

MORANDUM

II
THE WHITE HOUSE
WASHINGTON

May 17, 1968
Friday, 6:30 p.m.

EXECUTIVE (4)

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FI-1

Center for
Transportation
16175

FOR THE PRESIDENT

FROM Joe Califano 

As you directed, Alan Boyd has put together an airport and airways program. It has been approved by Budget, CEA and Charlie Murphy.

On the airport side, this program puts the main emphasis on local financing of airport construction through landing fees. This is a change from the present program of grants-in-aid on a 50/50 matching fund basis to public-owned airports. In 1969 the authorization will be \$70 million.

The new program provides:

- Federal loans and guarantees of up to \$2 billion.
- Grants-in-aid of \$100 million only for those airports whose airline service is subsidized by the CAB.

This program will have no budgetary effect in Fiscal 1969.

As for the airways, our present program consists principally of air traffic control centers, radar systems, control towers, and about 45,000 employees. The present FAA system will cost \$771 million in 1969.

The new program calls for a major expansion in this system, using advanced computer systems, to be financed by an increase in taxes on passenger tickets, air cargo, and aviation fuel. This "user charge" approach is in accord with your direction, and is acceptable to industry, although they will quibble about the details.

This new airways program will not take effect next year, since you indicated that there should be no budget increase in 1969.

Eno

But we will seek the authorization for the "user charges" and attempt to gain acceptance for this approval for financing a more ambitious airways system.

Boyd is very eager to get this program up immediately, before the committees write their own program. Because we have taken out any immediate increase in the airways program, Boyd, Zwick, Charlie Murphy, and I recommend that you allow Boyd to send the programs up himself, rather than with a Presidential Message.

Approve



Disapprove

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