



United States
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Resources, Community, and
Economic Development Division

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May 18, 1999

The Honorable Richard C. Shelby
Chairman
The Honorable Frank R. Lautenberg
Ranking Minority Member
Subcommittee on Transportation
Committee on Appropriations
United States Senate

The Honorable Frank R. Wolf
Chairman
The Honorable Martin O. Sabo
Ranking Minority Member
Subcommittee on Transportation
and Related Agencies
Committee on Appropriations
House of Representatives

Subject: Airport Improvement Program: Analysis of Discretionary Spending for Fiscal Years 1996-98

The Airport Improvement Program provides federal funding for capital development at the more than 3,300 airports that make up the national airport system. Administered by the Federal Aviation Administration (FAA), the program's grants help pay for projects that, among other things, enhance safety and security, rehabilitate aging infrastructure, increase airport capacity, or diminish the impact of aircraft noise. About half of the grant money is distributed according to statutory formulas; the remainder is discretionary and is awarded on the basis of the agency's goals and congressional direction. These discretionary grants totaled about \$2.23 billion for fiscal years 1996-98. The conference report accompanying the fiscal year 1999 appropriations bill¹ directed GAO to analyze how FAA awarded discretionary grants for these 3 fiscal years. As a result of discussions with your offices, we focused this analysis on the following four objectives:

¹Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999 (P.L. 105-277, Oct. 1998).

- Describe the selection process that FAA used to establish priorities for allocating the Airport Improvement Program's discretionary grant awards.
- Determine the extent to which the highest priority projects were funded.
- For each airport receiving Airport Improvement Program discretionary funds, identify the political party (Majority or Minority) of the congressional representative from the congressional district in which the airport is located.
- Provide information on the amount of time required to release Airport Improvement Program grants to airports.

On April 27, 1999, we briefed your staff on the results of our work. Enclosure I contains the materials we presented at that time.

In summary, we found the following:

- FAA has a formal process for evaluating the importance of each project relative to that of other projects competing for discretionary funds. FAA headquarters establishes an Airports Capital Improvement Plan for the entire national airport system, incorporating input from airports, states, airport planning districts, and FAA regional officials. The plan categorizes projects according to the size of the airport² or two special project categories (noise mitigation and airport planning). Within each of these categories, FAA ranks projects on the basis of an analysis that takes into account the type of airport, the type of project, and other factors, such as the agency's goals for safety, security, and infrastructure preservation. On the basis of appropriation levels and any laws and formulas that affect the disbursement of discretionary funds, FAA establishes a cutoff point in each category. The cutoff point indicates FAA's sense of which projects have the highest priority.
- FAA's allocation of the Airport Improvement Program's discretionary grant funds to high-priority projects shifted markedly after fiscal year 1997. In fiscal years 1996-97, FAA allocated less than 40 percent of its discretionary funds to projects in the plan that were above the cutoff point.³ In fiscal year 1998, about 75 percent of the

²FAA divides national system airports into six categories based primarily on the number of passengers enplaned—29 large hub airports, 43 medium hub airports, 65 small hub airports, 271 nonhub airports, 155 other commercial service airports, and 2,738 general aviation airports. General aviation airports have no commercial passenger service.

³The Office of the Inspector General also analyzed the distribution of Airport Improvement Program grants. However, the Inspector General's analysis, prepared for the report Awarding Discretionary Funds in the U.S. Department of Transportation (MA-1998-155, June 1998), was limited to fiscal year 1997, whereas our analysis covers fiscal years 1996-98. In addition, the Inspector General identified projects that were commitments (e.g., components of multiyear projects or letters of intent) and reclassified these projects as high priorities. Following the reclassification, the Inspector General found that about 18 percent of the funded projects for fiscal year 1997 were low priorities. Our analysis, by contrast, uses the Capital Improvement Program's rankings as presented for each year, in part to highlight

projects receiving discretionary funds were above the cutoff point. This shift coincided with the implementation of a new rating system in 1998. In all 3 years, however, FAA's records indicate that about one-fourth of the discretionary funds were provided to projects that were not included in the current-year plan at all. FAA officials said that the agency has discretion in awarding grants and offered several reasons why projects outside the current-year plan or below the cutoff point would make the selection list: (1) some low-ranking projects were parts of high-priority multiphased efforts (including those projects financed under multiyear letters of intent); (2) some projects fulfilled statutory mandates, such as those for converting former military airfields for civilian use, that were not captured in the plan;⁴ (3) some projects responded to special situations, such as natural disasters or accidents; (4) some unexpended funds were reprogrammed at the end of the year by FAA regions to projects that had been ranked low in the national plans but were regional priorities; and (5) some projects received funds because they had been earmarked in congressional reports or because the Secretary of Transportation or the FAA Administrator had expressed a special interest in them.

- Airports located in congressional districts represented by the Majority party (Majority districts) received 46 percent of the discretionary funds during fiscal years 1996-98, while airports located in districts represented by the Minority party (Minority districts) received 54 percent. Specifically, in fiscal years 1996-98, airports in Majority districts received \$984 million in discretionary grant funds (for 877 projects at 292 airports), while airports in Minority districts received \$1.15 billion in such funds (for 728 projects at 192 airports).⁵ About two-thirds of the airports eligible for federal funds were located in Majority districts; the remainder were in Minority districts. The Minority districts tended to have more of the largest airports, where capital investment is usually greatest. In large cities, other congressional districts may derive economic benefit from grants to nearby airports. Our analysis of data from fiscal years 1996-98 found no data indicating that political considerations had influenced the distribution of grants for fiscal years 1996-98.
- Airports experienced increasing delays in obtaining discretionary grants during fiscal years 1996-98. The Government Affairs Office within the Office of the Secretary of Transportation, which is responsible for notifying Members of Congress of impending Airport Improvement Program grants, took an average of 31

changes made to the priority ranking system in fiscal year 1998. Because of these differences in methodology, our conclusions differ from the Inspector General's. Both analyses, though different, are correct.

⁴We reviewed this program in our report [Airport Improvement Program: The Military Airport Program Has Not Achieved Intended Impact](#) (GAO/RCED-94-209, June 30, 1994). The Congress set aside a portion of the program's discretionary funds to assist these airports through a variety of projects that otherwise probably would not receive funding because of their low priority (or ineligibility) under the current ranking system.

⁵There is one Independent congressional district (Vermont). Airports in this district received \$3.5 million, or less than 1 percent of the total, in discretionary funds for five projects at two airports.

days to notify Members of impending grants in fiscal year 1996.⁶ By fiscal year 1998, the average had increased to 47 days and was about the same for airports in both Majority and Minority districts. About 45 percent of the discretionary grants for airports in Minority districts and about 43 percent of the discretionary grants for airports in Majority districts were held for more than 30 days during the 3-year period. The Acting Assistant Secretary for Government Affairs surmised that the increase in time required to notify members of impending grants could be attributed to the current Secretary of Transportation's preference for personally notifying congressional members of impending grant awards in their districts.

Agency Comments

We provided a draft copy of this report to the Office of the Secretary of Transportation (OST) and the Federal Aviation Administration (FAA) for review and comment. We discussed the report with OST officials, including the Acting Assistant Secretary for Government Affairs, and FAA officials, including the Director, Office of Airports Planning and Programming, and the Deputy Director, Office of Airports Planning and Programming. The officials we met with generally agreed with the draft report. They also provided technical corrections, which we incorporated into the report as appropriate. OST officials also indicated that they were mindful of the time required to notify Members of Congress of project approvals and would seek means to expedite OST's notification.

Scope and Methodology

Our work for this report involved analyzing information from several FAA databases. From the 1996, 1997, and 1998 Airport Capital Improvement Plan listings, we determined the planned priority of each airport improvement project. We then analyzed the projects contained in the Airport Improvement Program during the same period to determine which projects that received grants were part of the original plan and which were not. We also analyzed the priority of all projects receiving grants. We used the 1997 National Plan of Integrated Airport Systems airport file to find the total number of airports and FAA's listing of passenger boardings to classify the airports by size. We used information developed by an FAA data contractor to associate airports with their congressional districts; for airports that were not in the contractor's database, we made the determinations. In a few cases, we were not able to determine which congressional district an airport was located in because the airport was classified as new (and not cited), or we could not locate the town in our congressional district directory or atlas. The dollar amounts for projects at these airports do not appear in the totals.

While our analysis associates each airport with the particular congressional district in which it is located, other nearby districts may also be affected by, and may benefit

⁶ In order to release a grant to an airport, FAA must wait for the Office of the Secretary of Transportation, Office of Government Affairs, to notify Members of Congress about it. After notification has occurred, FAA releases the grant by sending a tentative allocation letter to the airport.

from, the grant moneys that are applied through the Airport Improvement Program. Representatives of nearby congressional districts and senators may also provide input for decisions about whether to provide discretionary grant funding for an airport.

We performed our review from January through April 1999 in accordance with generally accepted government auditing standards.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days from the date of this letter. At that time, we will send copies of the report to the Honorable Rodney E. Slater, Secretary of Transportation; the Honorable Jane F. Garvey, Administrator, Federal Aviation Administration; and appropriate congressional committees. We will also make copies available to others on request.

Major contributors to this report were Jonathan Bachman, Dana Greenberg, Mitchell Karpman, Stan Stenersen, and Randy Williamson. Please call me at (202) 512-2834 if you or your staff have any questions.



Gerald L. Dillingham
Associate Director,
Transportation Issues

Enclosure

GAO

Airport Improvement Program:
Analysis of Discretionary Spending,
Fiscal Years 1996-98

GAO Analysis of Discretionary Spending in the
Airport Improvement Program: Objectives

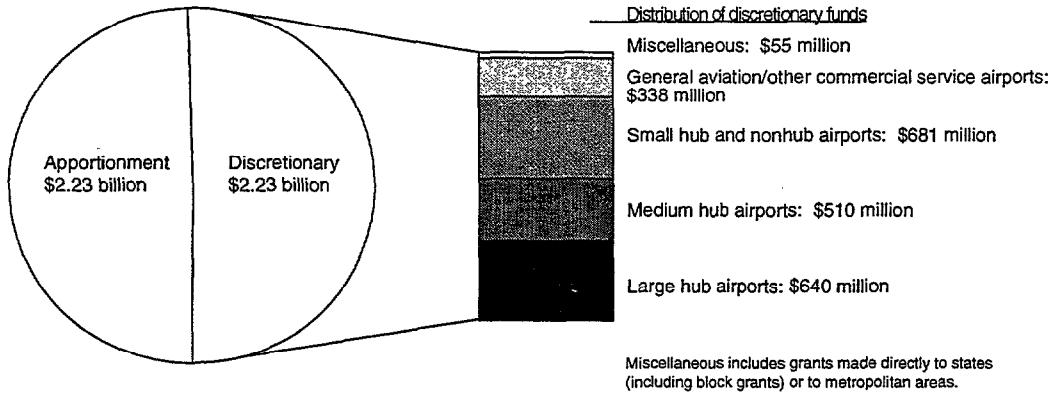
- Describe the process the Federal Aviation Administration (FAA) used to establish priorities for allocating the Airport Improvement Program's (AIP) discretionary grants.
 - Determine the extent to which the highest priority projects were funded.
 - Depict the distribution of airports receiving AIP discretionary grants by political party.
 - Provide information on the amount of time needed to release grants.
-

GAO Airport Improvement Program:
Background

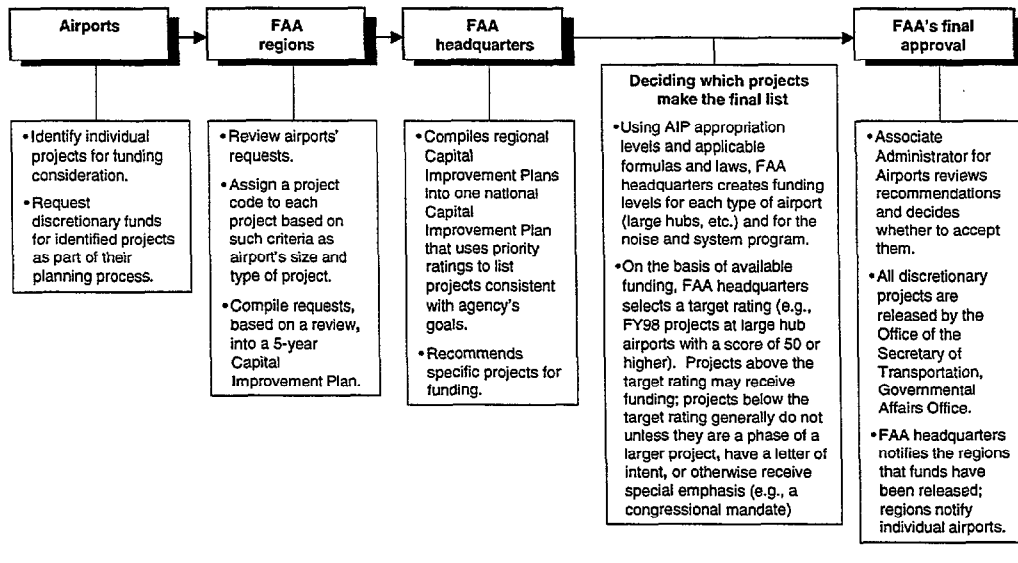
- AIP grants are funded through the Airport and Airway Trust Fund.
 - There are two categories of AIP grant funds--apportionment and discretionary.
 - Apportionment funds are distributed by formula to commercial service airports and states to fund eligible airport projects.
 - Discretionary funds are allocated using a priority system; safety and security projects are the highest priority.
-

GAO Airport Improvement Program: Funding

AIP Allocation: Fiscal Years 1996-98



GAO FAA's Process for Selecting Projects for Discretionary AIP Grants, 1996-97



GAO Recent Changes to FAA's Grant Selection Process

- New rating criteria were implemented in fiscal year 1998.

Previous criteria

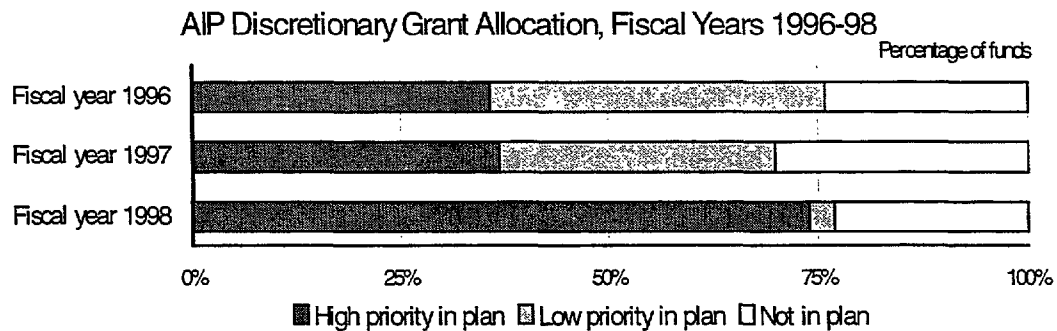
- Emphasis on airports' size.
- Large projects divided into subprojects and rated according to subprojects' priority (e.g., acquiring land for new runway may be rated low even though new runway is rated high).
- Allowed FAA regions to submit as many projects as they wanted.

New criteria

- Less emphasis on airports' size; more emphasis on type of project, and whether project is component of larger program.
 - Written justification for deviations from priority list is required.
 - FAA regions must constrain the number of projects submitted within budget ceiling.
 - Formal guidance documenting new process is available.
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GAO Extent of Funding for Projects Rated High Priority

- Percentage of funding going to projects that FAA assigned its highest priority has risen, reflecting changed rating criteria.



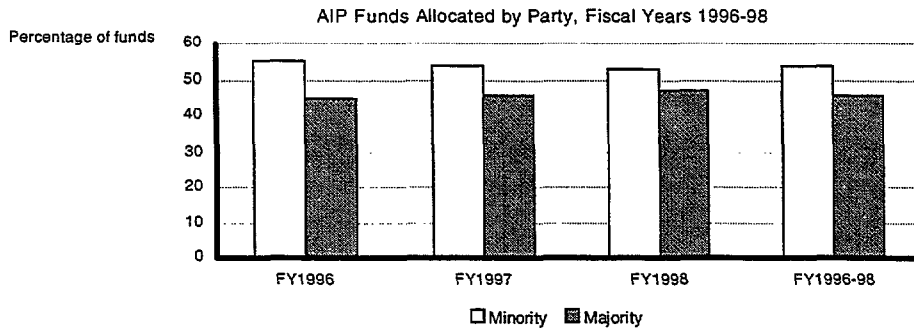
Note: Subsequent checking by FAA showed its data likely overstated the percentage of projects not in the plan for fiscal year 1998.

GAO **Some Discretionary Grants Awarded on Basis Other Than Priority Rating**

- FAA officials said projects were funded for reasons other than priority rating:
 - Some low-rated projects were in high-priority multiphased efforts or had letters of intent.
 - Plan did not include some statutory mandates.
 - Special factors (unexpected projects, accelerated timing, previous-year projects).
 - Some funds were reprogrammed by regions.
 - Some projects were earmarked by the Congress or the Secretary or Administrator had a special interest in them.
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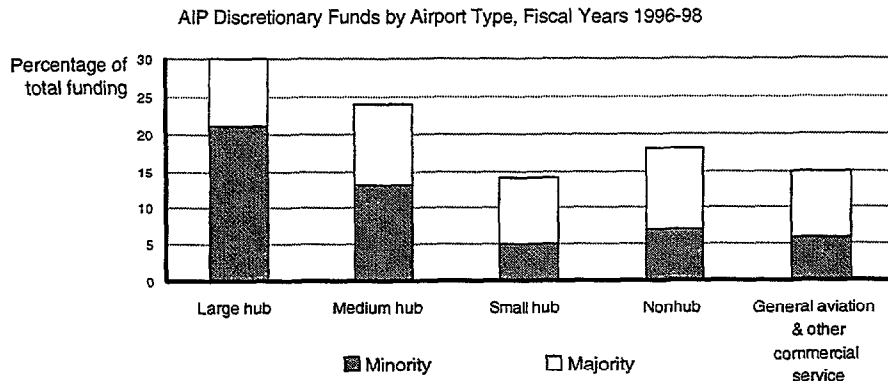
GAO AIP Discretionary Funds- Distribution by Party

- Allocation averaged 54 percent to congressional districts represented by the Minority and 46 percent represented by the Majority over the 3-year period.



GAO AIP Discretionary Grants Allocated at Airports

- Large hub airports received about 30 percent of all discretionary funds.



Note: Figures do not include one district represented by an Independent.

GAO Airports' Locations in Congressional Districts by Party Affiliation

- Except for the largest airports (where expenditures are usually greatest), most airports are in districts represented by the Majority.

	Majority	Minority	Independent
Commercial service airports			
Large hub	10	19	0
Medium hub	21	22	0
Small hub	38	26	1
Nonhub	169	102	0
Other commercial service	125	29	1
General aviation airports (includes relievers)	1,863	865	10
Total	2,226	1,063	12

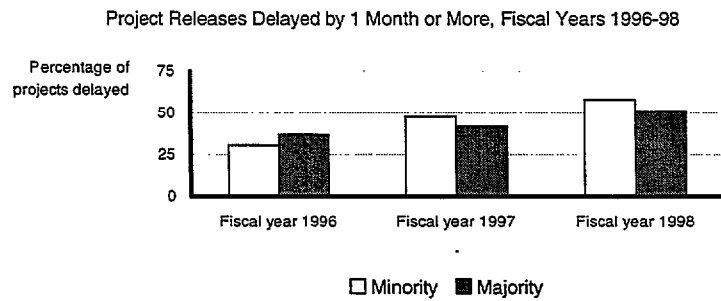
Note: These numbers represent data from the 105th Congress (fiscal years 1997-98). Only airports eligible for federal funds are included in this analysis.

**GAO Office of Secretary of Transportation
Taking More Time to Release Grants**

- OST held discretionary grants an average of 31 days in fiscal year 1996, increasing to 47 days in fiscal year 1998.
- No grants were released during months closest to elections (Oct.-Nov.).

GAO OST Taking More Time to Release Grants Regardless of Party Affiliation

- Increased delays in releasing grants occurred in districts represented by the Majority and by the Minority.



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