

Plans to End Subsidies May Jeopardize Flights

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Sunbird Airlines may have to ground its commercial flights to Smith Reynolds Airport if proposals to end federal subsidies wreck its profit margin next year.

Since April 1984, the commuter airline has received \$230,000 a year in subsidies to support four daily flights from Smith Reynolds to Charlotte. The subsidies were expected to remain in effect through April 1986.

But the Reagan administration has announced plans to end the subsidies that guarantee air service to Smith

Reynolds and 135 other smaller airports across the country. The cutbacks are projected to save the government an estimated \$45 million next fiscal year.

Roy Hagerty, president of Sunbird, said this morning that the airline expects to reach the break-even point at Smith Reynolds late this year.

But if Congress ends Sunbird's subsidy before the profit is realized, "it would be tough to justify" staying in Winston-Salem, he said.

The airline's decision will depend on whether the administration's pro-

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posal is opposed in Congress, he said, and whether Sunbird is earning a profit on Jan. 1, 1986, when the federal cutbacks are likely to go into effect.

Hagerty, who has not seen the administration's proposal, said that Sunbird's two-year subsidy contract was signed in April 1984 by the Civil Aeronautics Board. The CAB was merged into the federal Department of Transportation last year.

If Congress approves the plan,

"that would certainly impact on our revenue side," he said.

The only other airport in North Carolina targeted for a loss of subsidies is Rocky Mount-Wilson.

Officials of Air Virginia say they may be forced to drop service to Rocky Mount-Wilson from Raleigh and New Bern if the airline loses the \$120,000 subsidy it receives for serving that market.

Sunbird Airlines took over as Winston-Salem's only commercial carrier after Piedmont Airlines ended its commercial flights here in October 1983.