



Highlights of [GAO-06-562T](#), a testimony before the Subcommittee on Aviation, Committee on Commerce, Science and Transportation, U.S. Senate

Why GAO Did This Study

The Airport and Airway Trust Fund was established by the Airport and Airway Revenue Act of 1970 (P.L. 91-258) to help fund the development of a nationwide airport and airway system and to fund investments in air traffic control facilities. It provides all of the funding for the Federal Aviation Administration's (FAA) capital accounts, including: (1) the Airport Improvement Program, which provides grants for construction and safety projects at airports; (2) the Facilities and Equipment account, which funds technological improvements to the air traffic control system; and (3) the Research, Engineering, and Development account, which funds continued research on aviation safety, mobility, and environment issues. In addition, at various times during its history, the Trust Fund has funded all or some portion of FAA's operations. To fund these accounts, the Trust Fund is credited with revenues from a variety of excise taxes related to passenger tickets, passenger flight segments, international arrivals/departures, cargo waybills, and aviation fuels. Including interest earned on its balances, the Trust Fund received \$10.8 billion in fiscal year 2005.

The various taxes that accrue to the Trust Fund are scheduled to expire at the end of fiscal year 2007. GAO was asked to provide information and analysis about the financial condition and future viability of the Trust Fund.

www.gao.gov/cgi-bin/getrpt?GAO-06-562T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gerald L. Dillingham at (202) 512-2834 or dillinghamg@gao.gov.

FEDERAL AVIATION ADMINISTRATION

An Analysis of the Financial Viability of the Airport and Airway Trust Fund

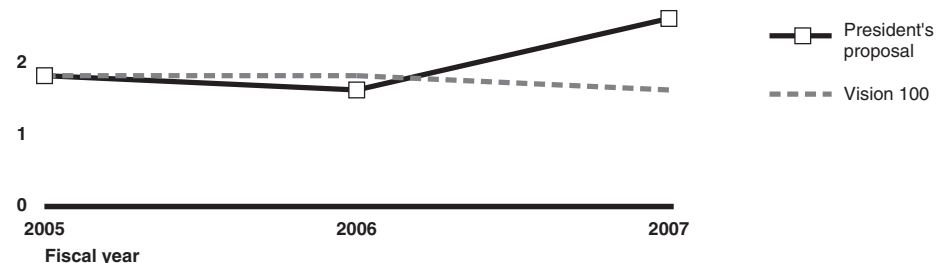
What GAO Found

The Trust Fund's uncommitted balance decreased from \$7.3 billion at the end of fiscal year 2001 to about \$1.9 billion at the end of fiscal year 2005. In 3 of the last 4 fiscal years, the Trust Fund's uncommitted balance has fallen by over \$1 billion because revenues were lower than FAA forecasted due to the impact of unanticipated events such as the September 11, 2001, terrorist attacks. However, the rate of decrease has slowed; during fiscal year 2005, the uncommitted balance decreased by about \$500 million. Under FAA's current authorization, appropriations from the Trust Fund are based on forecasted revenues. Thus, if actual revenues approximate forecasted revenues, there should be no substantial change in the uncommitted balance. However, for each fiscal year since 2001, because actual revenues have been less than forecasted, the uncommitted balance has fallen.

Based on its revenue forecast and appropriation for fiscal year 2006, FAA forecasts that the Trust Fund's uncommitted balance will fall by the end of 2006 to about \$1.7 billion. If the Congress continues to follow the formula from Vision 100—FAA's current authorizing legislation that links appropriations made available from the fund to revenue forecasts—then FAA expects there will be little change in the uncommitted balance for fiscal year 2007. If, instead, the Congress adopts the President's budget for FAA for fiscal year 2007, FAA forecasts that the fund's uncommitted balance by the end of 2007 will rise to about \$2.7 billion (see figure). This higher forecasted uncommitted balance occurs because the President's budget calls for an appropriation to FAA from the Trust Fund that is about \$1 billion lower than the Vision 100 formula.

Trust Fund's Projected End-of-Year Uncommitted Balance

3 Dollars in billions



Source: GAO analysis of FAA data.

If revenues in fiscal years 2006 and 2007 are below forecasted levels, the Trust Fund's uncommitted balance will be less than forecasted and, in one scenario we analyzed, will reach zero by the end of 2007. This scenario raises concerns because, in the past, the Trust Fund's uncommitted balance was used to offset lower-than-expected Trust Fund revenues and decreased general fund contributions. FAA could help address these concerns by continuing to look for ways to improve efficiency and reduce costs. However, the zero-balance scenario would most likely have implications for the Congress in funding FAA programs.