in each case consist of an amount to cover the carrier's operating loss incurred under honest, economical, and efficient management and to provide it an opportunity to earn a fair return on the investment used and useful in its air transportation services to the communities.

The activities involved in carrying out this program include :

- (1) The processing of subsidy rate cases by hearing or nonhearing procedures, including the class subsidy rate for the local service carriers;
- (2) The necessary studies, forecasts, and analyses not related to processing a specific case or application;
- (3) The provision of economic assistance to Board components on cases with subsidy implications;
- (4) Making recommendations to the Secretary of Transportation as to the Government guarantee of private loans to air carriers for the purchase of more modern aircraft; and
- (5) The verification of subsidy claims submitted by the air carriers.

The estimated and actual program outputs in terms of workload items are :

Workload item	Items completed or processed			
	Actual, 1967	Estimate, 1968	Estimate, 1969	Increase
1. Subsidy analyses and policy assistance.....	51	50	50	-----
2. Subsidy rates.....	56	50	50	-----
3. Guaranteed loan matters.....	18	18	18	-----
4. Verification and payment of subsidy claims.....	1,634	1,756	1,767	11

The officials responsible for the operation of this program :

John H. Crooker, Jr., Chairman.
 Charles F. Kiefer, Executive Director.
 Irving Roth, Director, Bureau of Economics.