



Highlights of [GAO-06-21](#), a report to congressional addressees

COMMERCIAL AVIATION

Initial Small Community Air Service Development Projects Have Achieved Mixed Results

Why GAO Did This Study

Over the last decade significant changes have occurred in the airline industry. Many legacy carriers are facing challenging financial conditions and low cost carriers are attracting passengers away from some small community airports. These changes, and others, have challenged small communities to attract adequate commercial air service.

To help small communities improve air service, Congress established the Small Community Air Service Development Program in 2000. This study reports on (1) how the Department of Transportation (DOT) has implemented the program; and (2) what goals and strategies have been used and what results have been obtained by the grants provided under the program.

What GAO Recommends

GAO recommends that DOT evaluate the Small Community Air Service Development Program in advance of the program's reauthorization in 2008. Also, to improve the effectiveness of the Air Service Development Zones, GAO is recommending that DOT clarify what support and services it will provide to the designated communities.

DOT, in commenting on a draft of this report, said it generally agreed with the report and would consider the recommendations as they go forward with the program.

www.gao.gov/cgi-bin/getrpt?GAO-06-21.
www.gao.gov/cgi-bin/getrpt?GAO-06-101SP.

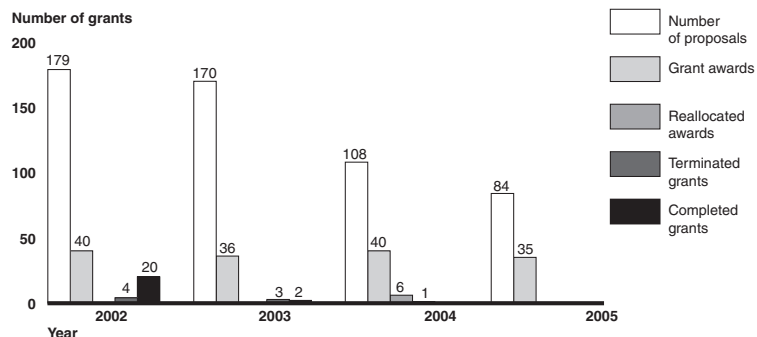
To view the full product, including the scope and methodology, click on the link above. For more information, contact Gerald Dillingham, (202) 512-2834, dillinghamg@gao.gov.

What GAO Found

The Small Community Air Service Development Program grants are awarded at the discretion of the Secretary of Transportation. GAO found that DOT considered the statutory eligibility criteria and priority factors as well as other factors in evaluating proposals and in making awards. The number of grant applications has declined since 2002. DOT officials see this as a consequence of the large number of ongoing grants and the impact of 2003 legislative changes. In surveying airport directors we found that grantee airports generally responded positively to DOT's process for awarding grants, about two-thirds were satisfied with the clarity of the selection criteria, while about one-third of directors at airports not receiving grants were satisfied with the clarity. DOT oversight is based on reviews of grantee reports and reimbursement requests, and DOT has terminated some projects and reallocated the unexpended funds to others.

Individual grant projects had goals including adding flights, airlines and destinations, lowering fares, obtaining better planning data, increasing enplanements, and curbing the loss of passengers to other airports. Grantees used a number of strategies to achieve their goals, including subsidies and revenue guarantees to the airlines, marketing to the public and to the airlines, hiring personnel and consultants, and establishing travel banks. Results for the 23 projects completed by September 30, 2005 were mixed: about half of the airports reported air service improvements that were self-sustaining after the grant was over. Some projects were not successful due to factors beyond the project, such as an airline decision to reduce flights at a hub. However, it is too soon to assess the overall effectiveness of the program, because most funded projects are not complete—127 of the 157 awarded grants are ongoing. DOT designates one airport each year as an Air Service Development Zone. The communities selected in 2002, 2003, and 2004 expressed similar concerns about the usefulness of this designation. None of the communities could cite any effect the Air Service Development Zone had for them. Instead, communities expressed confusion as to what DOT's designation was supposed to provide.

Small Community Air Service Development Program Awards



Source: GAO analysis of DOT data.