



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Memorandum

Subject: INFORMATION: Notification of Review of
Aviation Trust Fund and Financing Issues
Project No. 02A3003A000

Date: December 14, 2001

From: David A. Dobbs 
Deputy Assistant Inspector General
for Aviation

Reply to
Attn of: JA-10:x60500

To: Chris Bertram
Assistant Administrator for Financial
Services/CFO

Since the attacks of September 11th, the aviation community has seen a dramatic reduction in air travel. This has resulted in steep declines in airline revenue yields and a sharp reduction in the amount of tax revenues available to fund the Federal Aviation Administration (FAA) and the nation's airports. In addition, Congress and the aviation community have begun reassessing aviation priorities, placing a greater emphasis on security. This closely follows a time when the aviation industry was focusing on adding runways and completing modernization programs to expand aviation system capacity.

In light of this, the Office of Inspector General (OIG) will be conducting a review of aviation financing matters. This review will provide the Secretary, Congress, and the Office of Management and Budget with information that will assist them in developing future appropriations and authorization bills.

Specifically, this review will:

- 1) Determine the effect of declining tax revenues on the Aviation Trust Fund, and the corresponding effect on FAA's budget. This includes developing an understanding of the extent that demand may be placed on the General Fund of the Treasury in order to meet potential shortfalls in FAA's budget.
- 2) Determine if current funding and projected revenues will be sufficient to meet the financial requirements of the Aviation and Transportation Security Act, and if additional General Fund monies will be needed.

If you have any questions or would like to arrange for a formal entrance conference, please contact Richard Kaplan (Program Director) at x61402 or Daniel Raville (Project Manager) at x61405.

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cc: FAA Administrator, AOA-1
FAA Chief of Staff, AOA-2
FAA Audit Liaison, ABA-130
OST Assistant Secretary for Budget and Programs/CFO, B-1
OST Audit Liaison, M-1