

GAO

Report to the Subcommittee on  
Aviation, Committee on Transportation  
and Infrastructure, House of  
Representatives

June 2007

# AIRPORT FINANCE

## Observations on Planned Airport Development Costs and Funding Levels and the Administration's Proposed Changes in the Airport Improvement Program

This report was revised on July 5, 2007, to make a correction to Table 4 on page 19: nonhub line, 4<sup>th</sup> column should be "52" instead of "2".





Highlights of [GAO-07-885](#), a report to the Subcommittee on Aviation, Committee on Transportation and Infrastructure, House of Representatives

### Why GAO Did This Study

To address the strain on the aviation system, the Federal Aviation Administration (FAA) has proposed transitioning to the Next Generation Air Transportation System (NextGen). To fund this system and to make its costs to users more equitable, the Administration has proposed fundamental changes in the way that FAA is funded.

As part of the reauthorization, the Administration proposes major changes in the way that grants through the Airport Improvement Program (AIP) are funded and allocated to the 3,400 airports in the national airport system. In response, GAO was asked for an update on current funding levels for airport development and the sufficiency of those levels to meet planned development costs. This report comprises capital development estimates made by FAA and Airports Council International (ACI), a leading industry association; analyzes how much airports have received for capital development and if sustained, whether it can meet future planned development; and summarizes the effects of proposed changes in funding for airport development.

Airport funding and planned development data are drawn from the best available sources and have been assessed for their reliability. The Department of Transportation agreed with the findings of this report. This report does not contain recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-07-885](http://www.gao.gov/cgi-bin/getrpt?GAO-07-885).

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](mailto:DillinghamG@gao.gov).

## AIRPORT FINANCE

# Observations on Planned Airport Development Costs and Funding Levels and the Administration's Proposed Changes in the Airport Improvement Program

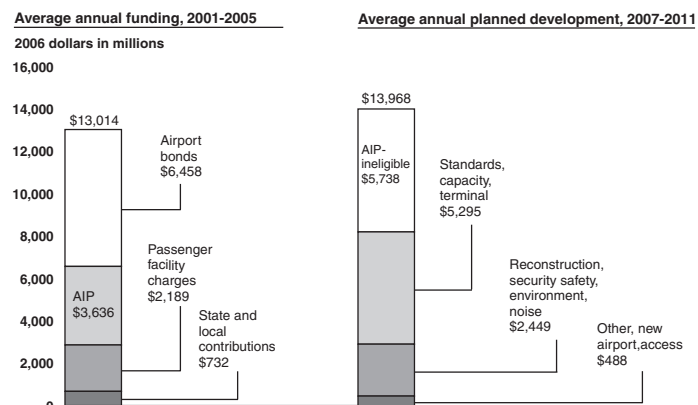
### What GAO Found

Planned airport development costs total at least \$14 billion annually over the next 5 years as expressed in 2006 dollars. This estimate is a combination of FAA's estimate of \$8.2 billion in AIP grant-eligible projects and \$5.8 billion from ACI's estimate of projects not eligible for AIP. FAA's estimate is based on airport master plans that FAA planners have reviewed and entered into a database of all national system airports. ACI also estimates airports' planned development, based on a survey of the 100 largest airports and includes all projects regardless of grant eligibility.

From 2001 through 2005, airports received an average of about \$13 billion a year for planned capital development. This amount covers all types of projects, including those not eligible for federal grants. The primary source of this funding was bonds, which averaged almost \$6.5 billion per year, followed by federal grants and passenger facility charges (PFC), which accounted for \$3.6 billion and \$2.2 billion, respectively (see figure below). If airports continue to attract this level of funding for planned capital development, this amount would annually fall at least \$1 billion short of the \$14 billion in total planned development costs (the sum of FAA's estimated \$8.2 billion in eligible costs and the industry's \$5.8 billion in ineligible costs). Larger airports foresee a decline of at least \$600 million annually, while smaller airports foresee a decline of at least \$400 million annually.

FAA's reauthorization proposal would reduce the size of AIP by \$750 million but increase the amount that airports can collect from PFCs. However, the benefit from increased PFCs would accrue mostly to larger airports and would not offset a reduced AIP grants program for smaller airports. The proposal would also change the way that AIP and other FAA programs are funded. The new fuel taxes that FAA has proposed may not provide the revenues for AIP that FAA anticipates.

### Comparison of Past Airport Funding to Future Development Costs



Sources: GAO analysis of FAA, ACI, Thomson Financial, and state grant data.

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## Abbreviations

ACI	Airports Council International
AIP	Airport Improvement Program
DOT	Department of Transportation
EAS	Essential Air Service
FAA	Federal Aviation Administration
GA	General Aviation
NASAO	National Association of State Aviation Officials
PFC	passenger facility charge
RE&D	Research, Engineering and Development

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United States Government Accountability Office  
Washington, DC 20548

June 29, 2007

The Honorable Jerry F. Costello  
Chairman  
Subcommittee on Aviation  
Committee on Transportation and Infrastructure  
House of Representatives

The Honorable Thomas E. Petri  
Ranking Republican Member  
Subcommittee on Aviation  
Committee on Transportation and Infrastructure  
House of Representatives

Once again, the nation's airports are having to cope with capacity issues. Air traffic has risen back above pre-September 11 levels, as has the level of delays. The Federal Aviation Administration (FAA) operates one of the safest air transportation systems in the world, but it is also a system under strain. Last year, one in four flights was subject to flight delays. In addition, the system is expected to absorb a variety of new and differing aircraft in the future, ranging from the jumbo Airbus A380, which can hold more than 500 passengers, to very light jets, which carry only a few passengers and could greatly increase the number of aircraft in the air. Demand for air travel is expected to reach 1 billion passengers by 2015, according to FAA estimates. The consensus of opinion is that the current aviation system cannot expand to meet this projected growth. FAA is developing a modernization program for its air traffic control system called the Next Generation Air Transportation System (NextGen) to accommodate this growth. To fund this system, FAA has proposed relying on a cost-based system using airline user fees and increased fuel taxes instead of passenger ticket taxes and other excise taxes that are due to expire at the end of September 2007. In regard to airports, the Administration is proposing \$2.75 billion to fund the Airport Improvement Program (AIP)—which is substantially less than the current level—and changing the way that grants to the 3,400 airports in the national airport system are funded and allocated under AIP. The Administration's proposal

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would also allow commercial airports to impose higher passenger facility charges (PFC) to pay for capital projects.<sup>1</sup>

In anticipation of this year's reauthorization of FAA, you asked for an update on airports' past funding levels from our previous reports,<sup>2</sup> the sufficiency of those levels to meet planned development, and how the Administration's proposed reauthorization will affect airports. For this update, we provided responses to these key questions:

- What is the estimated cost of planned airport capital development for 2007 through 2011?
- How much have airports received for capital development and where is the money coming from?
- If past funding levels continue, will they be sufficient to meet planned capital development costs for 2007 through 2011?
- What are some of the potential effects of changes in how airport development will be funded as part of the Administration's FAA reauthorization legislation?

To determine how much planned development would cost over the next 5 years, we obtained planned capital development data from FAA and the Airports Council International (ACI), a leading industry association. To determine the sources of airport funding, we obtained capital funding data from FAA, the National Association of State Aviation Officials (NASAO), and Thomson Financial, a firm that tracks all municipal bond issues. We obtained funding data from 2001 through 2005 because these were the most recent years for which consistent data were available and then adjusted the amounts for inflation to 2006 dollars so that they could be compared to planned development amounts, which are also expressed in 2006 dollars. We screened the planned development and funding data for

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<sup>1</sup>The PFC Program allows the collection of PFC fees up to \$4.50 for every enplaned passenger at commercial airports controlled by public agencies. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition.

<sup>2</sup>In 2003 and 1998, GAO reported on airport financing. See GAO *Airport Finance: Past Funding Levels May Not Be Sufficient to Meet Airports' Planned Capital Development*, (Washington, D.C.: Feb. 25, 2003) and *Airport Financing: Funding Sources for Airport Development*, (Washington, D.C.: Mar. 12, 1998).

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accuracy and compared funding streams across databases where possible. We did not, however, audit how the databases had been compiled. We reviewed the reliability of these data and concluded that the data were sufficiently reliable for our purposes.

We conducted our work from August 2006 to May 2007 in accordance with generally accepted government auditing standards. More details about the scope and the methodology of our work are presented in appendix III.

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## Results in Brief

Planned airport capital development costs total at least \$14 billion annually over the next 5 years as expressed in 2006 dollars. This estimate is a combination of FAA's estimate of \$8.2 billion in AIP-eligible projects and \$5.8 billion from ACI's estimate of projects not eligible for AIP. FAA's estimate is based on airport master plans that FAA planners have reviewed and entered into a database of all national system airports. ACI also estimates airports' planned development, based on a survey of the 100 largest airports, but its estimates include all projects regardless of grant eligibility. Given the greater detail and verification entailed in FAA's estimates, we used FAA's estimates for AIP-eligible projects and, lacking any other source, used ACI's estimate for non-eligible projects.

From 2001 through 2005, airports received an average of about \$13 billion a year for planned capital development from a variety of funding sources. This amount includes funding for all types of projects, including those not eligible for AIP grants. The primary source of this funding was municipal bond proceeds (backed primarily by airport revenues), which averaged almost \$6.5 billion per year, followed by AIP and PFCs, which accounted for \$3.6 billion and \$2.2 billion, respectively. Of the \$2.2 billion in PFC collections, 30 percent could go to bond financing. Within the national airport system, the 67 larger airports, which account for 90 percent of passengers, rely more heavily on bond financing to fund their development, while the other approximately 3,300 smaller airports in the national system are more reliant on federal grants.<sup>3</sup>

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<sup>3</sup>We will follow conventions established in GAO's prior report on airport finance in differentiating between larger (large and medium hub airports) and smaller (all other categories of commercial and general aviation airports). See *GAO Airport Finance: Past Funding Levels May Not Be Sufficient to Meet Airports' Planned Capital Development*, [GAO-03-497T](#) (Washington D.C.: Feb. 25, 2003).



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The combined estimate for FAA's AIP-eligible and ACT's AIP-ineligible projects for 2007 through 2011 exceeds past funding levels by at least \$1 billion annually. While this difference is not an absolute predictor of future funding shortfalls—both funding and planned development may change in the future—it is useful indicator of funding differences over time and between different sizes of airports. This difference is smaller than the \$3 billion annual average we estimated in 1998 and 2003, indicating that airports' financial health and access to capital may have improved.<sup>4</sup> A difference between past funding and future development plans also exists for both larger and smaller airports. The 67 larger airports averaged \$9.4 billion annually in funding, as compared to at least \$10 billion annually in AIP-eligible and ineligible projects—a difference of at least \$600 million annually. All other airports, including general aviation airports, averaged \$3.6 billion annually in funding, as compared to at least \$4 billion annually in AIP-eligible and ineligible projects, a difference of at least \$400 million annually. The difference between past funding and planned development may be larger than our estimate because of some double counting of PFC collections that are used to finance bond proceeds and because FAA's estimate of planned development may exclude some eligible development.

The Administration's reauthorization proposal would provide more money to larger airports through an increase in the PFC ceiling but would not benefit smaller airports that are more reliant on AIP. The proposal would reduce the AIP grants program by \$750 million (or more than 20 percent of its current level) but increase the amount that airports can collect from PFCs from \$4.50 per passenger to \$6.00 per passenger, potentially increasing larger airports' collections by \$1.1 billion. Smaller airports would receive a larger portion of AIP funds, but this shift would not compensate for the overall reduction in AIP, especially for general aviation airports that have no ability to collect PFCs. As a separate issue, the Administration's reauthorization proposal would also change the way that AIP and other FAA programs are funded. New fuel taxes that have been proposed to fund AIP and other programs, and if they do not generate the amount of revenue that is anticipated, additional sources of revenue may have to be found.

We provided a draft of this report to DOT and ACI. FAA responded for DOT and agreed with the facts of the report while ACI suggested our

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<sup>4</sup>GAO-03-497T and *Airport Financing: Annual Funding as Much as \$3 Billion Less than Planned Development*, GAO/T-RCED-99-84 (Washington, D.C.: Feb. 10, 1999).

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report use a different approach in developing our estimate. FAA's Manager of Airports Financial Assistance in the Office of Airport Planning & Programming in e-mailed comments, emphasized that any difference between past funding and future planned development did not mean that necessary airport projects would not be built. In FAA's view, large airports, in particular can obtain additional private capital to meet their funding needs. ACI's President in a letter to GAO suggested that our report should provide a range of planned development and funding amounts rather than a single amount. In ACI's view, the full amount of their \$15.6 billion planned development estimate should be used and also suggested that we recalculate the historical funding stream based on the effect of using PFCs to finance capital development and preexisting claims on AIP funds in the future. As explained elsewhere in this report, we used the best available data to develop our estimates of both historical funding and planned development in line with prior GAO reports on this topic. Both DOT and ACI provided some clarifying and technical comments which we have incorporated as appropriate.

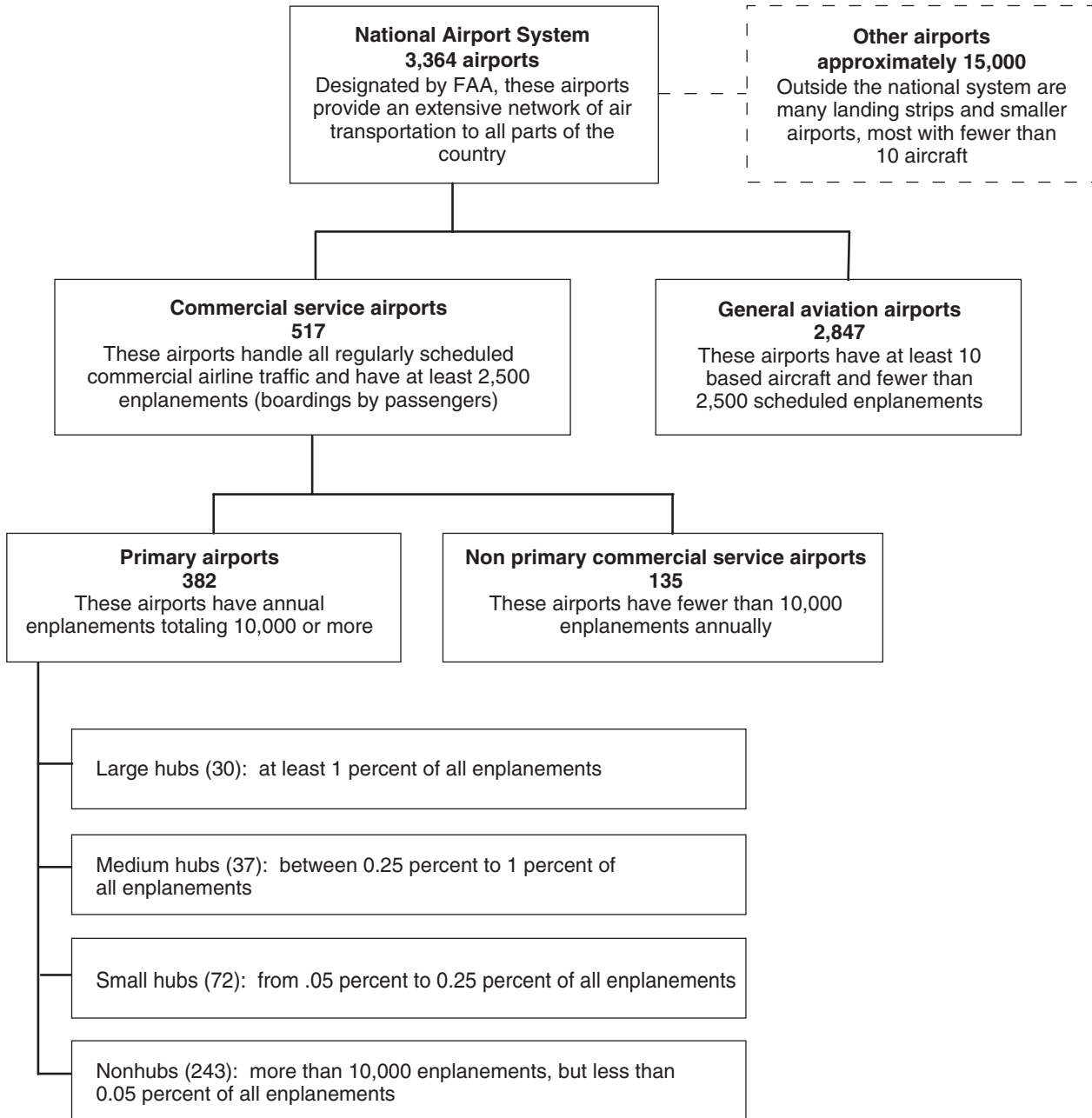
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## Background

The United States has the largest, most extensive aviation system in the world, with more than 19,000 airports. U.S. airports range from large commercial transportation centers enplaning more than 49 million passengers annually to small grass airstrips serving only a few aircraft each year. Of these, 3,364 are designated as part of the national airport system and are therefore eligible for federal assistance. The federal interest in capital investment for airports has been guided by several objectives, most notably ensuring safety and security, preserving and enlarging the system's capacity, helping small commercial and general aviation airports, funding noise mitigation, and environmental protection.

National system airports are of two types—commercial service airports, which total 517, have scheduled service, and enplane 2,500 or more passengers; and general aviation airports, which total 2,847, have no scheduled service, and enplane fewer than 2,500 passengers. (See fig. 1.) FAA further divides commercial service airports into primary airports (enplaning more than 10,000 passengers annually) and other commercial service airports. The 382 primary airports are arranged into various classes of hub airports—large, medium, small, and nonhub. Statutorily, large and medium hub airports are designated as large primary airports and must contribute a large share to projects funded under AIP as well as forgo a portion of their AIP entitlement funds if they collect PFCs.

**Figure 1: Categories of U.S. Airports**



Source: FAA.

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## Planned Development Costs at Least \$14 Billion Annually

Planned airport development costs, expressed in 2006 dollars, are at least \$14 billion annually over the next 5 years. This estimate is a combination of \$8.2 billion from FAA's estimate of AIP-eligible planned development and \$5.8 billion from ACI's estimate of other planned development costs not eligible for AIP. Projects that are eligible for AIP grants include runways, taxiways, and noise mitigation and reduction efforts; projects that are not eligible for AIP funding include parking garages, hangars, and commercial space in terminals.

In combining FAA and ACI data, we attempted to provide the best possible estimate of future airport development costs. FAA's estimate is based primarily on airport master plans for all airports in the national system and is verified by FAA planners as necessary future development. Despite this scrutiny, however, the FAA's estimate is lacking in that some future projects are removed from the database if funding from other sources (such as PFCs or bonds) is identified, while some completed projects remain in the database if they are still to be funded by AIP in future years. Meanwhile, ACI's estimate is drawn from a survey of the 100 largest airports and lacks project detail as compared to FAA's database which is verified against the airport's master plan by an FAA airport planner.<sup>5</sup> For airports that did not respond to its survey, ACI either extrapolated future costs based on the responses of similar-sized airports or used FAA's estimates (for smaller airports). Therefore, given the greater detail and verification entailed in FAA's estimates, we used FAA's estimates for AIP-eligible projects, and lacking any other source, used ACI's estimate for non-eligible projects.<sup>6</sup> This is the same approach that we used in 1998 and 2003.

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<sup>5</sup>FAA estimate of \$41 billion and ACI estimate of \$78 billion do not consider cost increases such as rising construction costs. Going forward, these costs may increase, especially construction costs, which have jumped 26 percent in 30 major U.S. cities over the past 3 years. FAA acknowledges that development estimates may or may not include increases in costs based on construction uncertainty and that annual cost increases are not captured.

<sup>6</sup>ACI estimated total planned development costs of \$87 billion (in nominal dollars) for the 5-year period. ACI's total is \$78 billion, or \$15.6 billion (expressed in 2006 dollars), annually—split between \$9.8 billion of AIP-eligible costs and \$5.8 billion of ineligible costs.

## Airports Have Averaged about \$13 Billion Annually in Capital Financing over the Last 5 Years and Use a Variety of Funding Sources

From 2001 to 2005, the 3,364 active airports that make up the national airport system received an average of about \$13 billion per year for planned capital development from a variety of funding sources. (Additional information on each of these funding sources is contained in app. I.) These funds are used for both AIP-eligible and ineligible projects. The single largest source of these funds was bond proceeds, backed primarily by airport revenues, followed by AIP grants, PFCs, and state and local contributions (see table 1). Some airports use their PFCs to finance bond issues—paying interest on existing bonds—as much as 30 percent of PFC collections by some estimates, which is money that cannot be used for new development. We were unable to make a precise estimate of how much is being financed with PFCs by airport size. However, using 30 percent as a gauge, the total amount of funds available to airports may be overstated by as much as \$660 million (30 percent of \$2.2 billion in average annual PFC collections).

**Table 1: Sources of Airport Funding, 2001-2005**

2006 dollars in billions

Funding source	2001-2005 average annual funding	Percentage of total	Source of funds
Airport bonds	\$6.5 <sup>a</sup>	50	State and local governments or airport authorities issue tax-exempt debt
AIP grants	3.6 <sup>b</sup>	29	Congress makes funds available from the Airport and Airway Trust Fund, which receives revenue from various aviation-related taxes
Passenger facility charges	2.2 <sup>c</sup>	17	Funds come from passenger fees of up to \$4.50 per trip segment at commercial airports
State and local contributions	0.7	4	Funds include state and local grants, loans, and matching funds for AIP grants
<b>Total</b>	<b>\$13</b>	<b>100</b>	

Source: GAO analysis of FAA, Thomson Financial, and state grant data.

Note: Totals may not add because of rounding.

<sup>a</sup>Net of refinancing.

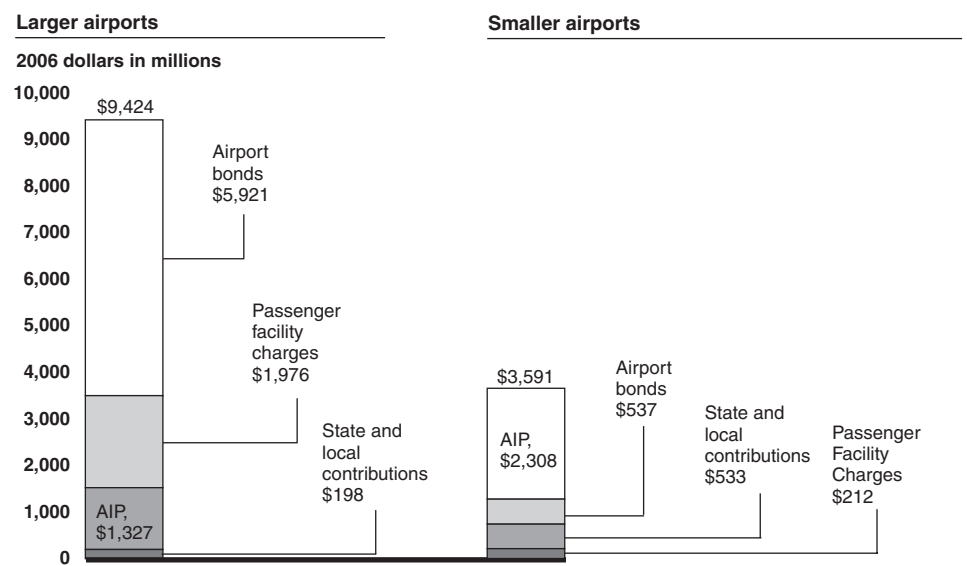
<sup>b</sup>AIP totaled on a fiscal year basis.

<sup>c</sup>As much as \$660 million (30 percent of total) of which is used to support bond financing.

The amount and source of funding vary with the size of airports. The nation's 67 larger airports, which handled almost 90 percent of the passenger traffic in 2005, accounted for 72 percent of all funding (\$9.4 billion annually), while the 3,297 other smaller commercial and general aviation airports that make up the rest of the national airport system

accounted for the other 28 percent (\$3.5 billion annually).<sup>7</sup> As shown in figure 2, airports' reliance on federal grants is inversely related to their size—federal grants contributed a little over \$1.3 billion annually to larger airports (14 percent of their total funding) and \$2.3 billion annually to smaller airports (64 percent of their total funding).

**Figure 2: Funding Sources by Size of Airport, 2001-2005**



Sources: GAO analysis of FAA, ACI, Thomson Financial, and state grant data.

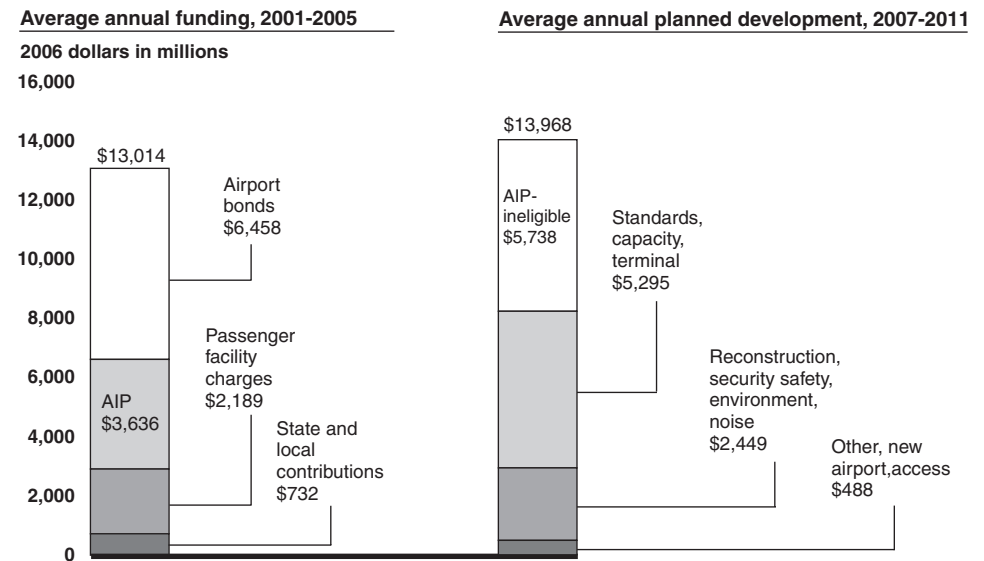
Note: Totals may not add up due to rounding.

<sup>7</sup>As noted above, the total amount of funds may be somewhat overstated because as much as 30 percent (\$660 million) of PFCs may be used to finance bond issues. This would particularly affect the total for larger airports, which collect most of the PFCs.

## Total Planned Development Exceeds Past Funding Levels by At Least \$1 Billion Annually

Total planned development of at least \$14 billion annually exceeds past funding levels of \$13 billion. If the \$13 billion annual average funding continues over the next 5 years and were applied only to AIP-eligible projects, it would cover all of the \$8.2 billion for projects in FAA's estimate. However, much of the funding available to airports is for AIP-ineligible projects. We could not determine how much of this financing is directed to AIP-eligible versus ineligible projects. Figure 3 compares the \$13 billion average annual funding airports received from 2001 through 2005 (adjusted for inflation to 2006 dollars) with the \$14 billion (also in 2006 dollars) in annual planned development costs for 2007 through 2011.<sup>8</sup> As noted earlier, the \$14 billion is the sum of FAA's estimated AIP-eligible costs of \$8.2 billion annually and ACI's estimated AIP-ineligible costs of \$5.8 billion annually. The overall difference of at least \$1 billion annually is not an absolute predictor of future funding differences; both funding and planned development may change in the future.

**Figure 3: Comparison of Past Airport Funding to Future Development Costs**



Sources: GAO analysis of FAA, ACI, Thomson Financial, and state grant data.

Note: Totals may not add up due to rounding.

<sup>8</sup>If the full measure of ACI's \$15.6 billion estimate of planned development is used, the difference increases to \$2.6 billion annually.

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The difference between past funding and future planned development may be greater than \$1 billion for several reasons, but how much greater the difference will be hard to quantify for two reasons. First, past funding may be overstated because some past PFC collections may be double counted if they are used to finance bond proceeds, which could average as much as \$660 million annually. Second, FAA's estimate of planned development may be understated because it excludes some projects that have identified funding sources. FAA could not estimate how much in project costs may have been withdrawn from its planning database. The narrowing between past funding and planned development costs to about \$1 billion is an indicator of the improving financial health of the nation's airports.

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**Larger Airports—Planned Development Costs Exceed Past Funding by At Least \$600 Million**

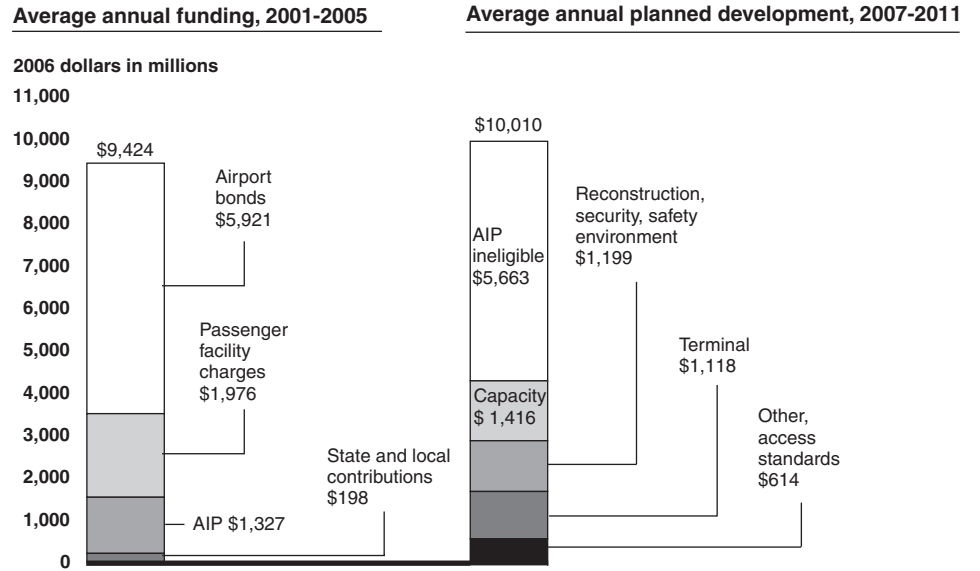
The difference between past funding and planned development costs for larger airports is at least \$600 million if both AIP-eligible and ineligible projects are considered.<sup>9</sup> From 2001 through 2005, larger airports collected an average of about \$9.4 billion a year for capital development, as compared to their estimate of at least \$10 billion in future annual planned development costs. Figure 4 shows the comparison of average annual funding versus planned development costs for larger airports. At \$5.7 billion annually, the portion of costs not eligible for AIP is 57 percent of the total planned development costs.

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<sup>9</sup>PFC collections, as part of total funding, may be double counted if they are used to finance bond proceeds.



**Figure 4: Comparison of Larger Airports' Past Funding to Future Development Costs**



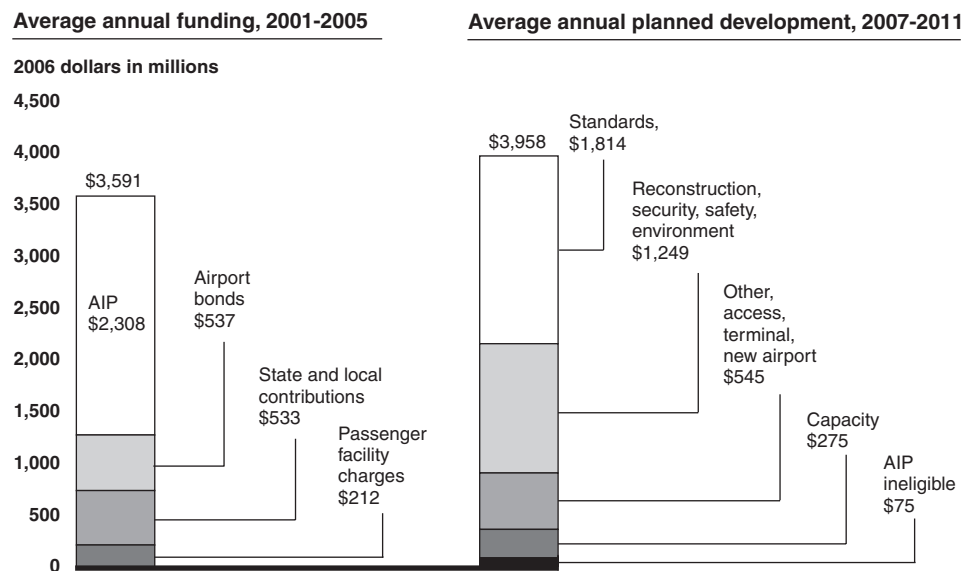
Sources: GAO analysis of FAA, ACI, Thomson Financial, and state grant data.

Note: Totals may not add up due to rounding.

## Smaller Airports — Planned Development Costs Exceed Past Funding by At Least \$400 Million

The difference between past funding and planned development costs for smaller airports is at least \$400 million annually.<sup>10</sup> At smaller airports, average annual funding from 2001 through 2005 was about \$3.6 billion a year. Annual planned development costs for smaller airports from 2007 through 2011 are estimated to be at least \$4 billion. Figure 5 compares average annual funding to planned development costs for smaller airports. As the figure shows, the portion of smaller airports' project costs not eligible for AIP funding is relatively small—about \$75 million annually, or about 2 percent of total planned development costs.

**Figure 5: Comparison of Smaller Airports' Past Funding to Future Development Costs**



Sources: GAO analysis of FAA, ACI, Thomson Financial, and state grant data.

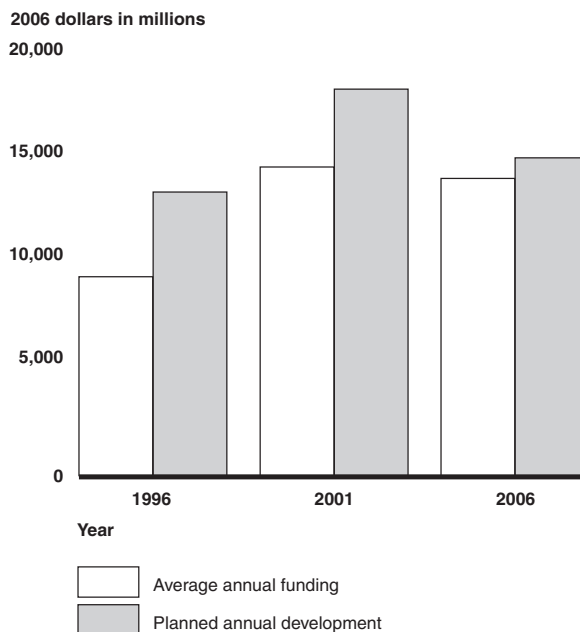
Note: Totals may not add up due to rounding.

<sup>10</sup>PFC collections as part of total funding may be double counted if they are used to finance bond proceeds.

## Size of the Difference between Past Funding and Planned Development May Have Declined since 1996

The difference between past funding and planned development appears to have narrowed from our past estimates. As shown in figure 6, in 1996 we reported that planned development exceeded past funding by \$3.7 billion, based on estimated funding of \$8.7 billion and planned development of \$12.4 billion. In 2001, we reported that the difference was \$3.6 billion annually based on funding levels of \$13.4 billion and planned development of \$17 billion. The more recent difference of \$1 billion would represent a significant narrowing in the difference between past funding and future development costs would indicate that airports' improving financial health was improving.

**Figure 6: Comparison of Airports' Past Annual Funding to Future Development Costs**



Source: GAO analysis of FAA data.

## Financial Health of Airports Has Improved, Particularly for Larger Airports

The financial health of airports is strong and has generally improved since September 11, 2001, especially for larger airports. Passenger traffic has rebounded to 2000 levels and bond ratings have improved. Following September 11, many airports cut back on their costs and deferred capital projects. However, credit rating agencies and financial experts now agree that larger airports are generally financially strong and have ready access to capital markets. A good indicator of airports' financial strength is the number and scale of underlying bond ratings provided by bond-rating

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agencies. More bonds were rated in 2007 than in 2002, and more bonds are rated at the higher end of the rating scale in 2007, meaning that the rating agencies consider them less of a risk today. Furthermore, larger airports tended to have higher ratings than smaller airports.

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## Administration's FAA Reauthorization Proposal Would Increase Potential Funding for Larger Airports, while Funding for Smaller Airports Could Be Reduced

The Administration's reauthorization proposal for AIP would increase potential funding for larger airports, but funding for smaller airports could be reduced because of the overall reduction in AIP. The 2008 fiscal year budget reduces AIP funding from its past level of \$3.5 billion in fiscal years 2006 and 2007 to \$2.75 billion. The proposal also would phase out entitlement (otherwise known as apportionment) grants for larger airports while increasing the PFC ceiling from \$4.50 to \$6 per passenger.<sup>11</sup> While larger airports that account for 90 percent of all passengers will benefit from an increase in the PFC ceiling, this increase in PFCs will not compensate smaller airports for the overall reduction in AIP funding. As a separate issue, the Administration's reauthorization proposal would change the way that AIP and other FAA programs are funded and may not provide enough new tax revenue for anticipated AIP spending even at the reduced levels proposed by the Administration.

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## Administration's FAA Reauthorization Proposal Would Make Fundamental Changes in AIP

The Administration's 2008 FAA reauthorization proposal would reduce AIP and change how AIP is allocated, and increase the PFC available to commercial airports. (Key changes in the proposal's many elements are outlined in app. II.) Unlike previous reauthorization proposals, which made relatively modest changes in the structure of the AIP program, this proposal contains some fundamental changes in the funding and structure of the AIP program. Notably, following the pattern set by the 2000 FAA reauthorization,<sup>12</sup> which required larger airports to return a larger percentage of their entitlement funding in exchange for an increase in the PFC, the Administration proposes eliminating entitlement grants for larger airports altogether and at the same time allowing those airports to charge higher PFCs.

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<sup>11</sup>AIP grants generally consist of two types—(1) entitlement funds that are apportioned to airports or states by formula each year based on the number of airport passengers or state population and (2) discretionary funds that FAA approves based on a project's priority.

<sup>12</sup>The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, Pub. L. No. 106-81 (Apr. 5, 2000).

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The reauthorization proposal would eliminate some set-aside programs and increase the proportion of discretionary grant funds available to FAA at higher AIP funding levels.<sup>13</sup> Table 2 compares AIP funding allocations under the current funding formulas to the proposed reauthorization allocations at both the current \$3.5 billion level and at the Administration's proposed \$2.75 billion level. To make more discretionary funding available, this proposal would also remove the funding trigger in current law that doubles the amount of entitlement funds airports receive if the overall AIP funding level is above \$3.2 billion. According to FAA officials, their objective is to increase the amount of discretionary funding for airports so that higher-priority projects can be funded. However, that objective is achieved only when total AIP funds are greater than the \$2.75 billion budgeted by the Administration. For example, at \$2.75 billion in AIP, the current law would generate \$967 million in discretionary grants versus \$866 million under the proposed reauthorization. This relationship reverses at \$3.5 billion in AIP funding, for which the proposal generates \$1.328 billion in discretionary grants versus \$845 million under current law.

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<sup>13</sup>Set-aside programs are designed with a specific purpose, e.g., Military Airport Program (MAP) award grants to current or former military airfields to assist in converting them to civil use and to reduce congestion at existing airports experiencing significant delays.

**Table 2: Estimated Distribution of AIP Funds at \$2.75 Billion and \$3.5 Billion Funding Levels under Current and Proposed Authorization Formulas**

Dollars in millions

	AIP allocations under current law compared to proposed reauthorization			
	Current law	Fiscal year 2008, as proposed	Current law	Fiscal year 2008, as proposed
	\$2.75 billion		\$3.5 billion	
<b>AIP funding (after administrative and other costs)</b>	\$2,636	\$2,636	\$3,386	\$3,386
<b>Entitlements</b>				
Primary airports				
Large	92	81	184	92
Medium	56	49	111	56
Small	131	230	262	262
Nonhub	154	269	307	307
<b>Subtotal primary airports</b>	<b>433</b>	<b>629</b>	<b>864</b>	<b>717</b>
Cargo	92	81	118	118
Alaska supplemental	11	19	21	21
Nonprimary entitlements	0	309	385	431
State apportionment	488	300	292	339
Carryover entitlements	432	432	432	432
<b>Subtotal entitlements</b>	<b>1,455</b>	<b>1,769</b>	<b>2,113</b>	<b>2,058</b>
<b>Small airport fund</b>				
Nonhub commercial service	123		245	
Nonprimary airports	61		122	
Small hub	31		61	
<b>Subtotal entitlements and nondiscretionary</b>	<b>1,669</b>	<b>1,769</b>	<b>2,541</b>	<b>2,058</b>
<b>Discretionary</b>				
Noise set-aside	338	211	296	271
Reliever set-aside	0		6	
Military Airports (MAP) set-aside	39		34	
<b>Subtotal discretionary set-asides</b>	<b>377</b>	<b>211</b>	<b>336</b>	<b>271</b>
Small airport discretionary fund		136		266
Capacity, safety, security, noise	442	389	382	594
Remaining discretionary	147	130	127	198
<b>Subtotal discretionary</b>	<b>967</b>	<b>866</b>	<b>845</b>	<b>1,328</b>
<b>Total AIP available for grants</b>	<b>\$2,636</b>	<b>\$2,636</b>	<b>\$3,386</b>	<b>\$3,386</b>

Source: FAA.

For smaller airports, the proposal’s effect depends on whether AIP funding is reduced to \$2.75 billion, as the Administration proposes, or left at the current level of \$3.5 billion. At a funding level of \$2.75 billion, the proposal would reduce entitlements and other funding dedicated to small airports by \$436 million. (see table 3). At a funding level of \$3.5 billion in AIP funding, smaller airports would lose \$75 million in entitlements and other dedicated funds under FAA’s proposal, but discretionary funds would increase by \$282 million, making it less certain how smaller airports would fare overall.

**Table 3: Effect of Proposed Authorization Formula on Smaller Airports**

Dollars in millions

Funding categories	Current law at \$3.5 billion	Proposed law at \$2.75 billion	Difference from current	Proposed law at \$3.5 billion	Difference from current
Entitlements	\$1,680	\$1,244	-436	\$1,605	-75
Discretionary	510	519	+9	792	+282

Source: GAO analysis of FAA data.

### Increasing the PFC Would More than Offset Loss of AIP Entitlements for Larger Airports but Might Not Compensate Smaller Airports for Loss of AIP

The Administration’s proposed reauthorization would allow airports to increase their PFC to a maximum of \$6 and allow airports to use their PFC collections for any airport projects while forgoing their entitlement funds. A \$6 PFC could generate an additional \$1.1 billion for larger airports, exceeding the \$247 million in entitlements that FAA estimates they would forgo under this reauthorization proposal (see table 4).<sup>14</sup> However, smaller airports (small and nonhub) would not benefit as much from this ability to increase PFCs because they collect less in PFCs and are more reliant on AIP for funding.<sup>15</sup> A change to a \$6 PFC could yield as much as an additional \$171 million for smaller airports if they all imposed a \$6 PFC. On a net basis, this relatively small increase in PFCs would not compensate smaller airports for the \$436 million reduction in AIP at a \$2.75 billion funding level.

<sup>14</sup>This calculation assumes that the increased PFC would not affect passenger demand for air travel. GAO has previously calculated that a PFC increase could reduce passenger demand, which would reduce the PFC revenue collected at the higher rate. Our previous work suggests the revenue reduction due to demand effects would likely be small. See GAO, *Passenger Facility Charges: Program Implementation and the Potential Effects of Proposed Changes*, GAO/RCED-99-138 (Washington, D.C.: May 19, 1999).

<sup>15</sup>General aviation airports are excluded since they do not have passengers that would pay a PFC.

**Table 4: Projected PFC Collections with a \$6 PFC**

<b>Airport size</b>	<b>2007 PFC collections (estimated)</b>	<b>If all primary airports had a \$6 PFC<sup>a</sup></b>	<b>Increase over 2007 collections</b>
Large hub	\$1,869	\$2,696	\$827
Medium hub	486	782	295
<b>Subtotal</b>	<b>2,356</b>	<b>3,479</b>	<b>1,123</b>
Small hub	184	303	119
Non hub	71	123	52
<b>Subtotal</b>	<b>255</b>	<b>426</b>	<b>171</b>
<b>Total</b>	<b>\$2,611</b>	<b>\$3,905</b>	<b>\$1,294</b>

Source: GAO analysis of FAA data.

<sup>a</sup>There are currently 382 primary airports eligible to apply for a PFC.

The reauthorization proposal would also relax project eligibility criteria to allow airports to use their collections in the same way as they use internally generated revenue, including off-airport intermodal transportation projects. The application and review process would also be streamlined. As a result, FAA would no longer approve collections but would rather ensure compliance with PFC and airport revenue rules. Air carriers and other interested parties would retain the right to object to new projects proposed for PFC funding and request FAA's review.

### Uncertain Whether Proposed Fuel Tax Rates Would Yield the Revenue Anticipated to Fund AIP

In addition to concerns about the level and allocation of AIP funds, another concern is whether or not the fuel tax revenues that the Administration's reauthorization proposal has designated to largely fund AIP after 2009 would be as great as anticipated. Currently, AIP and other FAA programs are principally funded by the Airport and Airway Trust Fund (trust fund), which receives revenue from passenger ticket taxes and segment taxes, airline and general aviation fuel taxes, and other taxes. The Administration's reauthorization proposal would fund air traffic control through user fees for commercial aircraft and fuel taxes for general aviation while limiting the sources of revenue for the trust fund and its uses. Under the proposal, beginning in 2009, the trust fund would continue but only to fund three programs—AIP; Research, Engineering and Development (RE&D); and Essential Air Service (EAS)—and would be funded solely by an equal fuel tax on commercial and general aviation fuel purchases and an international arrival and departure tax (see table 5).



**Table 5: Projected Airport and Airway Trust Fund in 2009 under the Reauthorization Proposal**

Revenue source	Proposed tax rate	Forecast 2009 consumption (millions of gallons or passengers)	Forecast 2009 trust fund receipts (in millions of dollars)	Trust fund expenditure	Forecast 2009 trust fund expenditures (in millions of dollars)
Commercial fuel	\$0.136	14,531	\$1,976	AIP	\$ 2,900
General aviation jet fuel	0.136	1,711	232	Research, Engineering and Development	140
General aviation gas	0.136	280	38	Essential Air Service	50
International head tax	6.39 <sup>a</sup>	158	1,009		
<b>Total</b>			<b>\$ 3,255</b>		<b>\$ 3,090</b>

Source: GAO analysis of FAA data.

<sup>a</sup>Per arriving and departing passenger.

FAA officials confirmed for us that in estimating fuel tax revenues they did not take into account possible reductions in fuel purchases due to the increase in the tax rates. Although we do not know by how much, such purchases would decline, conventional economic reasoning, supported by the opinions of industry stakeholders, suggests that some decline might take place. Therefore, the tax rate should be set taking into consideration effects on use and the resulting impact on revenue. FAA officials told us that they believe that these effects would be small because the increased tax burden is a small share of aircraft operating costs and therefore there was no need to take its impact into account. Representatives of general aviation, however, have said that the impact could be more substantial. If consumption possibly falls short of projections or Congress appropriates more funds for AIP, RE&D, or EAS than is currently proposed, then fuel tax rates and the international arrival and departure tax would correspondingly have to be increased or additional funding from another source, such as the trust fund's uncommitted balance or the General Fund, would be needed.

## Agency Comments

We provided copies of this report to the DOT and ACI for their review and comment. FAA's Manager for Airports Financial Assistance in the Office of Airport Planning and Programming responded for DOT agreed with the findings of the report and provided some clarifying and technical comments, which we have incorporated as appropriate. In e-mailed comments, he emphasized that any difference between past funding and future planned development does not mean that necessary airport projects

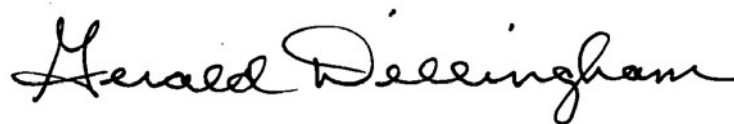
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would not be built. In FAA's view, large airports, in particular, can obtain additional private capital to fund their capital development. ACI also provided comments and suggested that our report provide a range of planned development and funding amounts rather than a single amount. In ACI's view, the full amount of their \$15.6 billion planned development estimate should be used and also suggested that we recalculate the historical funding stream based on the effect of using PFCs to finance capital development and preexisting claims on AIP funds in the future. The outcome of such an approach would be to provide a range much greater than the annual average total difference of \$1 billion between past funding and planned development that we developed. We did not adopt such an approach in this report because (1) it would be inconsistent with the approach we took in 1998 and 2003 in estimating airport funding and planned development and therefore make comparisons over time more difficult, (2) we continue to believe that FAA's estimate of planned development is better than ACI's for the AIP-eligible portion of projects as explained in this report on page 7, and (3) we were unable to estimate the effect of various factors, such as PFC bonding, on the funding stream across airport types. ACI also offered technical corrections, which we have incorporated into the report where appropriate.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan on no further distribution until 30 days from the date of this letter. At that time, we will send copies of this report to the Secretary of Transportation and the Administrator of FAA. We will also make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2834 or [DillinghamG@gao.gov](mailto:DillinghamG@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Staff who made key contributions to this report are listed in appendix IV.



Gerald L. Dillingham, Ph.D.  
Director, Physical Infrastructure Issues

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# Appendix I: Sources of Airports' Capital Funding

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Funding for airport capital development comes from four primary sources: federal Airport Improvement Program (AIP) grants, passenger facility charges (PFC), municipal bonds, and state and local grants. Airports vary in their reliance on these sources of funds.

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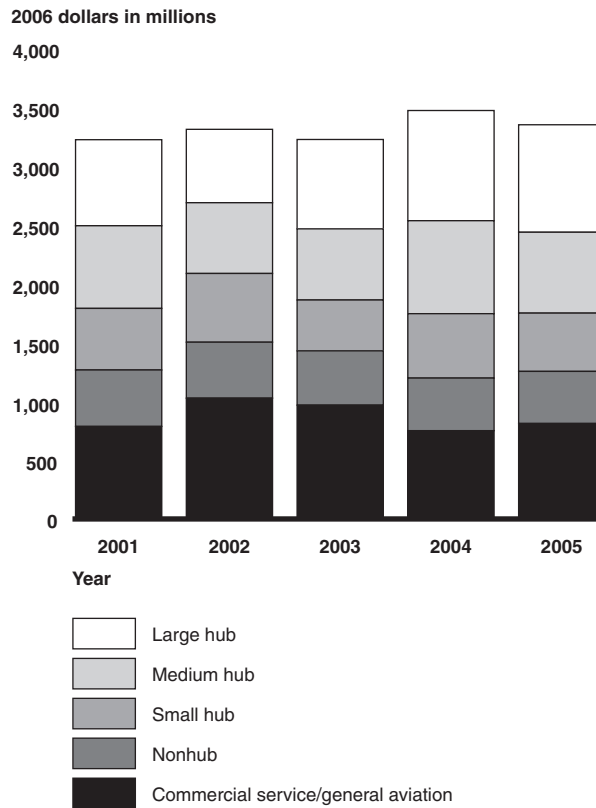
## Federal Grants

AIP grants are made available from the Airport and Airway Trust Fund.<sup>1</sup> The Federal Aviation Administration (FAA) allocates most AIP grants on the basis of (1) a legislated apportionment formula, tied to the number of passengers an airport enplanes in the case of primary airports, and (2) set-aside categories earmarked for specific types of airports and projects. AIP funding is usually limited to construction or improvements related to aircraft operations, such as runways and taxiways. Commercial revenue-producing facilities are generally not eligible for AIP funding, nor are operational costs. Funds apportioned for large and medium airports remain available for obligation during the fiscal year for which the amount was apportioned and the 2 fiscal years immediately after that year. Funds apportioned for small hub, nonhub, or nonprimary airports or states remain available for obligation during the fiscal year for which the amount was apportioned and the 3 fiscal years immediately following that year. Apportioned funds that have been unused are protected and carry over for the airports through the 3 or 4 year periods. As figure 7 shows, AIP grants as measured in constant 2006 dollars have increased slightly from \$3.2 billion in 2001 to \$3.3 billion in 2005.

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<sup>1</sup>The trust fund is financed by taxes on domestic and international airline travel, domestic cargo transported by air, or mail transported by air, and various fuel taxes. (In addition to noncommercial aviation fuel, there are also taxes on commercial aviation fuel, general aviation (GA) gasoline and GA jet fuel.)

**Figure 7: AIP Grants to Airports by Category of Airport, 2001-2005**



Source: GAO analysis of FAA data.

## Passenger Facility Charges

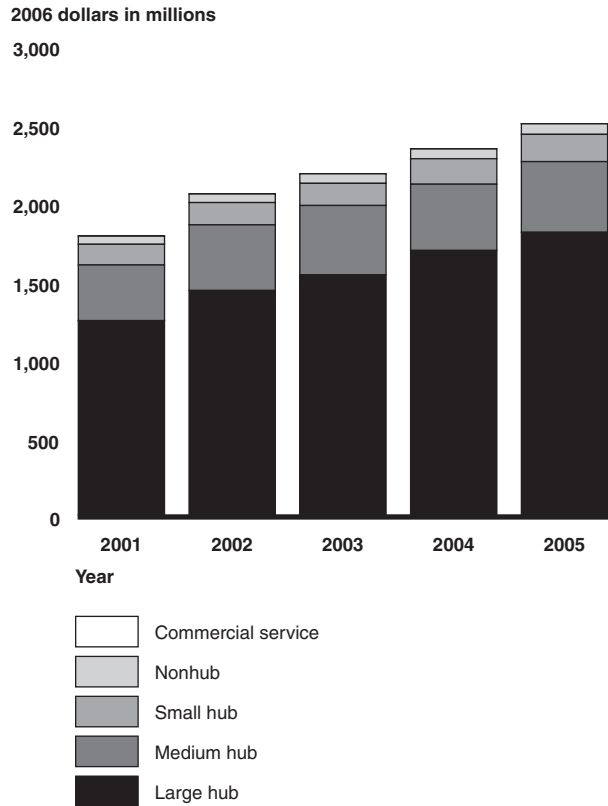
In 1990, Congress gave commercial airports the option to impose a PFC as an additional means to raise funds for development. Beginning in 1992, authorized airports were able to collect up to \$3 per enplaned passenger to use for projects that are eligible for AIP and for certain other types of costs that are not, such as debt financing costs. The PFC program sets forth several broad objectives for the use of these funds in furthering airport development, including (1) preserving or enhancing airports' safety, security, or capacity; (2) reducing noise; or (3) enhancing airline competition. Airports must apply to FAA for approval of both the collection of the fees and the specific projects that the money will pay for. FAA officials note that as long as a project is eligible, meets a program objective, and is adequately justified, they do not have the authority to reject an airport's proposal for the collection or use of PFC funds. Eligible projects under the AIP are also eligible for PFC funding. At the same time

airports must consult with airlines when considering participation in the PFC program and the selection of projects to be funded, although airports do not need airlines' agreement on the use of PFCs or on project selection. Once FAA has approved the collection of PFCs by an airport, the airlines are required by the statute to collect the fees from passengers and transmit the funds to the airport. Going forward, airlines have the responsibility under the statute for collecting the fee, and must submit copies to FAA of quarterly reports on the collection and distribution of PFCs to the airports on whose behalf the carriers collect the PFC.

Each project in an application must qualify under various criteria including (1) airport development or airport planning eligible under subchapter I of 49 U.S.C. chapter 471; (2) terminal development as described in 49 U.S.C. 47110(d); (3) airport noise compatibility planning as described in 49 U.S.C. 47505; (4) noise compatibility measures eligible for federal assistance under 49 U.S.C. 47504, without regard to whether the measures have been approved under §47504, (as implemented by 14 CFR Part 150); (5) construction of gates and related areas at which passengers are enplaned or deplaned and other areas directly related to the movement of passengers and baggage in air commerce within the boundaries of the airport (these areas do not include restaurants, car rental facilities, automobile parking facilities, or other concession space); or (6) the Air Traffic Modernization Cost Sharing program. In addition to the eligibility project types listed above, debt service and financing costs associated with projects meeting the above criteria are also eligible.

Figure 8 shows PFC collections by category; large hub airports accounted for over two-thirds of all PFC collections during 2001 through 2005, while medium hub airports accounted for another 19 percent of total collections.

**Figure 8: Passenger Facility Charges by Airport Category, 2001-2005**



Source: GAO analysis of FAA data.

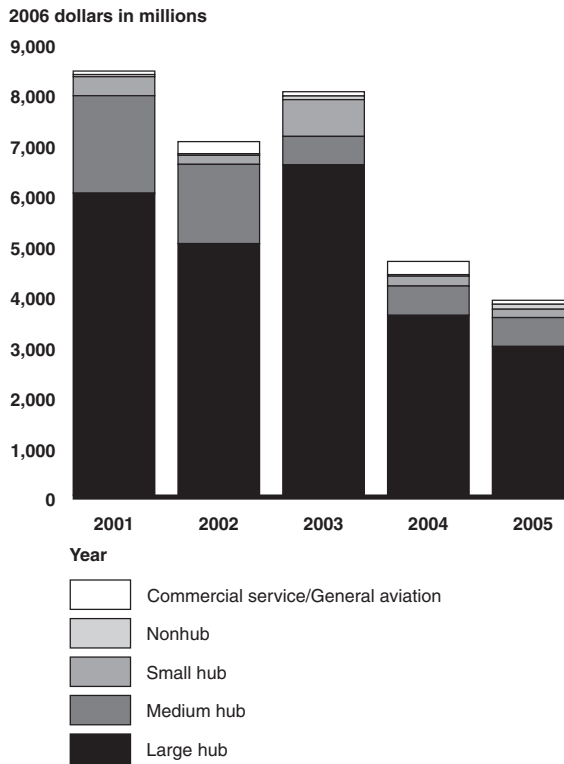
Vision 100 included a provision intended to streamline the PFC application process for nonhub airports. The pilot program requires airport sponsors to submit a notice of intent to impose a PFC and for use of PFC revenue for each airport for which a PFC is to be imposed.<sup>2</sup> The Secretary of Transportation is not required to file a Federal Register notice for public comment, but the department must review and document its findings on eligibility, consultation, excluded class, and overall collection amount, PFC level, and duration. Once this review is complete, the department forwards a letter of acknowledgment to the airport sponsor within 30 days. In 2005, 248 nonhub airports collected over \$65 million in PFCs.

<sup>2</sup>Certain types of projects are not eligible to be included in notices of intent, including debt service and complex ground access projects.

## Airport Bonds

The single largest category of airport funding is bonds, and large hubs issue the most bonds. From 2001 through 2005, airports issued \$32.2 billion worth of bonds, three-quarters of it going to large hub airports. As figure 9 shows, the total amount of bonding (new finance only) varies from year to year but declined in 2004 and 2005 from 2001 through 2003.

**Figure 9: Airport Bonds Issued by Airport Category, 2001-2005**



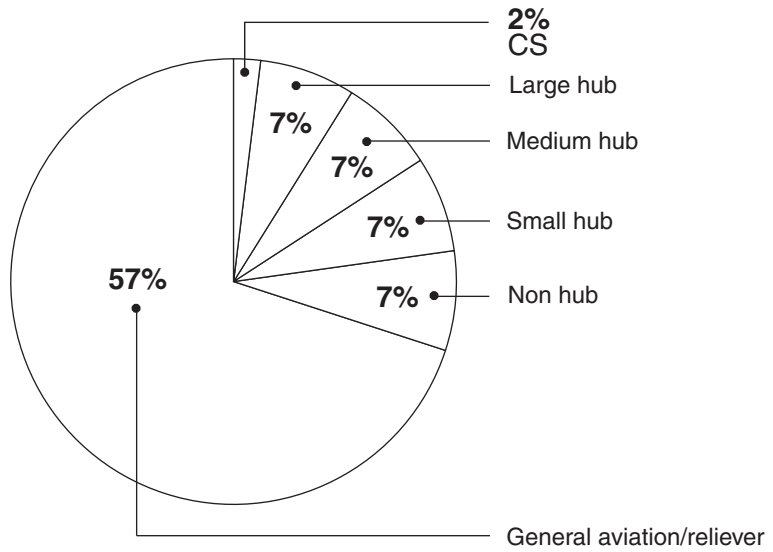
Source: GAO analysis of Thomson Financial data.

## State and Local Grants

Nearly all states provide financial assistance to airports, primarily in the form of grants as matching funds for AIP grants or as separate state grants. States fund their grant programs through a variety of sources, including aviation fuel and aircraft sales taxes, highway taxes, bonds, and general fund appropriations. State funding data have been aggregated periodically by the National Association of State Aviation Officials (NASAO), which began its current annual reporting of state data in 1996. States provided about \$3.8 billion to national system airports in the states' fiscal years 2001

through 2005. Figure 10 shows the distribution of those grants by airport category.

Figure 10: State Grants to Airports by Category of Airport, 2001-2005



Source: GAO analysis of state grant data.



# Appendix II: Key Changes Proposed in AIP By The Administration

**Table 6: Comparison of Current AIP authorization and Proposed Reauthorization**

Feature	Current authorization for AIP	Administration's Proposed AIP reauthorization
Funding	Trust fund for all capital programs is funded by an airline ticket tax, segment tax, international departure and arrival taxes, varying rates of fuel taxes, and other taxes. Funding for AIP is appropriated from the trust fund.	Trust fund is funded by fuel tax of 13.6 cents/gallon for commercial and general aviation and a reduced international arrival and departure tax. Funding for AIP is appropriated from the trust fund. If AIP is increased, the tax rates would have to be increased, the trust fund's uncommitted balance would have to be drawn down, or another funding source would have to be found.
Entitlements	Up to 75 percent of entitlements for large and medium hub airports collecting a PFC are turned back to the small airport fund.	Entitlements for large and medium hub airports eliminated, by 2010.
	If AIP is greater than \$3.2 billion, primary airport entitlements are doubled.	The \$3.2 billion trigger for doubling entitlements is eliminated except for small and nonhub primary airports.
	State apportionment is 20 percent of AIP (18.5 percent if AIP is less than \$3.2 billion).	State apportionment set at greater of 10 percent of AIP or \$300 million.
	Nonprimary airport entitlement of up to \$150,000.	The nonprimary airport minimum entitlement of \$150,000 per airport is eliminated and replaced by a tiered system of entitlements ranging from \$400,000 for large general aviation airports to \$100,000 for smaller general aviation airports. The 750 airports that have less than 10 operational and registered based aircraft are guaranteed nothing but remain eligible for discretionary and state apportionment.
Discretionary	Reliever and military airport set-asides minimum discretionary funding set at \$148 million.	The set-aside for reliever and military airports is eliminated.
	Small airport fund funded by large and medium hub airport PFC turnbacks of up to 75 percent of PFC collections.	Minimum discretionary funding set at \$520 million.
		Small airport fund equal to 20 percent of discretionary funds.
Project eligibility	Most types of airfield projects, excluding interest costs, nonrevenue producing terminal space, and on-airport access project costs. General aviation airports may use their entitlement funds for some revenue-producing activities (e.g., hangars).	Expanded to include additional revenue-producing aeronautical support facilities (e.g., self-service fuel pumps) at general aviation airports.
Local government share of project cost (local match)	Government share set at 95 percent for smaller airports through 2007, and 75 percent for large and medium hub airports (noise 80 percent).	The 95 percent government share reverts to 90 percent as scheduled under Vision 100 except for the very smallest airports. Now maximum share will be a flexible amount with a maximum percentage of 90 percent. Airfield rehabilitation projects lowered to 50 percent maximum at large and medium hubs.
PFCs	Maximum rate is \$4.50 per passenger.	Maximum rate is \$6 per passenger.
	All applications subject to FAA review.	Review and approval are streamlined.
	PFCs can be used for all AIP-eligible projects, but also interest costs on airport bonds, terminal gates, and related areas, and noise mitigation can also be used.	Eligibility expanded to include almost any airport-related project, including off-airport intermodal projects.

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**Appendix II: Key Changes Proposed in AIP By  
The Administration**

<b>Feature</b>	<b>Current authorization for AIP</b>	<b>Administration's Proposed AIP reauthorization</b>
Privatization	Up to 5 airports, one of each size, with strict limit on rates and charges and requires approval by 65 percent of airlines.	Up to 10 large and medium hub airports willing to assume the cost of air navigation facilities are allowed a \$7 PFC. Up to 15 airports of any size, no limit on rates and charges and no airline veto, but subject to Department of Transportation review and approval.

Source: GAO.

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# Appendix III: Scope and Methodology

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To determine how much planned development would cost over the next 5 years, we obtained planned development data from the Federal Aviation Administration and Airports Council International-North America. To determine how much airports of various sizes are spending on capital development and from which sources, we sought data on airports' capital funding because comprehensive airport spending data are limited and because, over time, funding and spending should roughly equate. We obtained capital funding data from FAA, ACI, the National Association of State Aviation Officials, and Thomson Financial—a firm that tracks all municipal bonds. We screened each of these databases for their accuracy to ensure that airports were correctly classified and compared funding streams across databases where possible. We did not, however, audit how the databases had been compiled or test their overall accuracy, except in the case of state grant data from NASAO and some of the Thomson Financial bond data, which we independently confirmed. We determined the data to be sufficiently reliable for our purposes. We subtotaled each funding stream by year and airport category and added other funding streams to determine the total funding. We met with FAA, bond-rating agencies, bond underwriters, airport financial consultants, and airport and airline industry associations and discussed the data and our conclusions to verify their reasonableness and accuracy.

To determine whether current funding is sufficient to meet planned development for the 5-year period from 2007 through 2011 for each airport category and overall, we compared total funding to planned development. We correlated each funding stream to each airport's size, as measured by activity, and among other funding streams to better understand airports' varying reliance on them and the relationships among sources of finance. We then discussed our findings with FAA, bond rating agencies, bond underwriters, airport financial consultants, and airport and airline industry associations to determine how our findings compared with their knowledge and experiences.

To determine some of the potential effects from changes to how airport development is funded under the Administration's proposed FAA reauthorization legislation, we first analyzed the proposed changes to the Airport Improvement Program's funding and allocation. In particular we analyzed the effect of various funding levels on how the program funds would be allocated. Second, we evaluated the effects of raising the passenger facility charge ceiling, as the Administration proposed, by estimating the potential PFC collections under a \$6 PFC on the basis of 2005 enplanements and collection rates, assuming all airports imposed a \$6 PFC. Third, we determined the status of FAA's pilot program for airport

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privatization. Moreover, we discussed the impact of all of the proposed changes (funding/allocation, \$6 PFC, and privatization) with FAA, bond-rating agencies, bond underwriters, airport financial consultants, and airport and airline industry associations.

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

Dr. Gerald Dillingham at (202) 512-4803 or [DillinghamG@gao.gov](mailto:DillinghamG@gao.gov)

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## Staff Acknowledgments

For further information on this report, please contact. Individuals making key contributions to this report were Paul Aussendorf, Jay Cherlow, Jessica Evans, David Hooper, Nick Nadarski, Edward Laughlin, Minette Richardson, and Stan Stenersen.

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# Related GAO Products

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*Airport Finance: Preliminary Analysis Indicates Proposed Changes in the Airport Improvement Program May Not Resolve Funding Needs for Smaller Airports.* [GAO-07-617T](#). Washington, D.C.: March 28, 2007.

*Airport Finance: Past Funding Levels May Not Be Sufficient to Cover Airports' Planned Capital Development.* [GAO-03-497T](#). Washington, D.C.: February 25, 2003.

*Airport Financing: Annual Funding as Much as \$3 Billion Less Than Planned Development.* [GAO/T-RCED-99-84](#). Washington, D.C.: February 10, 1999.

*Passenger Facility Charges: Program Implementation and the Potential Effects of Proposed Changes,* [GAO/RCED-99-138](#). Washington, D.C.: May 19, 1999.

*Airport Financing: Funding Sources for Airport Development.* [GAO/RCED-98-71](#). Washington, D.C.: March 12, 1998.

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