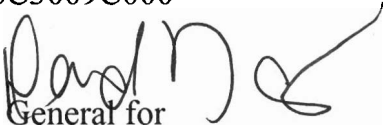


U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Memorandum

Subject: **INFORMATION:** Audit Announcement—
Users of the Air Traffic Control System
Project Number: 06C3009C000

Date: December 12, 2006

David E. Tornquist 
Assistant Inspector General for
Competition and Economic Analysis

Reply to
Attn of: JA-50

To: Assistant Administrator
for Financial Services/CFO

The Office of the Inspector General plans to conduct an audit of users of the National Airspace System (NAS).

FAA is currently funded by a combination of domestic ticket taxes, segment fees, fuel taxes, international passenger charges, and cargo waybill taxes. Some stakeholders support the current funding structure, citing its success to date in funding FAA, low administrative costs, and reasonable distribution of the tax burden. Other stakeholders, including FAA, believe that the current system promotes a disconnect between revenues contributed by users and the costs they impose on the National Airspace System.

During FAA's reauthorization process, a number of funding options are likely to be considered as alternatives to the current combination of excise taxes. These options attempt to assess fees according to usage. Measures under consideration include charging for aircraft departures, passenger enplanements, aircraft weight, flight distance, and time-in-system. FAA is also exploring the feasibility of cost-based user fees. Evaluating these alternatives requires a common understanding of who currently uses the NAS, how that usage affects the FAA's costs, and how closely the alternatives mirror use of FAA services.

On July 31, 2006, the Chairman of the Aviation Subcommittee requested that our office provide a basis for understanding these issues. As requested, our objectives will be to examine:

1. Who uses the different elements of the NAS throughout a typical day,

2. Whether these users can be grouped in a meaningful manner based on system use,
3. How each group's use of the system contributes to FAA's costs, and
4. How good a proxy jet fuel consumption is for use of FAA air traffic services.

We began our research during the week of September 1, 2006 and met with officials from the FAA's Office of Aviation Policy and Plans. At that time, we discussed our objectives and the scope of our review. Leila Kahn is the Program Director and Stephen Smith is the Project Manager for this audit. If you have any questions or require additional information, please contact him at (202) 493-0448.

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cc: Federal Aviation Administrator
FAA Chief of Staff
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Martin Gertel, M-1