

**Written Statement of Lance Lyttle
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**On Behalf of the American Association of Airport Executives (AAAE)
Before the House Committee on Transportation and Infrastructure
Subcommittee on Aviation**

March 2, 2021

Chair DeFazio, Ranking Member Graves, Chair Larsen, Ranking Member Graves, and members of the subcommittee, thank you for your leadership during the coronavirus pandemic and for inviting me to testify at this hearing on “COVID-19’s effect on U.S. Aviation and the Flight Path to Recovery.” It is an honor for me to be back with you today.

My name is Lance Lyttle, and I am the Managing Director of the Seattle-Tacoma International Airport (SEA). I am appearing on behalf of the American Association of Airport Executives (AAAE) in my capacity as the Association’s Federal Affairs Committee Chair. AAAE is the world's largest professional organization representing individuals who manage and operate at more than 850 public-use commercial and general aviation airports.

It is quite appropriate for me to be speaking to you today on this topic before Chair Larsen’s subcommittee because we are both tied closely to this pandemic in so many ways. In mid-January of last year, a man returned from a trip to Wuhan, China through our airport, and traveled to his home in Chair Larsen’s district – becoming the first confirmed case of COVID-19 in the United States. None of us could have prepared for such an event or known what was to come, but it is truly amazing to realize that we are now more than a year later and still struggling through the devastating impacts of this pandemic on the aviation industry, the country, and the world.

Prior to the pandemic, SEA was the 8th busiest airport in the United States based on passenger volume and the 19th busiest cargo airport in the country. At full capacity, SEA is the 9th biggest employment center in the State of Washington with over 19,000 employees contributing \$22.5 billion in total business revenue. We also support an ecosystem of many other businesses – from airlines and concessionaires to taxis, hotels and warehousing.

Today, I look forward to providing you with a perspective on not only the unprecedented challenges the pandemic has created for airports but also the incredible efforts undertaken by SEA employees and their peers throughout the country to keep passengers and workers safe and healthy and to restoring traveler confidence in aviation. While my testimony today makes clear that airports and our partners across the aviation industry continue to face significant hardships in the wake of the pandemic, I also want to emphasize that I remain incredibly optimistic about our future and the coming recovery.

We will survive and rebuild in no small measure thanks to the help that this subcommittee and your colleagues in Congress have provided to airports over the past year. The CARES Act and the Coronavirus Relief and Recovery Supplemental Appropriations Act have provided a critical lifeline that has allowed SEA and other airports to weather the storm of the past year.

Airports are grateful for the funding in those two coronavirus relief bills and for the additional funding to support our airport tenants and concessionaires. We also deeply appreciate the additional funding that the Transportation and Infrastructure Committee approved as part of the pending budget reconciliation legislation. Chair Larsen, this much-needed assistance will allow airports to not only maintain our operations but also support our tenants and partners as we work toward recovery, and we thank you, Chair DeFazio, and other committee members for your strong support.

Like my colleagues at SEA, the men and women who work at our nation's airports care deeply about this industry and are committed to working with you to chart a path forward. This industry survived the terrorist attacks on 9/11, it survived the Great Recession in 2008 and 2009, and I am convinced it will come out of this pandemic even stronger and more resilient than before – with better knowledge, better training, improved facilities, enhanced public health measures, and a stronger working relationship between government and industry that will help us overcome future challenges.

How the Coronavirus is Impacting SEA and Other Airports

The pandemic is continuing to have a devastating impact on airports, our concessionaires, our airline partners and the entire aviation system. But we have seen signs of gradual improvement over the last six months. With the acceleration of the coronavirus vaccination rate and falling case counts, SEA saw its highest passenger volumes since the start of the pandemic over this most recent President's Day holiday. Of course, new variants and a resurgence of coronavirus cases could slow progress, but I think we're headed in the right direction.

The Dramatic Drop in Passenger Levels: Passenger levels declined dramatically after the pandemic hit early last year. On April 14, 2020, fewer than 88,000 passengers traveled through security checkpoints nationally – a 96 percent reduction from the same date in 2019 and the low point during the pandemic. In fact, that month represented the fewest passengers through SEA since 1967.

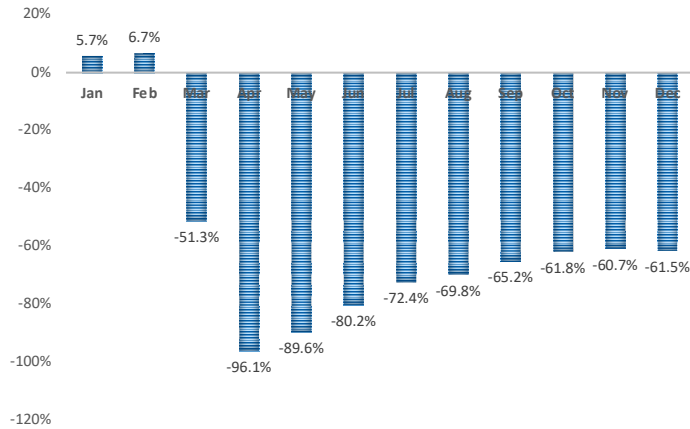
We have seen a gradual uptick in the number of passengers traveling through our nation's airports since then. The Transportation Security Administration (TSA) screened more than 1 million passengers on several days during the past few months. But the agency also reported less than 469,000 passengers on January 27 – the lowest number of travelers in six months.

Even with increased holiday traffic at the end of last year, passenger levels in November and December were significantly less than the same time period in 2019. According to the Department of Transportation's Bureau of Transportation Statistics (BTS), passenger levels

were down almost 61 percent in November and about 62 percent December of 2020 compared to the same months in 2019. Overall, passenger levels nationally were down 60.1 percent in 2020, and 61.3 percent at SEA specifically. The last time our annual passenger numbers were this low was in 1994 – 26 years ago.

Systemwide Percent Change in U.S. Airline Passengers in 2020

(Source: Bureau of Transportation Statistics)



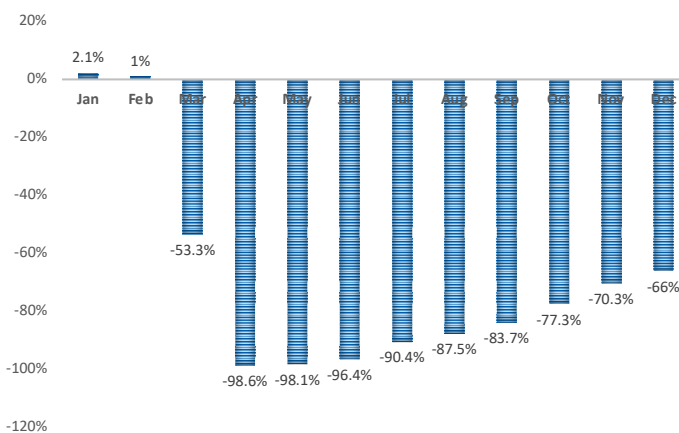
International Traffic Craters: International traffic has fared even worse during the past year. After experiencing slight gains in January and February of last year, international traffic all but evaporated due to COVID-19 and travel restrictions. According to BTS, the number of international passengers on U.S. carriers dropped more than 99 percent in April 2020 compared to the same month in 2019.

The holidays helped to boost international traffic somewhat toward the end of the year. But the number of international passengers on U.S. carriers still declined from 9.5 million during the month of December 2019 to 3.2 million in the month of December 2020 – a 66 percent drop. Even after you factor in positive numbers in January and February, international traffic for the full year in 2020 was down more than 70 percent compared to 2019.

SEA experienced a similar decline with our international passenger traffic – down 76.1 percent in 2020. The dramatic drop in international traffic has had an enormous financial impact on SEA and other gateway airports that traditionally welcome large numbers of international passengers throughout the year.

International Percent Change in U.S. Airline Passengers in 2020

(Source: Bureau of Transportation Statistics)



Negative COVID-19 Testing Requirements: The fragility of international travel became even more evident in the fall of 2020 when new and more infectious coronavirus variants began to emerge in the United Kingdom, South Africa, and Brazil. These variants prompted new international border closures and additional testing requirements for international travelers.

Many countries, including the United States, prohibit the entry of non-citizens unless they are traveling for essential business, have proof a negative COVID-19 test result within a certain window of time, and/or quarantine for an extended period of time. These requirements tend to be inconsistent from country to country and change frequently, resulting in confusion for international travelers.

The Centers for Disease Control and Prevention (CDC) on January 12, 2021 announced an order requiring all air international passengers arriving in the United States to “get tested no more than 3 days before their flight departs and to present the negative result or documentation of having recovered from COVID-19 to the airline before boarding the flight.” This order went into effect on January 26. We of course fully support efforts to defeat the pandemic and take necessary precautions to reduce the spread of dangerous new COVID strains, but these efforts have real world consequences on the economics of our industry.

Similar Declines in Airport Revenue: With unprecedented reductions in domestic and international travel, fewer passengers mean significantly lower revenues from aeronautical and nonaeronautical revenue and from Passenger Facility Charge (PFC) collections. Airports Council International – North America (ACI-NA) estimates airport losses of at least \$40 billion from March 2020 through March 2022: \$23 billion in the last year and \$17 billion in the year ahead.

Airports have responded by cutting costs where they can. Among other things, airports have closed or consolidated non-essential facilities; instituted hiring, pay, and benefit freezes; reduced travel and training budgets; limited expenses to only those deemed essential; and deployed energy saving initiatives.

The loss of revenue is also having an impact on construction projects, with some airports having to resort to delaying or canceling projects. According to the FAA, airports collected less than \$1.3 billion revenue from PFCs last year, a 66.2 percent drop from the more than \$3.6 billion that airports collected from PFCs in 2019.

SEA generated approximately \$350 million less revenue in 2020 than in 2019, and we faced millions of dollars in increased expenses as we implemented new health and safety measures. To compensate, we cut costs by reducing our 2021 budget by 10 percent and froze the hiring of 103 full-time equivalent positions.

We also tried to assist our airline partners by accelerating cost-sharing payments to help with cash flow, reducing our airline settlement to close to zero and lowering landing fees. In fact, overall airline costs will be lower in 2021 than in 2020, despite the new expenses that SEA will incur from opening two major new facilities this year. Again, I can honestly say that we would not have been able to continue our operations and serve our customers without the incredibly generous and timely federal support that we received in the last two coronavirus relief bills.

A number of airports have also taken steps to assist the businesses that operate at their facilities, including concessionaires. We recognize that our tenants are key to the airport experience for our customers, and that it is significantly more expensive to replace a concessionaire than it is to help sustain them during this difficult period. At SEA, we have taken decisive actions to support these businesses, including deferring rent and fees and adjusted leases. We are incredibly grateful to our Congressional delegation and other leaders in Washington, DC for including airport concessionaire relief in both the last relief bill and the American Rescue Plan. This funding will allow us to provide rent and minimum annual guarantee relief to our airport partners.

Airports Making Significant Investments to Keep Passengers and Employees Safe

As I mentioned earlier, airports have also made significant investments in public health enhancements over the last year to protect workers and passengers at their facilities, and to restore confidence in air travel. These measures include cleaning and sanitization improvements, such as better worker training and the utilization of UV technology, self-sanitization applications, and electrostatic sprayers; HVAC and air filtration upgrades; social distancing floor stickers, signage and announcements; and the deployment of touchless technology. Airports have also been active in encouraging the use of masks throughout their facilities.

SEA is proud of the work we have done to ensure the health and safety of travelers through our airport. We launched our FlyHealthy@SEA program, a series of operational changes and communications efforts in partnership with our airlines and tenants. As part of that effort we:

- Doubled down on cleaning at SEA with frequent disinfection with medical-grade cleaning products;
- Secured accreditations for cleaning practices;
- Required passengers, visitors, and workers to wear face coverings in the public areas of SEA in spring 2020, well before the federal mask mandate went into effect;
- Added over 280 hand sanitizer stations throughout the terminal;
- Invested in a wide variety of innovative technologies for seamless, contact-free travel;
- Installed nearly 650 plastic protective barriers that buffer interactions between travelers and airport employees;
- Displayed 8,000 signs to remind passengers of physical distancing; and
- Opened an on-site COVID-19 testing location for non-symptomatic travel testing needs.

AAAE has partnered with the Global Biorisk Advisory Council (GBAC) to encourage airports to pursue and achieve the GBAC STAR Facility Accreditation. This performance-based designation helps facilities establish a comprehensive system of cleaning, disinfection, and infectious disease prevention, which relies on GBAC's comprehensive training on protocols, correct disinfection techniques, and cleaning best practices for biohazard situations like the novel coronavirus. Sixty-three airports participate in GBAC, and 27 airports – including SEA – have received GBAC STAR accreditation.

These and other efforts at airports are having a marked impact. On February 11, Harvard's Aviation Public Health Initiative issued a comprehensive report about the risk of coronavirus transmission in airports. Researchers found the probability of being infected at an airport is very low because of the "consistent and impressive commitments" airports are proactively making to reduce the risk of disease transmission between passengers, employees, concessionaires, contractors, and visitors.

These multi-layered strategies cited by Harvard include enhanced cleaning and frequent sanitization efforts; the adoption of various means to ensure proper distancing (e.g., floor decals, barriers, signage, communication); the use of masks or face coverings throughout the facility; upgraded ventilation and air handling systems; investments in touchless technology; and other innovations to protect traveler and worker health and improve the airport experience.

The Harvard report made clear that there is no one-size-fits-all approach that works in all instances, given the nature of the virus and the complexity and diversity of airports across the country. SEA and other airports are committed to using these and other protective mitigation efforts to continue to ensure passengers and workers are as safe as possible.

**Coronavirus Relief Bills:
Providing a Lifeline for Airports in the Near Term**

Chair Larsen, I would like to thank you and your colleagues for quickly passing the CARES Act in March and the Coronavirus Response and Relief Supplemental Appropriations Act in December. Considering the dramatic drop in passengers and revenue over the past year, both bills are providing a lifeline to airports, concessionaires, airlines, aviation workers and so many others in the aviation industry.

Airports are truly grateful for the federal assistance during these unprecedented times. We realize that the \$12 billion that Congress has already approved for airports and concessionaires is a significant investment. But those crucial funds have made the difference in our ability to maintain operations, support our tenants and partners, and play our essential role in helping to lead a sustainable and equitable economic recovery.

As you know, airports often rely on bonds to help finance critical and costly infrastructure projects. Airports at the end of 2019 held \$107 billion in debt, and they had \$7 billion in debt payments due in 2020 with little revenue coming in. Funding in the two coronavirus relief packages included welcome flexibility to allow airports to use those federal funds to pay for debt service and to ensure that airports did not default on their bonds.

At SEA, we have focused our CARES Act funding on debt service payments because we believe it is the best way for our airport to meet its current obligations and maximize benefits to the airport in the short-term. It also allows us to maintain our competitiveness in the bond markets so that we will be able to invest in future projects to build our capacity when air travel returns.

We also decided that the most prudent use of our CARES Act dollars was to split them over a two-year period, especially since additional federal relief was uncertain at the time. We did not want to use up all of our grant dollars in 2020 and then find ourselves unprepared for any unexpected coronavirus impacts this year. I should also point out that the FAA established a reimbursement program in which airports must incur an expense and submit receipts before drawing down funds; this system creates a reimbursement delay because airports submit reimbursements based on payroll cycles, debt payment cycles, and accumulation of various other expenses. As a result of the reimbursement mode, the FAA asked airports to map out a multi-year plan for how they intended to use their CARES Act allocations.

We have already spent approximately 77 percent of our CARES Act grants and have budgeted the remainder for this year. We are in the process of reviewing the newly released FAA guidance on the December relief package and plan to make decisions very quickly – particularly in order to help our tenants who are struggling to keep their doors open.

Looking Forward: Significant Challenges Remain

It's unclear how long the coronavirus crisis will last, when passenger levels will return to pre-COVID levels, or the time it will take for airports and airlines to get back to the "new normal." Based on our previous experiences after 9/11 and the Great Recession, we expect the road to recovery will take years rather than months. It will also take substantial investment during the uncertain transition period.

I am optimistic on the long-term outlook for airports and the entire aviation industry. In the near term, however, the significant financial challenges that airports continue to face coupled with a great deal of uncertainty surrounding COVID-19 could make the road to recovery rocky and unpredictable. The spread of more contagious variants could also slow progress and increase calls for travel restrictions and quarantines.

Moody's on December 1, 2020 highlighted some of the challenges that airports and our airline partners face in the year ahead. Its 2021 outlook points out that "enplanement recovery remains uncertain because of the potential for renewed travel restrictions or weakened consumer demand as COVID-19 cases increase."

The rating agency predicts that enplanements could be down between 55 to 75 percent in the first half of the year compared to 2019. With so many unknowns, Moody's acknowledges that the outlook for the year is "highly uncertain." But it is slightly more upbeat for the rest of the year and estimates that enplanements will be down between 40 to 60 percent in 2021 compared to the pre-pandemic levels in 2019.

"Worsening virus spread in much of the U.S. poses threats to the nascent travel recovery in the first half of 2021 before any potential widespread vaccinations in the second half of the year," Moody's noted. "Lower passenger volumes will reduce nonairline revenue at U.S. airports and also put further credit stress on U.S. airlines."

The report, which the rating agency published before Congress passed the last coronavirus relief package and before the recent decline in coronavirus cases, also underscores the intense financial pressures on large hub airports with significant numbers of international travelers. Moody's indicates that "large hub airports with normally high international and business traffic will struggle the most in 2021 and will exhaust CARES Act grant allocations."

Between new testing requirements for international travelers, ongoing travel restrictions, vaccine shortages and the spread of new COVID variants, we have revised SEA's 2021 passenger projections down to between 30-40 percent of 2019 levels in 2021. This is still an increase from 2020, but we have a long way to go to return to pre-COVID passenger levels.

Yet, as I mentioned earlier, I feel confident that those passenger levels will ultimately return, even if it takes 3-5 years. Despite ongoing health concerns, tightening corporate travel budgets

and the impact of new videoconferencing technology, people want to travel, to see friends and family, to explore the world and to build personal and professional connections that a computer screen will never truly be able to offer.

Flight Path to Recovery: Recommendations to Further Assist Airports and Our Industry Partners

I have stated several times already how deeply appreciative we are of the support we have received over the last year from Congress and our other federal partners. It is truly amazing how well we have weathered the storm, compared to how bad it could have been, and thank you again so much for your ongoing commitment to our industry. However, there are some additional investments and policies that we ask you to consider as we continue to work together to rebuild aviation and restore confidence in air travel.

Key Areas of Support in The American Rescue Plan of 2021:

- ***Providing Additional Funding to Help Airports Respond to COVID-19:*** AAAE, ACI-NA, and airports around the country have been urging Congress and the administration to approve additional relief to help airports through the coronavirus crisis during the next year. As the pandemic continues, airports face new operating demands and growing strains on their outstanding debt as they make major investments in public-health improvements and establish distribution hubs for the COVID-19 vaccine. These added costs, plus their reduced revenue, has created budget nightmares for airports that put some in significant financial peril. Many airports have exhausted their initial CARES Act funding.

Getting more federal funds out the door and into local communities as quickly as possible will ensure airports can continue to keep airport staff employed, respond to new operational demands, afford debt service on their bond payments, and maintain their critical safety and security projects. We are grateful that the Transportation and Infrastructure Committee recently approved \$8 billion for airports and concessionaires as part of the American Rescue Plan Act that lawmakers are currently debating. That proposed funding level will go a long way to ensuring airports and concessionaires have the resources they need to help offset some of their expected revenue losses and to continue to combat COVID-19.

- ***Extending the 100% Federal Share:*** I would also like to thank the full committee for taking steps to eliminate the local match requirement for capital projects funded from the Airport Improvement Program (AIP). This is a big issue for airports of all sizes and especially smaller facilities that often rely on PFC revenue to help pay their local match. The CARES Act included \$500 million to cover the local match requirement for those AIP projects funded in FY20, and the American Rescue Plan includes slightly more than \$600 million to eliminate the local match requirement for AIP projects funded in FY20 and FY21. With traditional revenue sources so low, it is exceptionally challenging for many

airports to come up with a local match during the current crisis. I urge Congress to maintain the 100 percent federal share language as part of the coronavirus relief package that lawmakers are currently debating.

- ***Continuing to Assist Concessionaires:*** Airport concessionaires have experienced severe financial losses during the past year. As I mentioned, SEA and other airports have been trying to help our partners by providing relief from rents and minimum annual guarantees during the pandemic. The previous coronavirus relief package included \$200 million to help airport concessionaires during these challenging times, and the budget resolution includes an additional \$800 million with a focus on small businesses.
- ***Extending the Payroll Protection Program:*** Airports strongly support provisions in the American Rescue Plan that would extend the Payroll Support Program for the airline industry. Specifically, the package includes \$14 billion to extend the PSP through September 30 for airline workers and another \$1 billion for contractors.

Helping Small Airports and Small Communities Impacted by COVID-19:

- ***Preserve Small Community Air Service:*** With the decline in passenger levels, carriers have reduced or eliminated commercial air service to small communities during the pandemic. Continuing support and increased funding for the Essential Air Service and Small Community Air Service Development Programs are more critical than ever to ensure that people in small communities and less populated areas have access to the national airspace system.
- ***Provide Additional Assistance to Help Nonprimary Commercial Service and General Aviation Airports Impacted by COVID-19:*** There are approximately 3,000 nonprimary commercial service and general aviation (GA) airports throughout the country that play a key role in our aviation system. The last two coronavirus relief packages included \$145 million to help those smaller airports during the pandemic. Those funding levels are a welcome step in the right direction. But we urge Congress to do more to ensure that the thousands of nonprimary commercial service and GA airports – including those that traditionally have significant operations – have the resources they need to respond to the pandemic.
- ***Help Airports that Participate in FAA Contract Tower Program:*** I would like to thank members of this subcommittee for their longstanding support of the FAA's Contract Tower Program, which enhances aviation safety at 257 airports around the country. I would particularly like to commend Representatives Julia Brownley and Rodney Davis for recently introducing the CONTRACT Act, a bipartisan and bicameral bill that would address staffing challenges at contract towers by making it easier for retired federal controllers to continue working at contract towers. When the COVID-19 recovery takes off, it will be more important that we ensure that contract towers are fully staffed with

experienced and highly qualified controllers. I urge the Transportation and Infrastructure Committee to approve this commonsense approach.

Recommendations Impacting our Federal Partners and Other Opportunities to Aid Recovery

Finally, I would like to share some thoughts on ways that we can partner with you and the federal government on key policies and programs to bring back aviation to pre-COVID heights, and to help us be even more resilient, sustainable, and impactful than before.

- ***Ensuring our Federal Partners Have the Resources They Need:*** I am optimistic that we will begin to see many more travelers as the vaccination rate continues to increase. It is critical that the TSA and U.S. Customs and Border Protection (CBP) have the staffing and resources they need to accommodate additional passengers when travel begins to pick back up. I am encouraged by TSA's recent announcement that it plans to hire 6,000 Transportation Security Officers (TSOs) by this summer. We need to ensure that there are enough well-trained TSOs, passenger screening canine teams, CBP officers, and innovative technologies to handle pent-up demand expeditiously to prevent long lines at security checkpoints and international arrival halls.

TSA and CBP have faced substantial declines in their user fee revenues due to the steep decline in travel. For example, CBP estimates a \$2 billion user fee shortfall in 2020 and 2021. These fees account for 40 percent of the resources used to hire and train CBP officers that work at airports and other ports of entry. Similarly, the aviation security fee passengers pay as part of their ticket covers about one-third of TSA's expenses. We cannot afford to have steep spending reductions to either of these agencies just when travel begins to rebound. Looking forward, we ask members of this subcommittee to work with your colleagues on the Appropriations Committee on ways to ensure that airports are as fully staffed as possible.

- ***Helping Airports and other Stakeholders Prepare for Public Health Emergencies:*** Chair Larsen, I would like to thank you and Representative Don Beyer for introducing the National Aviation Preparedness Plan Act. Your bill (H.R. 884) would require the Federal government to consult with airports, airlines, and other aviation stakeholders on ways to help prevent the spread of communicable disease outbreaks in the aviation system. The coronavirus pandemic has made clear that this type of commonsense and collaborative approach, which you first proposed in 2015, is long overdue. Better coordination between the federal government and aviation stakeholder would help make our nation's aviation system safer for passengers and workers alike.

As I mentioned previously, we have implemented a wide range of new FlyHealthy initiatives at SEA. But the lack of consistent, enforceable national protocols throughout the entire air travel system has led to confusion and missed opportunities. It is imperative that we capture and incorporate the lessons from COVID-19 into federal

guidance, and the Port of Seattle looks forward to working with you, DOT and other federal agencies to complete this important work.

I would also like to emphasize the need to continue to focus on ensuring access to vaccines and personal protective equipment (PPE) for aviation workers. I realize that the vaccine issue is largely up to state governments, but states like Washington have not yet prioritized critical frontline transportation workers for vaccination. Hopefully this issue will be addressed as supplies quickly increase, but your attention to this important need is very welcome.

- ***Restoring Confidence in Air Travel:*** Our goal at SEA is not just to get back to 2019 traveler numbers, but also to be even better prepared to accommodate our passengers with 21st century customer service. To us, that goal means improved facilities; new technologies to smooth and speed the airport experience; and a permanent commitment to enhanced health protocols. It also means renewed efforts to restore customer confidence in air travel, which is a mix of the actual steps we take to keep travelers healthy as well as communicating those steps to our customers. It will take an industry-wide effort to share information, data and studies about the effectiveness of our work to keep travelers healthy and safe, and we welcome the opportunity to partner with Congress and the federal government on that work. Further investigation about the widespread use of a health pass is worthy of additional discussion as well.
- ***Avoiding Domestic Testing Requirements and Other Domestic Air Travel Restrictions:*** As you know, the CDC has been considering a widescale domestic pre-departure testing requirement. We appreciate that many members of the committee have been critical of this proposal, calling it “impractical and unworkable.” Airports agree and believe that such a requirement does not make sense and would have lasting economic repercussions on the aviation industry – just as Congress and the administration are trying to find ways of assisting the industry. At a time where the number of cases is declining, face mask usage is mandatory, the number of people vaccinated is growing, and U.S. airport and airlines have instituted extraordinary precautions to ensure air travel is safe during the pandemic, we were gratified to learn that CDC decided in mid-February that a domestic pre-flight testing requirement did not make sense “at this time.” We urge the committee to continue to communicate to the Administration your concerns about moving forward with a domestic pre-departure testing requirement or any other domestic air travel restrictions.
- ***Investing in Our Nation’s Infrastructure:*** Chair Larsen, almost four years ago to the day, I testified before this subcommittee and discussed the need to provide airports with the tools they need to fix aging facilities and accommodate rising demand. During that session I described the importance of the AIP and the need to raise the outdated federal cap on local PFCs.

I reiterate that message again today and urge you and your colleagues to pass a comprehensive infrastructure bill that will help airports prepare for the eventual return of passenger levels. It may seem strange for me to be talking about upgrading and expanding airport facilities after a year of 60 percent passenger declines, but now is actually the perfect time to invest in our nation's infrastructure. Building back better will support good-paying jobs and fix our crumbling infrastructure at time when interest rates are exceptionally low. As I have stated, we believe deeply that passenger levels will return to 2019 levels, and we want to be ready to accommodate them when they do – especially if upgraded facilities designed for touchless technologies and additional room for social distancing continue to be required.

With guidance from leaders on the committee, the House took a great first step last year when it passed H.R. 2, the Moving Forward Act. If enacted into law, this proposal would go a long way toward helping airports pay for critical infrastructure projects in the years ahead, while focusing on resiliency and lowering greenhouse gas emissions.

The House-passed bill proposed to increase the annual authorization level for the traditional AIP program to \$4 billion. It also called for providing airports with up to \$4 billion in supplemental funding every year and much-needed flexibility to allow airports to use those funds for PFC-eligible projects such as terminals and debt service.

We deeply appreciate the provisions in the bill that would increase federal funding for airports in the near term. However, adjusting the outdated and arbitrary PFC cap would create a sustainable, long-term funding source to help pay for critical capital projects when there may not be enough federal funding to go around.

At SEA, we will celebrate the opening of two of our biggest capital projects in 2021: our new International Arrivals Facility and our modernized North Satellite. Despite the unexpected disruptions caused by the pandemic, we are thrilled that these projects are coming on-line after years of hard work and more than \$1.5 billion in investment.

In the immediate term, these facilities will give us the space we need to offer more physical distancing during the pandemic. These projects will also provide SEA with additional capacity when passenger levels begin to rebound. We were already over-capacity in 2019, and we simply cannot wait for a full recovery of passenger levels to start planning for the future.

Part of our future plans include our Sustainable Airport Master Plan (SAMP). The SAMP near-term projects (NTP), including a new multi-billion terminal project, are a blueprint for changes that we need to make at SEA to accommodate future demand; the NTP are currently undergoing federal environmental review, and I'm pleased to report that we will release our draft environmental assessment this year. However, considering the significant declines in PFC revenue due to COVID-19 and our other cash flow challenges, we will need to find new ways to fund these projects.

- ***Increasing Environmental Sustainability:*** In terms of environmental sustainability, we are proud of our goals to become a carbon-neutral airport, and we have been leading innovators on everything from pre-conditioned air at all of our gates to electrification of ground service equipment and transitioning our ground transportation buses to renewable natural gas.

But our biggest environmental initiative is our goal is to fuel every flight out of our airport with at least a 10 percent blend of Sustainable Aviation Fuel (SAF). We believe that full implementation of SAF has the potential to lower our airport's carbon footprint by as much as 80 percent, which is why we strongly support provisions in the Moving Forward Act that call for investing in SAF.

SAF is a proven fuel alternative that is safe and plug-in ready. Now we must work together to figure out how to scale this industry so that SAF is plentiful and affordable. We believe that the federal government can help speed this outcome with infrastructure investments in refining, blending and pipeline facilities; support for farmers and other feedstock producers; incentives like a \$2 per gallon blenders' tax credit; and other market-making efforts – such as increased utilization by the U.S. Department of Defense.

- ***Enhancing Airport Communities and Shared Economic Prosperity:*** Finally, we want to be sure that we are maximizing the benefit of the airport to the community. At SEA, we have been particularly focused on increasing our women and minority owned business participation, whether it be for dining and retail concessions, construction projects or janitorial contracts. Our 2019 Diversity in Contracting report shows that we're making progress on this front, but there is still much more that we can and must do. Similarly, we believe that we can do more to help people from a wide variety of backgrounds gain the skills to join the aviation workforce. Finally, we want to make sure that businesses and residents near the airport are thriving, whether it be through helping attract more travelers to stay in nearby hotels or continuing to invest more in residential noise insulation and air quality improvements. We welcome opportunities to work with Congress to find new ways to achieve these goals.

Chair DeFazio, Ranking Member Graves, Chair Larsen, Ranking Member Graves, and members of the subcommittee, thank you for inviting me to participate in today's hearing. I look forward to working with you as we continue to respond to the coronavirus crisis, make our facilities as safe as possible for passengers and employees, and turn our attention to recovery.