

GAO

Report to the Chairman, Subcommittee
on Transportation and Related Agencies,
Committee on Appropriations, U.S.
Senate

July 1995

AIRPORT IMPROVEMENT PROGRAM

Update of Allocation of Funds and Passenger Facility Charges, 1992-94





United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-261642

July 17, 1995

The Honorable Mark O. Hatfield
Chairman, Subcommittee on Transportation
and Related Agencies
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

At your request, we have updated our October 1993 report on the allocation of Airport Improvement Program (AIP) funds from 1982 through 1994 by the Federal Aviation Administration (FAA).¹ This report provides information on FAA's allocation of AIP funds by type of airport and by type of project over a 13-year period, with an emphasis on 1992 through 1994. In addition, as you requested we have included information on airports' collection of passenger facility charges (PFC). We are providing information on the funds collected by the airports from 1992 through 1994 and the types of projects funded with PFCs.

Background

AIP and PFC funds are derived through different processes but are often used for similar purposes. AIP funds are appropriated from the Airport and Airway Trust Fund, which receives funding from taxes on passenger tickets and aviation fuel. FAA uses AIP funds to support airport planning and development projects that enhance capacity, safety, security or noise mitigation at the airports included in FAA's National Plan of Integrated Airport Systems (NPIAS).² FAA allocates most AIP funds on the basis of a legislated entitlement formula and set-aside categories earmarked for specific types of airports or projects. It has the discretionary authority to allocate the remainder on the basis of needs identified by the airports. PFCs were authorized under the Aviation Safety and Capacity Expansion Act of 1990. PFCs are imposed by individual commercial service airports that apply for and receive from FAA the authority to collect the charges. Beginning in 1992, authorized airports could collect up to \$3 per passenger in PFCs to use for AIP-eligible projects and for certain types of projects not eligible for AIP funding, such as debt financing.

¹Airport Improvement Program: Allocation of Funds From 1982 to 1992 (GAO/RCED-94-14FS, Oct. 19, 1993).

²NPIAS is FAA's multiyear planning document for identifying the airports and projects critical to the national system. NPIAS describes the types and estimated cost of the airport development projects proposed by the more than 3,300 public-use airports eligible for federal aid.

Summary

From 1982 through 1994, FAA allocated about \$16 billion in AIP funds for improvements at 2,780, or about 84 percent, of the almost 3,300 airports eligible to receive these funds. Since commercial service airports began collecting PFCs in 1992, 216 of the 545 eligible airports have collected about \$1.4 billion for capital development projects. From 1992 through 1994, we identified some general characteristics of the way AIP and PFC funds were used, including the following:

- Since our last report, federal funding for airport projects has increased, although the funding mix has changed. From 1992 through 1994, airports received about \$5.1 billion in AIP funds, representing about one-third of all of the AIP funds obligated since 1982. However, the Congress has reduced the AIP appropriation from \$1.9 billion in 1992 to \$1.45 billion for 1995. Meanwhile, FAA officials anticipate that PFC collections, about \$850 million in 1994, could increase to \$1 billion annually if all of the eligible larger commercial service airports begin to collect these fees.
- Commercial service airports have benefited the most from AIP and PFC funds, while AIP funds for other types of airports have decreased. From 1992 through 1994, commercial service airports, representing 17 percent of the airports eligible for AIP funding, received \$3.8 billion, or 75 percent of the AIP allocations, and collected \$1.4 billion in PFCs. Other airports, representing 83 percent of the airports eligible for AIP funding, received \$1.2 billion, or about 25 percent of all the AIP funds obligated during the same 3-year period. These airports are not eligible to collect PFCs.
- FAA allocated the majority of AIP funds for projects related to airfields' pavement; the airports used their PFC funds for other types of projects. From 1992 through 1994, FAA directed about \$3.5 billion, or 65 percent of all AIP funds, to projects focusing on the pavements of runways, taxiways, and aprons and on land acquisition. In contrast, on the basis of the PFC-funded projects approved to date, airports plan to use about \$3.7 billion, or about 47 percent, of the revenues from PFCs for projects to develop terminals or improve airport access. Airports also plan to use about \$1.7 billion, or about 21 percent, for debt servicing costs—costs that are not eligible for AIP funds.

Section 1 of this report details the funding processes and trends for AIP and PFC funds. Section 2 describes the funding by airport type and location. Section 3 describes the funding by the type of project.

As with our earlier report, the data presented in this report are segmented by fiscal year, by region, and by individual airports. The data on regional

and individual airports depict more precisely how the airports have invested their AIP and PFC funds and provide more information about the allocation process.

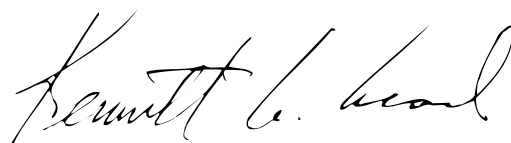
To develop information for this report, we used FAA's data bases on fiscal year AIP obligations and calendar year PFC collections as well as other sources that allow year-to-year comparisons across FAA's nine regions by airport category and project. We used nominal dollars to describe AIP and PFC funding for airports and projects; that is, we did not adjust fiscal year amounts to account for the changes in purchasing power due to inflation. You requested that we provide nominal dollar amounts to assist in reviewing the actual AIP appropriations made each year. However, for comparison purposes we have provided the fiscal year 1982-94 AIP obligation amounts in both nominal and constant dollars (see app. I). We have also presented the information on the basis of the year in which the funds were made available to—rather than actually used by—the airports. To supplement our analysis of the data, we discussed our work with FAA officials in headquarters. We conducted our work from February to July 1995 in accordance with generally accepted government auditing standards.

We provided FAA with a copy of our draft report for review. We also discussed the report with FAA's Manager, Programming Branch, Airports Financial Assistance Division; FAA's Manager, Passenger Facility Charge Branch, Airports Financial Assistance Division; other FAA officials; and Department of Transportation officials. These officials generally agreed with the facts as presented and provided some additional information on projects, which we incorporated in the report.

As agreed, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days after the date of this letter. At that time, we will provide copies to the Secretary of Transportation, the FAA Administrator, and other interested parties. We will also make copies available to others on request.

If you have questions, please contact me at (202) 512-2834. Major contributors to this report are listed in appendix II.

Sincerely yours,

A handwritten signature in cursive script that reads "Kenneth M. Mead". The signature is written in black ink and is positioned above the printed name and title.

Kenneth M. Mead
Director, Transportation Issues

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Abbreviations

ACIP	Airport Capital Improvement Plan
AIP	Airport Improvement Program
FAA	Federal Aviation Administration
GAO	General Accounting Office
MAP	Military Airport Program
NPIAS	National Plan of Integrated Airport Systems
PFC	passenger facility charge
SBG	State Block Grant

AIP and PFC: Funding Processes and Trends

This section describes the types of airports eligible to participate in the Airport Improvement Program (AIP) or, in the case of certain airports, to levy passenger facility charges (PFC). It also presents basic information about these programs and discusses trends in funding.

Types of Airports

Airports must be included in the Federal Aviation Administration's (FAA) National Plan of Integrated Airport Systems (NPIAS) to be eligible to receive AIP funding. About 3,300 airports are listed in the 1993-1997 NPIAS. The majority fall into three general categories, as follows:

Commercial service. Airports that board, or enplane, at least 2,500 passengers are designated as commercial service airports. Airports enplaning between 2,500 and 10,000 passengers each year are designated as nonprimary commercial service airports; airports enplaning more than 10,000 passengers annually are designated as primary airports. FAA further divides primary airports into four categories of hubs—the smallest (called nonhubs) board between 10,000 and 264,460 passengers, and the largest (called large hubs) enplane over 5.28 million passengers annually. Many primary airports also qualify as cargo airports, which serve aircraft carrying an aggregate weight of over 100 million pounds of property or mail. The NPIAS for 1990-99 included 582 commercial service airports; the NPIAS for 1993-97 lists 545. Of the 545 commercial service airports, 130 are nonprimary commercial service airports—a decrease of 48 airports since the 1990-99 NPIAS—and 415 are primary airports—an increase of 11 since the 1990-99 NPIAS. Since 1990, the Congress has allowed commercial service airports controlled by a public agency to apply for permission to collect PFCs.

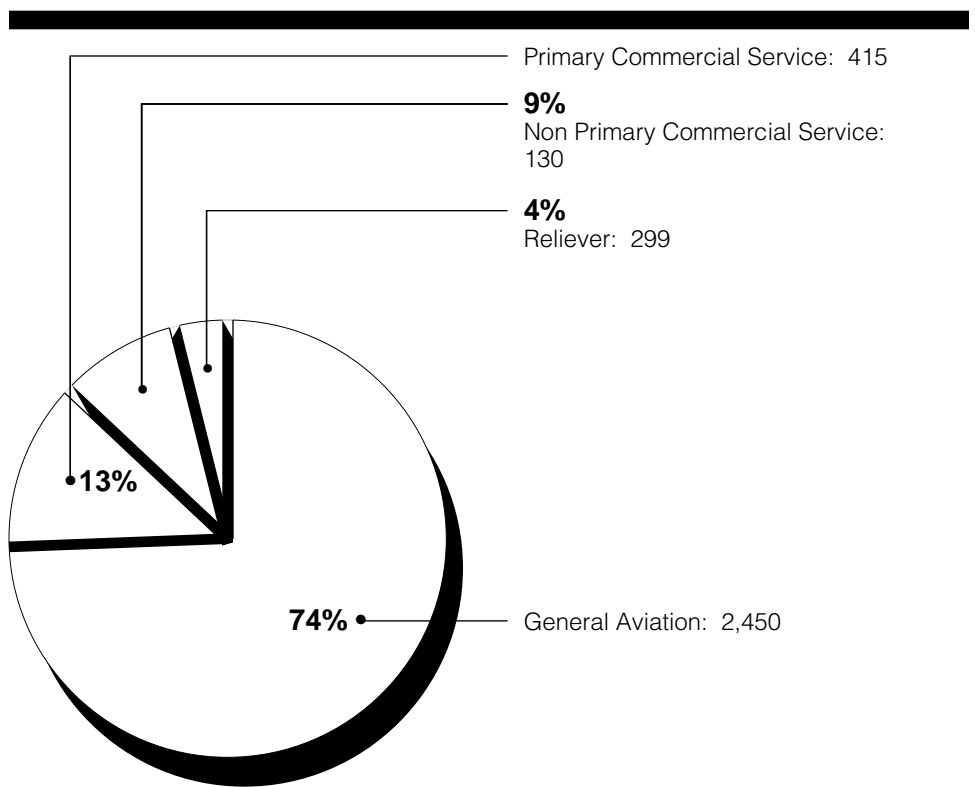
General aviation. This category comprises the majority of the smaller airports that operate primarily to support nonscheduled commercial aircraft operations. General aviation includes unscheduled passenger taxi and cargo airlines, as well as charters, transport, and recreational aircraft. The NPIAS for 1990-99 listed 2,426 airports in the general aviation category; the NPIAS for 1993-97 lists 2,450—an increase of 24 airports.

Relievers. Relievers are those general aviation airports located in metropolitan areas that FAA has designated to reduce congestion at large primary airports and to provide additional access to general aviation. Relievers provide alternative landing sites for general aviation and other aircraft that might otherwise use commercial service airports. The 1990-99

NPIAS listed 266 reliever airports;¹ the 1993-1997 NPIAS lists 299 (including 9 commercial relievers), an increase of 33 reliever airports.

As shown in figure 1.1, general aviation airports continue to constitute the majority of all the existing airports listed in the NPIAS.

Figure 1.1: AIP-Eligible Airports by Category



AIP: Congressional Direction and Funding

FAA allocates AIP funds to airports using the following three types of legislated funding arrangements:

Entitlements or “formula grants.” These provide funds (1) to primary and cargo airports on the basis of passenger boardings or cargo weight and (2) to states for use at general aviation airports on the basis of the population and size of the state. The state of Alaska receives a separate entitlement grant under this category.

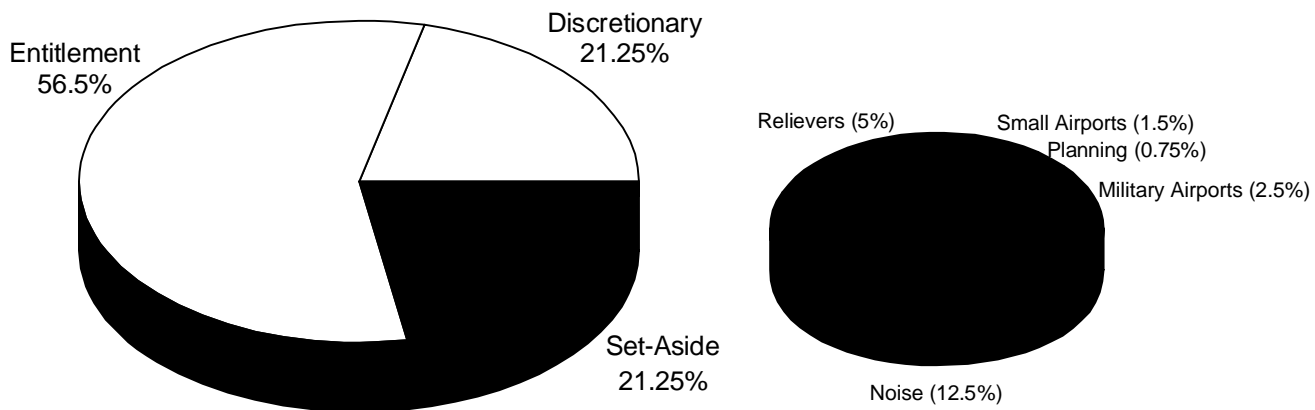
¹This number includes those airports designated as commercial relievers.

Discretionary grants. By congressional direction, the majority of these grants go to projects that address goals established by the Congress, such as enhancing capacity, safety, and security or mitigating noise at all types of airports.

Set-asides. Unlike discretionary grants, set-asides are specific categories established by the Congress and used to direct specified amounts of funding to certain projects, such as planning and noise abatement; or to certain types of airports, such as reliever and nonprimary commercial airports; and to the military airport program.²

Congressional allocation of funds among these three categories has changed several times since the AIP's inception in 1982. Figure 1.2 shows the 1994 congressional allocation of funds among these three categories, affecting the AIP funds allocated in fiscal year 1995. Entitlements, the largest category, made up 56.5 percent of the total amount appropriated, followed by discretionary grants with 21.2 percent. Five set-asides (for the military airport program, planning, nonprimary commercial airports, relievers, and noise abatement) collectively constituted 22.2 percent of the appropriated funds.

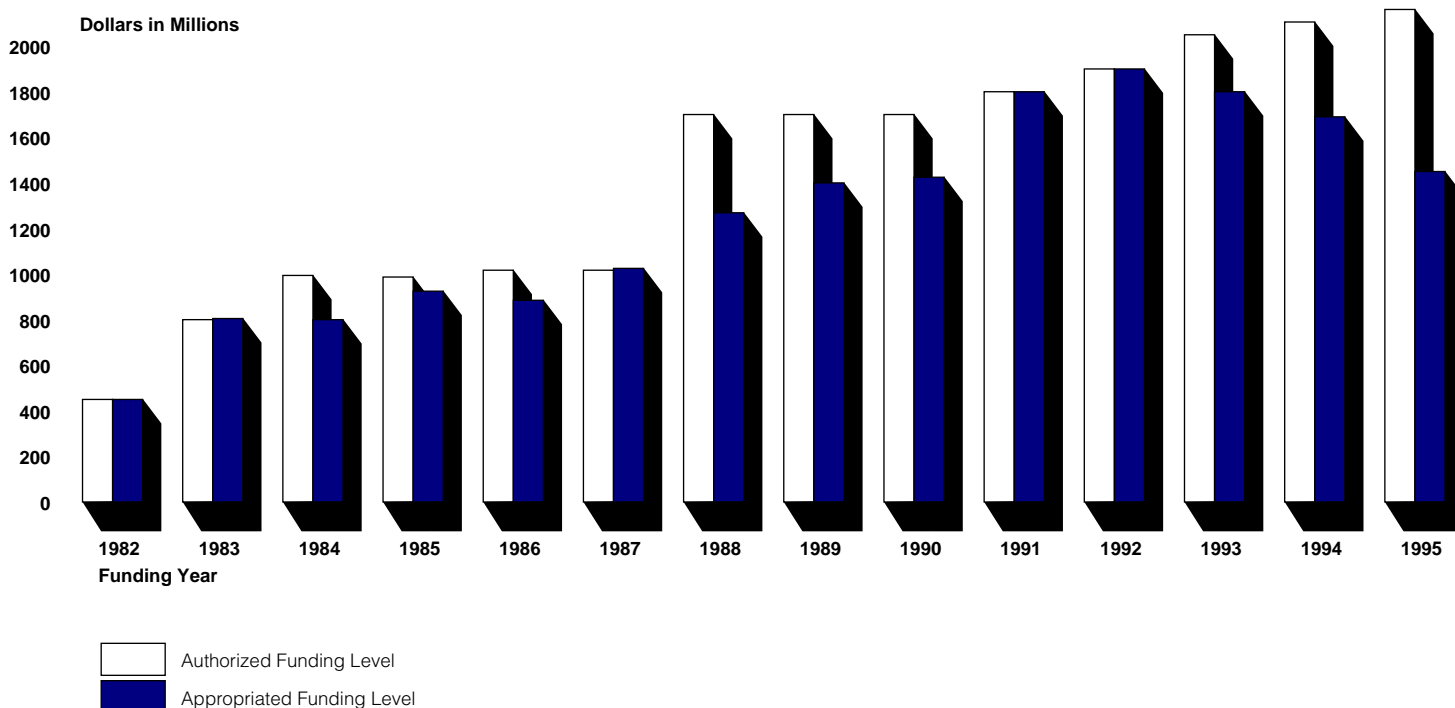
Figure 1.2: Congressional Allocation of AIP Funding, 1994



²The military airport program (MAP) was established in 1990 to assist current and former military airports located in congested metropolitan areas in converting to viable civilian airports. See Airport Improvement Program: The Military Airport Program Has Not Achieved Intended Impact (GAO/RCED-94-209, June 30, 1994) for additional information on this program.

Figure 1.3 shows the total funding authorized and appropriated for the AIP in fiscal years 1982-95. In general, both the authorized and appropriated funding levels increased during the period. However, in the past several years, appropriations have decreased, from a high of \$1.9 billion in 1992 to \$1.8 billion in 1993, \$1.69 billion in 1994, and \$1.45 billion in 1995.

Figure 1.3: AIP Authorized and Appropriated Funding Levels, Fiscal Years 1982-95



AIP: FAA's Allocation Process

Although the Congress establishes national AIP goals, funding categories, and program limitations, FAA administers the program on the basis of needs that the individual airports identify. FAA requests that local airport sponsors—in conjunction with local, metropolitan, or state planning agencies—identify their annual capital improvement needs and submit proposals for AIP-eligible projects to be included in the NPIAS and in FAA's 5-year Airport Capital Improvement Plan (ACIP). While some airports are "entitled" to receive a portion of federal funding each year on the basis of the AIP formula, an airport must still submit an application for a specific project before FAA will award these grants. All airports competing for

discretionary and set-aside funding must also submit an application for FAA's review. FAA will generally fund an eligible project using, whenever possible, a combination of entitlement and discretionary or set-aside funds to best meet the airport's needs. Furthermore, all airports receiving AIP funds must provide a "matching share," ranging from 10 to 25 percent of the total cost of the project, before FAA will award a grant.

Because there are always more eligible airport projects competing for AIP discretionary funding than there are funds available, FAA has established a priority system for all projects for which discretionary funds are requested. Each eligible project must be listed in the ACIP. FAA then calculates a national priority number for each project, using such factors as the size of the airport and the type of development proposed. However, this method of setting priorities does not consider factors such as the cost of the project, cost-benefit data, or the forecast or historical growth.³

FAA uses the ranked list to fund as many projects as possible with the annual appropriation. In FAA's 1995 AIP funding request, 1,067 airport projects received a priority number, and several projects received the same priority number. For example, 19 projects were ranked 11th (the highest ranking assigned to a project in 1995). The projects were all related to safety, ranging from purchasing an emergency response vehicle to removing an obstruction. The projects were for airports ranging in size from the largest primary airport to general aviation airports.

In addition to the project's priority number, FAA also uses another mechanism—identifying a project's commitments—to allocate AIP funds. Projects with identified commitments are believed to merit funding, regardless of their relative priority. These projects typically include letters of intent⁴ and "phased" projects—like a runway and adjacent taxiway or a runway completed over a multiyear period—where it is important to complete the series of projects in order to gain any benefit. FAA funds all projects with commitments first and then uses the priority list to distribute the remaining discretionary funds.

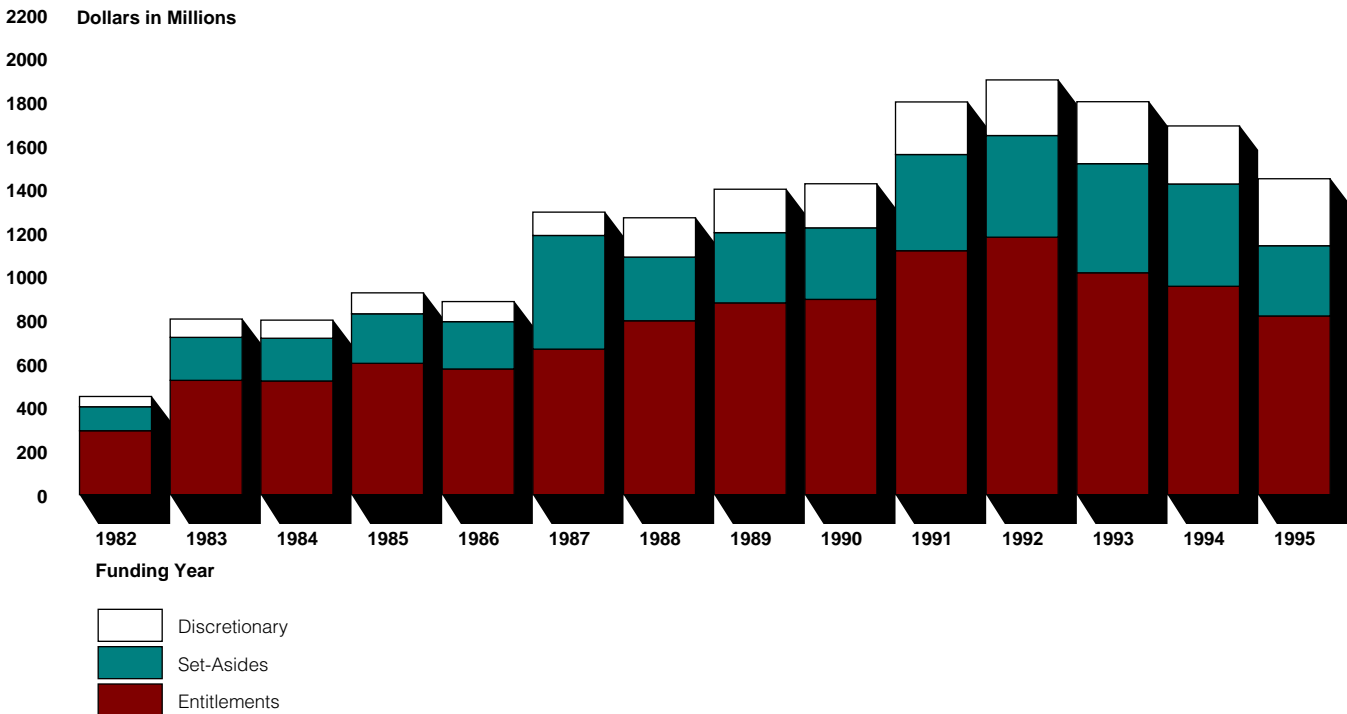
³FAA is currently testing methods to provide a cost-benefit analysis for any capacity project that would require over \$10 million in AIP discretionary funds. For fiscal year 1994, FAA had tested 13 projects, approving 8 and requiring additional analysis for 5.

⁴FAA can award a letter of intent stating its intent to reimburse a primary or reliever airport in the future for eligible costs incurred on a current improvement project. In doing so, FAA establishes a schedule for reimbursing the airport sponsor over several years, as funds become available. Typically, a letter of intent includes some combination of an airport's projected future AIP entitlements and discretionary or set-aside funds. See Airport Improvement Program: Better Management Needed for Funds Provided Under Letters of Intent (GAO/RCED-94-100, Feb. 2, 1994) for additional information.

Section 1
AIP and PFC: Funding Processes and Trends

Figure 1.4 shows the allocation of AIP funds by entitlement, discretionary, and set-aside categories for 1982-95. Collectively, AIP funding for the three categories has declined since 1992, paralleling the trend in appropriations shown in figure 1.3. The moneys allocated to the entitlement and set-aside categories have decreased over time, while the moneys allocated to the discretionary category have increased.

Figure 1.4: AIP Obligations by Allocation Method, Fiscal Years 1982-95



Although the funding in the discretionary category has increased over time, the amount of funds available for FAA's own discretionary use has actually decreased. Since 1987, the Congress has directed FAA to use 75 percent of its discretionary funds for projects that enhance capacity, safety, and security or mitigate noise at primary and reliever airports. The remaining 25 percent is used at FAA's discretion for any project at any eligible airport. FAA has further reduced the amount of discretionary funds

available at the beginning of the fiscal year by committing future discretionary funds to projects through letters of intent.

PFC: Congressional Direction and Funding

To augment the AIP, the Congress, in 1990, authorized domestic commercial service airports to impose a facility charge, the PFC, on passengers. Under the PFC legislation, airports may charge each passenger a \$1, \$2, or \$3 facility charge per trip segment up to a maximum of two segments per one-way trip and four segments per round trip. The airlines are responsible for collecting PFCs and distributing the funds to the airports. For example, a passenger purchasing a round-trip ticket from Los Angeles to Washington, D.C., with one stop in Chicago could be required to pay an additional \$4-\$12 in PFCs, depending upon how much each airport charged. The airline collects the PFC from the passenger when the ticket is purchased and then distributes the fees to each participating airport. The airport controls the expenditure of PFCs.

The airports determine the type of projects to be funded with PFCs and apply to FAA for approval. To gain FAA's approval, an airport prepares an application that includes a list of proposed projects. After a public comment period, FAA reviews the application to determine which projects are eligible for PFC funding. FAA must approve each proposed project before PFCs are expended. As of February 1995, FAA had approved applications from 216 airports to collect PFCs and had rejected only one application.⁵

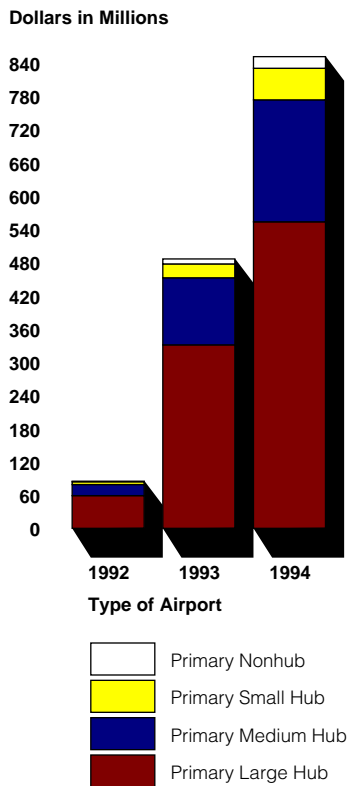
Revenue collected from PFCs must be used for FAA-approved airport planning and development projects. Projects funded partially or entirely with revenues from PFCs must meet at least one of the following criteria: (1) preserve or enhance the safety, security, or capacity of the national air transportation system; (2) reduce or mitigate the impact of airport noise; or (3) furnish opportunities for enhanced competition between or among air carriers. PFC-eligible projects include development or planning projects eligible for AIP funds, any AIP-eligible noise mitigation project, or projects related to developing gates and other areas for moving passengers and baggage. PFC revenues may also be used by an airport sponsor as the local matching share for AIP grants. Unlike AIP funds, PFCs can also be used to cover the cost of securing and retiring debt related to airport projects.

⁵FAA rejected an application for PFC funds to build a new airport in Austin, Texas, because it was unclear which of two sites the city of Austin would eventually choose to develop as the new airport.

Section 1
AIP and PFC: Funding Processes and Trends

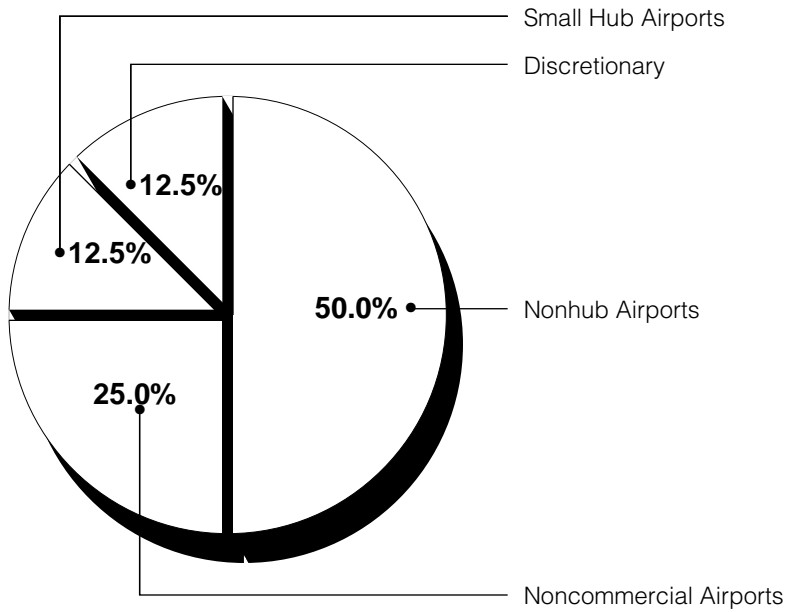
Between 1992 and 1994, primary airports collected about \$1.4 billion in PFCs, as shown in figure 1.5.

Figure 1.5: PFC Collections, 1992-94



The PFC legislation stipulates that large and medium hub airports collecting PFCs must return up to 50 percent of their AIP entitlement funds to FAA. The legislation requires FAA to reallocate the returned entitlements, using a congressionally mandated formula, to small and nonhub primary airports and to noncommercial service airports. Figure 1.6 shows how this formula redistributes these funds.

Figure 1.6: Returned Entitlement Allocation Formula



For example, in fiscal year 1994, 35 airports returned about \$103.4 million in AIP entitlement funds. Using the formula shown in figure 1.6, FAA reallocated about \$52 million to nonhub airports, \$13 million to small hub airports, \$26 million to noncommercial airports, and about \$13 million to its discretionary account.

AIP and PFC: Funding by Airport Type and Location

This section provides information on the types of airports funded with AIP grants from 1982 through 1994 and with PFCs from 1992 through 1994, as well as airport-by-airport information on the combined AIP and PFC funds obtained by the top 50 AIP recipients.

AIP: Funding by Airport Type

As shown in table 2.1, the AIP funds allocated to airports increased greatly from 1987 to 1988. From 1988 through 1994, the AIP funds allocated to airports remained at high levels, but the amount available for some airport categories had changed. For example, the amount of funding allocated to nonprimary commercial airports in 1994 was about 43 percent lower than the amount allocated in 1987, while the amount allocated to primary airports in 1994 was about 150 percent higher than the 1987 level. However, part of the increase may reflect the reclassification of some nonprimary commercial airports to primary airports.⁶

⁶In 1987, the Congress reduced the AIP funding directed to nonprimary commercial airports to correspond with a change in the eligibility requirements that enabled smaller airports to claim primary airport status. Over 100 airports were reclassified between 1987 and 1988.

Section 2
AIP and PFC: Funding by Airport Type and
Location

Table 2.1: AIP Funding by Airport Category, Fiscal Years 1982-94

Dollars in millions					
Fiscal year	Type of airport				Total
	Primary	General aviation	Reliever	Nonprimary commercial	
1982	\$312.3	\$62.4	\$48.2	\$31.5	\$454.4
1983	465.0	155.1	98.7	69.2	788.0
1984	502.8	146.5	103.6	62.0	814.9
1985	623.4	154.1	110.1	52.4	940.0
1986	542.0	146.5	100.8	58.9	848.2
1987	525.6	155.8	129.7	72.2	883.3
1988	1,082.9	190.9	135.1	47.7	1,456.5
1989	1,013.5	178.0	171.2	43.9	1,406.6
1990	1,010.6	168.5	138.0	43.7	1,360.7
1991	1,210.1	248.7	211.1	45.5	1,715.4
1992	1,203.4	249.2	166.5	56.4	1,675.6
1993	1,296.4	199.1	180.6	41.2	1,717.3
1994	1,316.1	181.1	133.2	41.4	1,671.8
Subtotal	\$11,104.2	\$2,236.0	\$1,726.8	\$665.9	\$15,732.9
Planning funds 1982-94^a					\$424.9
Total					\$16,157.8

^aFAA allocated an additional \$424.9 million in AIP funds directly to local, regional, and state planning agencies for airport planning.

Table 2.2 shows the percentage of total AIP funds allocated to each airport category since 1982. When AIP funds increased in 1988, the percentage of total AIP funds received by primary airports increased from 59.5 percent in 1987 to 74.3 percent in 1994, while the proportion of AIP funds received by all other airport categories decreased.

**Section 2
AIP and PFC: Funding by Airport Type and
Location**

**Table 2.2: Percentage of AIP Funding
by Airport Category, Fiscal Years
1982-94**

Fiscal year	Type of airport			
	Primary	General aviation	Reliever	Nonprimary commercial
1982	68.7	13.7	10.6	6.9
1983	59.0	19.7	12.5	8.8
1984	61.7	18.0	12.7	7.6
1985	66.3	16.4	11.7	5.6
1986	63.9	17.3	11.9	6.9
1987	59.5	17.6	14.7	8.2
1988	74.3	13.1	9.3	3.3
1989	72.1	12.7	12.2	3.1
1990	74.3	12.4	10.1	3.2
1991	70.5	14.5	12.3	2.7
1992	71.8	14.9	9.9	3.4
1993	75.5	11.6	10.5	2.4
1994	78.7	10.8	8.0	2.5

**AIP: Funding by
Region**

FAA's nine regional offices are responsible for allocating AIP funds to eligible airports. Figure 2.1 shows the total number of eligible airports in each FAA region, ranging from 612 in the Great Lakes Region to 111 in the New England Region. Three regions—Great Lakes, Southern, and Southwest—contain about 51 percent of all the airports eligible for AIP funding.

Section 2
AIP and PFC: Funding by Airport Type and
Location

Figure 2.1: Number of AIP-Eligible
Airports, by FAA Region

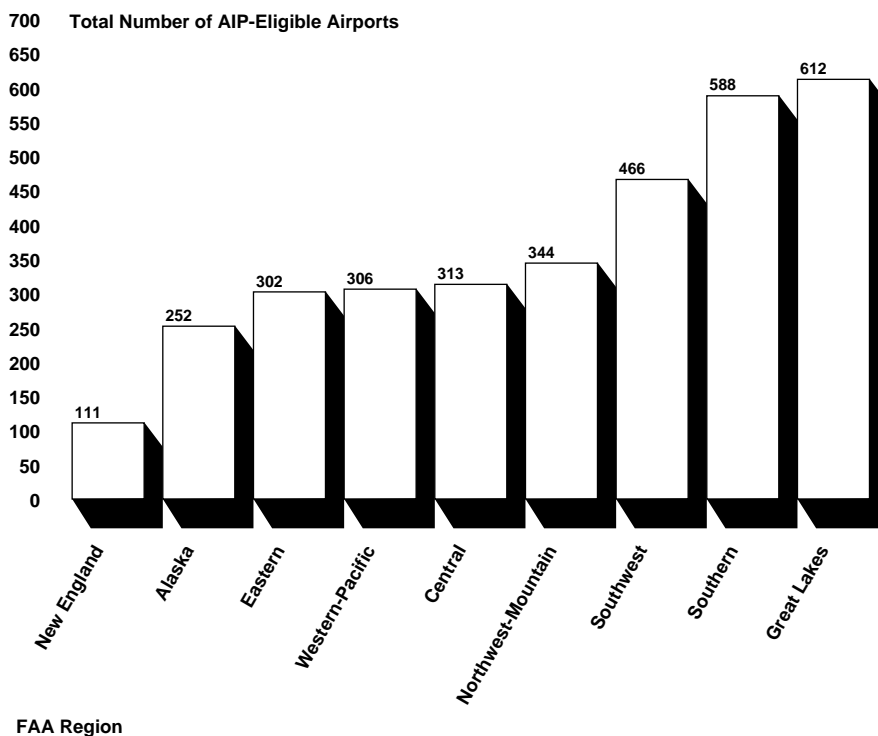
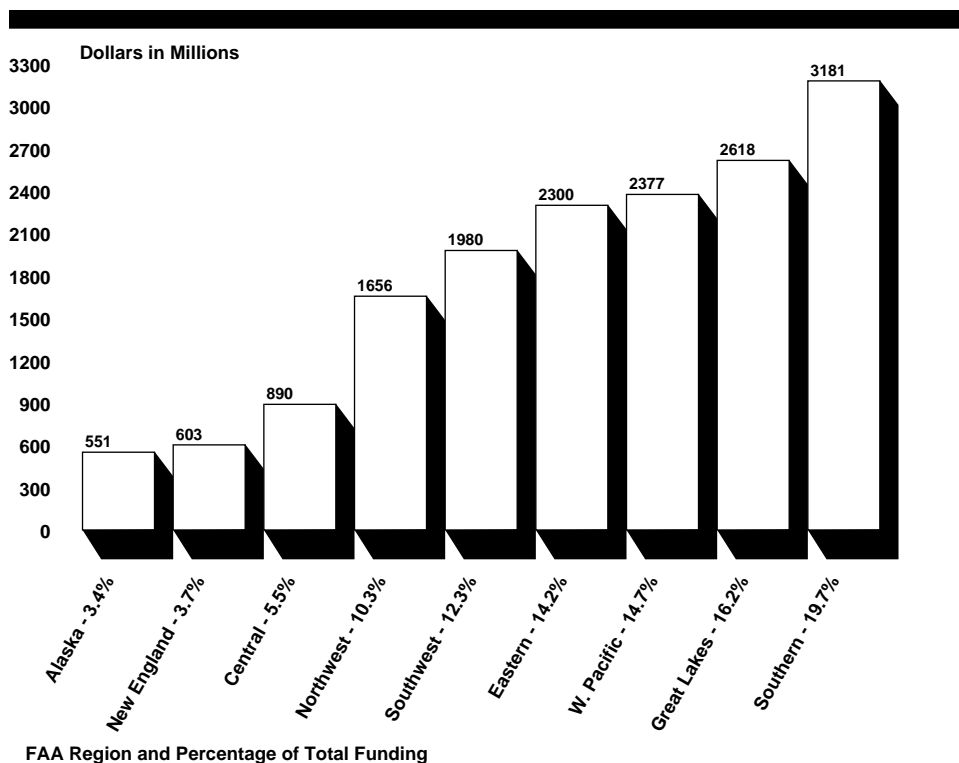


Figure 2.2 shows the distribution of total AIP funds by region for the 13-year period from 1982 to 1994. As shown, these ranged from a high of 19.7 percent for the Southern Region to 3.4 percent for Alaska and 3.7 percent for New England. The top three regions—Great Lakes, Southern, and Western-Pacific—received about 50 percent of the total AIP funds.

Section 2
AIP and PFC: Funding by Airport Type and Location

Figure 2.2: Allocation of AIP Funding Across FAA Regions, Fiscal Years 1982-94



PFC: Funding by Airport Type

As table 2.3 shows, FAA has approved PFCs at 216 airports for projects valued at more than \$10 billion. Of this amount, the city and county of Denver received approval to collect \$2.3 billion—the largest single PFC collection approved to date—to help finance the Denver International Airport.

Table 2.3: PFC Collections by Type of Airport

Airport type	Number of airports collecting PFCs	Total amount of PFCs approved
Primary large hub	19	\$4,389
Denver International	1	2,337
Primary medium hub	27	2,203
Primary small hub	49	1,050
Primary nonhub	116	218
Nonprimary commercial	4	<1
Total	216	\$10,197

**Section 2
AIP and PFC: Funding by Airport Type and
Location**

Between June 1992 and September 1994, airports collected about \$1.4 billion in PFCs. The 47 primary large and medium hub airports collected \$1.3 billion, or about 92 percent, of the total amount shown in table 2.4.

Table 2.4: PFC Collections, 1992-94

Dollars in millions				
Airport type	1992^a	1993	1994	Total
Primary large hub	\$59	\$331	\$553	\$943
Primary medium hub	20	121	220	361
Primary small hub	5	25	57	87
Primary nonhub	1	9	21	31
Nonprimary commercial	<1	<1	<1	<1
Total	\$85	\$486	\$851	\$1,422

^a1992 figure includes collections over a 6-month period (June 1992-Dec. 1992).

No restrictions are placed on the number of years an airport can collect PFCs. Table 2.5 shows the average collection period. To date, the longest approved collection period is about 40 years.

**Table 2.5: PFC Collection Time by
Type of Airport**

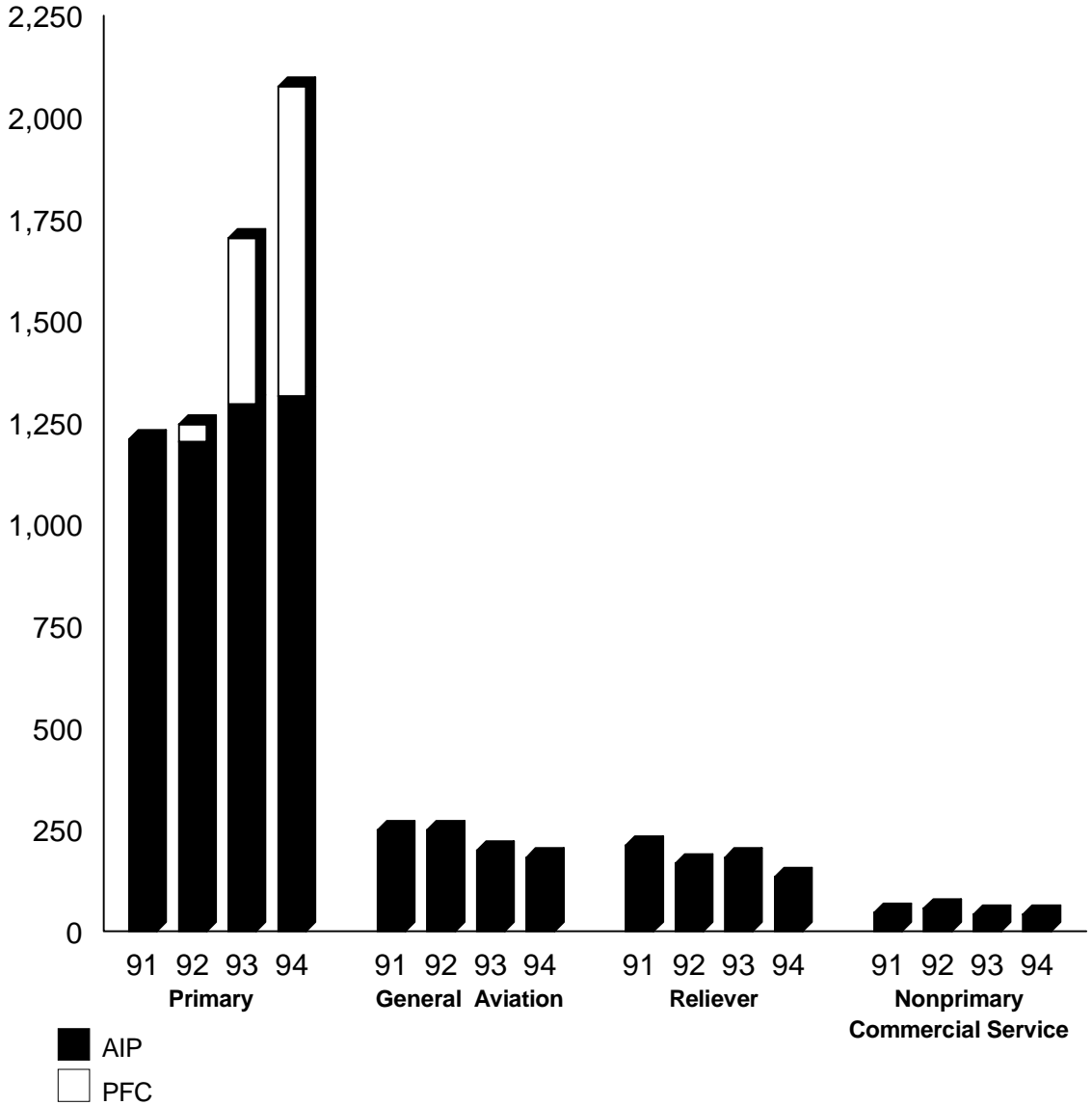
Airport type	Range of collection periods	Average collection period
Primary large hub	1.3 years to 33.5 years	7.9 years
Primary medium hub	<1 year to 33.6 years	7.9 years
Primary small hub	1.9 years to 40.2 years	9.5 years
Primary nonhub	<1 year to 37 years	6.2 years
Nonprimary commercial	4.7 years to 8.4 years	5.9 years

Combined AIP and PFC Funding

Since 1992, 216 airports have received approval to collect PFCs in addition to their AIP funding. Figures 2.3 and 2.4 and table 2.6 show the amount of AIP funding and PFCs collected by the different categories of airports for the years 1991-94.

Section 2
AIP and PFC: Funding by Airport Type and
Location

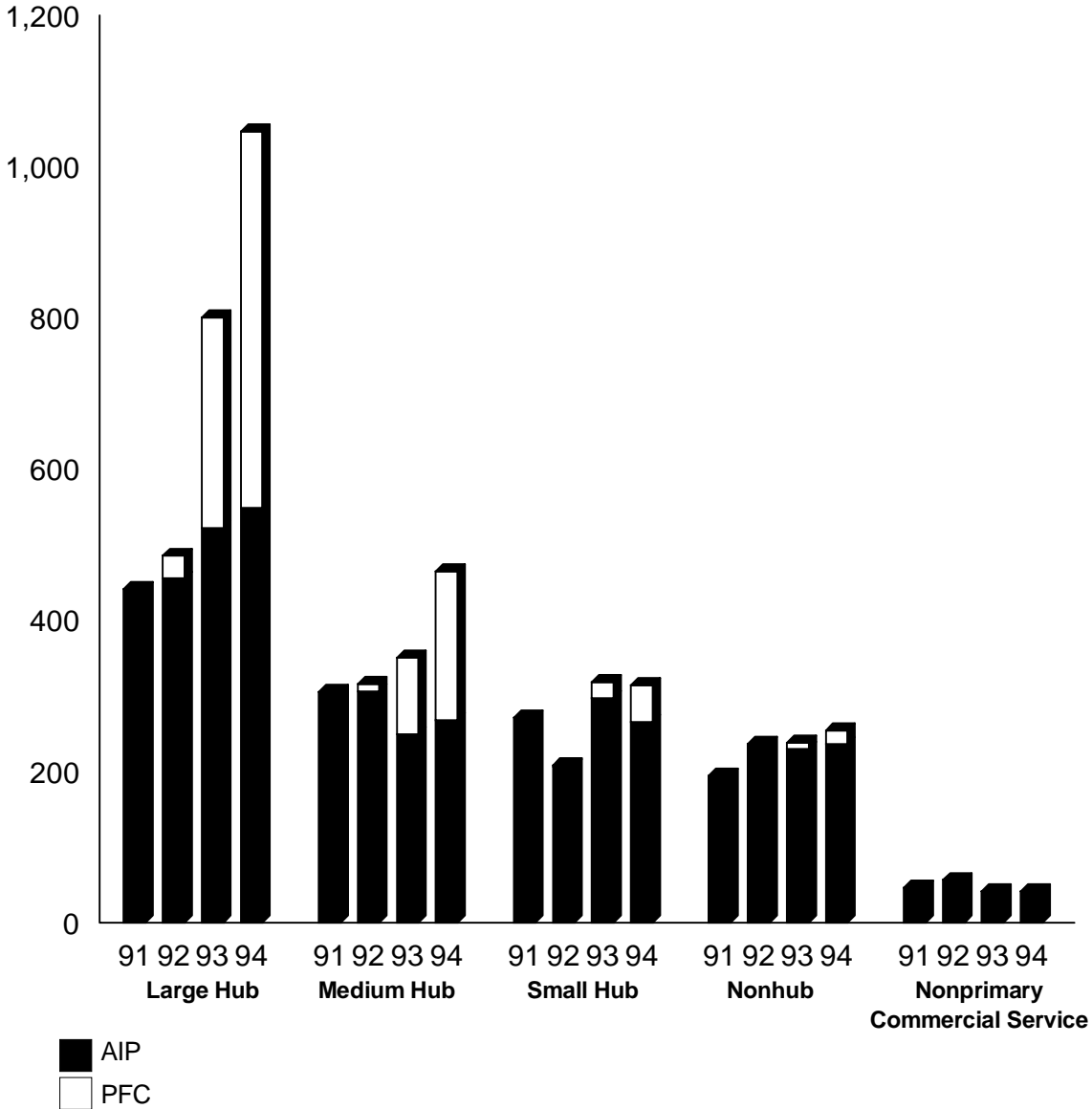
Figure 2.3: AIP and PFC Funding, Fiscal Years 1991-94
Dollars in Millions



Note: PFC dollar amounts were calculated on a fiscal year basis for purposes of comparison with fiscal year AIP data and do not represent the actual collections for each year. Table 2.4 shows calendar year PFC collections.

Section 2
AIP and PFC: Funding by Airport Type and
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Figure 2.4: AIP and PFC Funding by Hub Type, Fiscal Years 1991-94
Dollars in Millions



Note: PFC dollar amounts were calculated on a fiscal year basis for purposes of comparison with fiscal year AIP data and do not represent the actual collections for each year. Table 2.4 shows calendar year PFC collections.

Section 2
AIP and PFC: Funding by Airport Type and
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Table 2.6: AIP and PFC Funding for Airports, Fiscal Years 1991-94

Dollars in millions					
Airport type/funding	1991	1992	1993	1994	Total
All primary airports					
AIP	\$1,210	\$1,203	\$1,296	\$1,316	\$5,025
PFC	N.A. ^a	43 ^b	408	760	1,211
Primary large hub					
AIP	441	455	522	548	1,966
PFC	N.A.	30	278	498	806
Primary medium hub					
AIP	305	306	249	267	1,127
PFC	N.A.	10	101	196	307
Primary small hub					
AIP	271	206	297	265	1,039
PFC	N.A.	2	21	49	72
Primary nonhub					
AIP	194	236	230	236	896
PFC	N.A.	<1	8	18	26
Nonprimary commercial service					
AIP	46	56	41	41	184
PFC	N.A.	<1	<1	<1	<1
General aviation					
AIP	249	249	199	181	878
PFC	N.A.	N.A.	N.A.	N.A.	N.A.
Reliever					
AIP	211	167	181	133	692
PFC	N.A.	N.A.	N.A.	N.A.	N.A.

^aN.A. = not applicable.

^bPFC dollar amounts were calculated on a fiscal year basis for purposes of comparison with fiscal year AIP data and do not represent the actual collections for each year. Table 2.4 shows calendar year PFC collections.

The top 50 AIP recipients received a total of about \$7.4 billion in AIP and PFC funds from 1982 through 1994.⁷ Of this amount, about \$6.3 billion was funded through the AIP and about \$1.12 billion through PFC collections. Table 2.7 shows the top 50 AIP-recipient airports ranked by their combined total of AIP and PFC funding.

⁷In our previous report on AIP allocation (GAO/RCED-94-14FS), we reported specific data for the top 50 AIP-recipient airports. For this report, we were also able to provide specific PFC collections data for those airports.

**Section 2
AIP and PFC: Funding by Airport Type and
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Table 2.7: AIP and PFC Funding for Top 50 AIP-Recipient Airports, Fiscal Years 1982-94

Dollars in millions

Airport	Size	Combined total	Entitlement	AIP		PFC
		AIP & PFC		Discretionary/ set-aside	Total AIP	Collections 1992-94 ^a
1. Denver International	PL ^b	\$405.3	\$79.6	\$226.1	\$305.6	\$99.7
2. Chicago O'Hare	PL	324.6	156.2	80.6	236.8	87.8
3. Dallas/Ft. Worth	PL	304.1	171.4	98.6	270.0	34.1
4. Kennedy (NY)	PL	290.6	163.5	66.8	230.3	60.3
5. Los Angeles	PL	285.9	162.0	43.1	205.1	80.8
6. Hartsfield/Atlanta	PL	262.1	179.7	82.4	262.1	0 ^c
7. Orlando	PL	242.5	64.7	133.8	198.5	44.0
8. Lambert/St. Louis	PL	239.1	84.0	99.4	183.4	55.7
9. Seattle/Tacoma	PL	216.6	66.4	97.5	163.8	52.8
10. McCarran (NV)	PL	208.8	59.1	71.6	130.7	78.1
11. Detroit	PL	201.0	72.7	69.8	142.6	58.4
12. Philadelphia	PL	191.4	60.4	85.5	146.0	45.4
13. LaGuardia (NY)	PL	179.5	86.7	39.5	126.2	53.3
14. Pittsburgh	PL	176.4	76.4	100.0	176.4	0 ^c
15. Newark	PL	174.8	70.5	36.0	106.5	68.3
16. Nashville	PM ^d	173.1	35.2	116.2	151.4	21.7
17. Logan (MA)	PL	171.3	93.5	47.6	141.2	30.1
18. Sky Harbor (AZ)	PL	166.1	81.2	84.9	166.1	0 ^c
19. Minneapolis/St. Paul	PL	164.2	70.7	26.5	97.1	67.1
20. Miami	PL	158.7	114.5	44.1	158.6	0.1
21. Memphis	PM	147.1	65.2	59.0	124.2	22.9
22. New Orleans	PM	134.5	38.6	81.2	119.8	14.7
23. Cincinnati	PL	133.1	43.9	81.8	125.7	7.4
24. Baltimore	PL	132.9	44.8	56.4	101.2	31.7
25. Salt Lake City	PL	128.6	53.3	75.2	128.6	0 ^e
26. Indianapolis	PM	125.3	38.7	76.4	115.1	10.2
27. Houston Intercontinental	PL	124.0	78.8	45.2	124.0	0 ^c
28. Cleveland	PM	124.0	40.1	57.4	97.4	26.6
29. Chicago Midway	PM	122.5	76.6	33.3	109.9	12.6
30. San Francisco	PL	120.8	78.3	42.5	120.8	0 ^c
31. State of Illinois	SBG ^f	116.7	31.5	85.2	116.7	0
32. San Jose	PM	101.0	32.5	47.4	79.8	21.2
33. Standiford (KY)	PS ^g	100.3	45.6	54.7	100.3	0 ^c

(continued)

Section 2
AIP and PFC: Funding by Airport Type and
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Dollars in millions

Airport	Size	Combined total	Entitlement	AIP		PFC
		AIP & PFC		Discretionary/ set-aside	Total AIP	Collections 1992-94 ^a
34. Charlotte/Douglas	PL	97.3	64.3	33.0	97.3	0 ^c
35. Ft. Lauderdale	PM	92.2	46.2	46.1	92.2	0 ^e
36. Washington/Dulles	PL	91.7	50.9	29.3	80.2	11.5
37. Kansas City	PM	89.3	52.4	36.9	89.3	0 ^c
38. Honolulu	PL	84.7	78.6	6.1	84.7	0 ^c
39. Tampa	PL	84.4	50.1	17.5	67.6	16.8
40. Tulsa	PM	77.3	23.3	43.7	67.0	10.3
41. John Wayne/Orange County	PM	69.8	31.2	38.6	69.8	0 ^c
42. Albuquerque	PM	69.6	33.5	36.1	69.6	0 ^c
43. Burbank/Glendale/ Pasadena	PM	68.4	27.7	39.3	67.0	1.4
44. Theodore Green (RI)	PM	68.3	24.2	41.3	65.6	2.7
45. San Diego	PL	66.9	51.1	15.8	66.9	0 ^c
46. Hobby Field (TX)	PM	66.3	41.1	25.2	66.3	0 ^c
47. Palm Beach	PM	65.6	29.5	32.1	61.6	4.0
48. Adams/Little Rock	PS	64.2	23.0	41.2	64.2	0 ^e
49. Birmingham	PM	64.1	23.6	40.5	64.1	0 ^c
50. King (VI)	PS	64.1	21.5	40.0	61.5	2.6
Total		\$7,431	\$3,288.5	\$3,008.4	\$6,296.8	\$1,134.3

Note: Totals may not add because of rounding.

^aNot all airports began to collect PFCs in 1992.

^bPL = large primary airport, enplaning over 5,289,204 passengers per year.

^cAirport has not applied to FAA for PFC collection authority.

^dPM = medium primary airport, enplaning over 1,322,300 passenger per year.

^eAirport applied and received authority to collect PFCs (Salt Lake City began collections on Dec. 1, 1994; Fort Lauderdale on Jan. 1, 1995; and Little Rock on May 1, 1995).

^fSBG = State Block Grant Program, through which FAA provides special block grant funds to participating states for general aviation, nonprimary commercial service, and reliever airports.

^gPS = small primary airport, enplaning more than 264,459 passenger per year.

Section 2
AIP and PFC: Funding by Airport Type and
Location

Of the 50 recipients shown in table 2.6, 29 are large primary airports, 17 are medium primary airports, 3 are small primary airports, and 1 represents a grant to a state participating in the State Block Grant Program.

AIP and PFC Funding by Project

This section provides information on the types of projects funded with AIP grants and with PFC collections.

Projects Funded Through AIP

FAA categorizes projects receiving AIP funds into 16 unique classifications of airport improvements, called work codes. Work codes characterize the type of activity funded through the AIP—ranging from resurfacing of runways to procuring weather equipment.

Table 3.1 shows the distribution of AIP funds among the project categories, including the funds directed to the seven states receiving special general aviation entitlements through the State Block Grant program, from 1982 through 1994.

Section 3
AIP and PFC Funding by Project

**Table 3.1: Annual AIP Project Funding
 by Work Code, Fiscal Years 1982-94**

Dollars in millions					
Work code	1982	1983	1984	1985	1986
Planning	6.9	10.7	18.1	25.5	24.1
Safety	11.1	14.0	13.9	27.1	20.4
Security	1.2	1.0	3.4	4.4	3.2
Runways	120.9	215.7	205.6	201.0	208.0
Taxiways	70.9	163.9	155.1	168.0	150.7
Aprons	65.3	118.6	131.4	162.2	153.4
Lighting	15.8	34.7	35.8	49.6	30.2
Nav aids	1.9	3.5	4.4	2.9	4.0
Weather equipment	4.5	9.2	10.4	13.1	9.4
Terminals	19.0	24.9	26.1	32.5	14.9
Buildings	5.5	2.1	8.1	17.6	5.5
Roadways	33.4	49.0	61.3	60.5	44.7
Noise	0.2	4.9	7.4	10.3	25.1
Land	89.5	119.3	113.8	141.4	139.2
Miscellaneous	11.8	20.0	25.9	30.8	24.0
SBG	0	0	0	0	0
Total	458.0	791.6	820.8	946.8	856.8

Section 3
AIP and PFC Funding by Project

Fiscal year								
1987	1988	1989	1990	1991	1992	1993	1994	Total
24.3	27.1	29.7	32.5	36.0	43.8	35.4	34.7	348.8
33.9	39.5	56.5	32.6	64.9	130.8	177.2	70.6	692.5
4.2	20.5	9.9	77.2	99.0	50.5	19.4	12.2	306.1
194.4	334.7	297.9	280.0	393.5	414.7	361.7	443.3	3,671.5
169.4	251.5	230.4	196.0	293.8	281.3	258.4	314.3	2,703.8
154.5	221.1	227.7	166.2	213.1	182.8	195.5	210.2	2,202.1
47.1	57.4	51.4	45.1	50.7	60.6	66.4	45.0	589.8
8.8	16.1	24.0	17.5	11.9	12.0	12.6	10.0	129.5
10.7	15.4	13.9	15.5	11.5	11.4	20.0	17.5	162.5
13.7	73.4	77.0	79.6	63.5	72.7	96.0	84.6	678.1
6.8	7.4	7.8	76.2	9.3	10.9	9.5	8.9	175.7
38.5	94.9	72.7	90.1	89.4	74.8	68.3	53.5	830.9
15.4	51.6	41.3	36.9	58.7	68.1	80.8	74.0	474.6
147.2	217.5	226.3	200.4	270.9	238.0	303.5	267.5	2,474.6
22.3	34.9	48.0	21.8	58.6	34.5	26.2	38.5	397.3
0	0	0	39.9	48.8	60.5	98.0	72.8	319.9
891.1	1,463.1	1,414.6	1,407.6	1,773.4	1,747.4	1,829.0	1,757.6	16,157.8

Note: AIP funds allocated to noise-related projects are included in the following project categories: land/noise (land purchased for noise-abatement-related purposes), lighting, navigational aids (Nav aids), noise (primarily soundproofing), planning, runways, and taxiways.

FAA allocated \$11 billion, or about 68 percent of all AIP funds since 1982, to the construction of runways, taxiways, and aprons or to resurfacing projects and land procurement.

As shown in table 3.2, the percentage of total AIP funds allocated to most project categories remained relatively constant over the 13-year period.

Section 3
AIP and PFC Funding by Project

Table 3.2: Percentage of Annual AIP Project Funding by Work Code, Fiscal Years 1982-94

Work code	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Nav aids	0.4	0.4	0.5	0.3	0.5	1.0	1.1	1.7	1.3	0.7	0.7	0.7	0.6
Weather equipment	1.0	1.2	1.3	1.4	1.1	1.2	1.1	1.0	1.1	0.7	0.7	1.1	1.0
Buildings	1.2	0.3	1.0	1.9	0.6	0.8	0.5	0.6	5.5	0.5	0.6	0.5	0.5
Security	0.3	0.1	0.4	0.5	0.4	0.5	1.4	0.7	5.5	5.6	2.9	1.1	0.7
SBG	0	0	0	0	0	0	0	0	2.9	2.8	3.5	5.4	4.2
Planning	1.5	1.3	2.2	2.7	2.8	2.7	1.9	2.1	2.3	2.0	2.5	2.0	2.0
Miscellaneous	2.6	2.5	3.2	3.3	2.8	2.5	2.4	3.4	1.6	3.3	2.0	1.4	2.2
Noise	0	0.6	0.9	1.1	2.9	1.7	3.5	2.9	2.7	3.3	3.9	4.4	4.2
Lighting	3.4	4.4	4.4	5.2	3.5	5.3	3.9	3.6	3.2	2.9	3.5	3.7	2.6
Terminals	4.2	3.2	3.2	3.4	1.7	1.5	5.0	5.4	5.7	3.6	4.2	5.3	4.8
Safety	2.4	1.8	1.7	2.9	2.4	3.8	2.7	4.0	2.3	3.7	7.5	9.7	4.0
Roadways	7.3	6.2	7.5	6.4	5.2	4.3	6.5	5.1	6.5	5.1	4.3	3.8	3.1
Aprons	14.3	15.0	16.0	17.1	17.9	17.3	15.1	16.1	11.9	12.1	10.5	10.8	12.0
Land	19.5	15.1	13.9	14.9	16.2	16.5	14.9	16.0	14.4	15.4	13.7	16.7	15.3
Taxiways	15.5	20.7	18.9	17.7	17.6	19.0	17.2	16.3	14.1	16.7	16.2	14.2	18.0
Runways	26.4	27.2	25.0	21.2	24.3	21.8	22.9	21.1	20.1	22.3	23.9	19.9	25.4

Section 3
AIP and PFC Funding by Project

Table 3.3 shows how the funding amounts for each category were divided between the entitlement and discretionary categories.

Table 3.3: Total AIP Project Funding by Work Code, Fiscal Years 1982-94

Dollars in millions			
Work code	Entitlement	Discretionary	Total
Runways	\$1,790.8	\$1,881.3	\$3,672.0
Taxiways	1,459.1	1,244.7	2,703.8
Land	921.7	1,552.9	2,474.6
Aprons	1,278.3	923.7	2,202.1
Roadways	648.4	182.5	830.9
Safety	405.2	287.4	692.5
Terminals	645.5	32.6	678.1
Lighting	355.6	234.2	589.9
Noise	95.6	379.1	474.6
Miscellaneous	225.5	171.7	397.3
Planning	119.9	228.9	348.8
SBG	128.8	191.1	319.9
Security	157.6	148.5	306.1
Buildings (not terminals)	123.1	52.6	175.7
Weather equipment	126.3	32.6	162.5
Nav aids	39.1	90.4	129.5
Total	\$8,523.2	\$7,634.2	\$16,156.1

Note: Totals may not add because of rounding.

Airports can direct their entitlement funds to projects that FAA may consider to be of lower priority, according to FAA officials. Table 3.4 shows that airports use entitlement funds for the majority of lower-priority projects like developing terminals and roadways. FAA determines the allocation of discretionary and set-aside funds among airports. Thus, FAA's higher-priority projects, like noise mitigation and procuring land, receive the majority of AIP discretionary and set-aside funds.

Section 3
AIP and PFC Funding by Project

Table 3.4: Percentage of AIP Entitlement and Discretionary Funds by Project

Work code	Entitlement	Discretionary
Runways	49	51
Taxiways	54	46
Land	37	63
Aprons	58	42
Roadways	78	22
Safety	59	41
Terminals	95	5
Lighting	60	40
Noise	20	80
Miscellaneous	57	43
Planning	34	66
SBG	40	60
Security	51	49
Buildings (not terminals)	70	30
Weather equipment	78	22
Nav aids	30	70

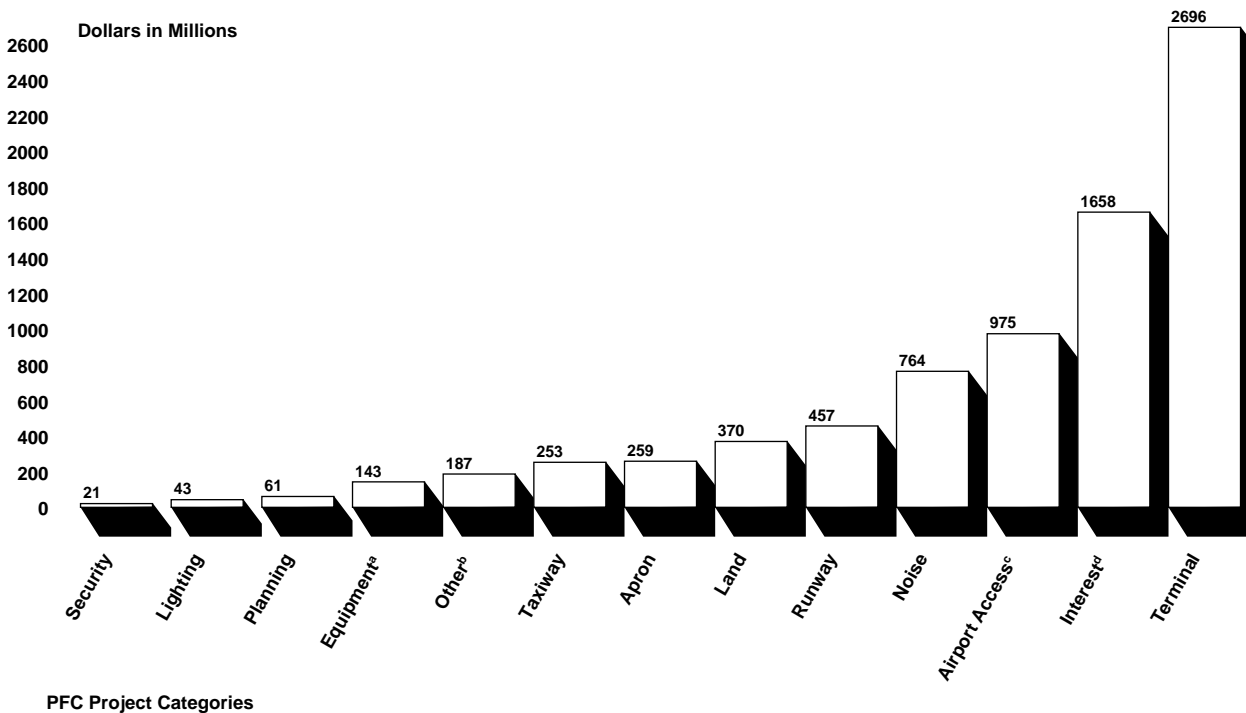
Projects Funded Through PFC

Airports can use their PFC collections for (1) any AIP project, (2) certain projects that are not eligible for AIP funding, such as terminal gates, or (3) financing the cost associated with loans or municipal bonds. As figure 3.2 shows,⁸ airports plan to use \$5.3 billion, or about 68 percent of the total approved PFC collections, in three project categories: terminals (\$2.7 billion, or 34.4 percent), interest (\$1.7 billion, or 21.1 percent), and airport access (\$975 million, or 12.4 percent). In the process of setting priorities for AIP funding, airport access and terminal projects generally receive lower priority than projects for runways, taxiways, and noise.

⁸Because of its classification as a single project (called “new airport”), we did not include the Denver International Airport’s PFC funding in our analysis of PFC projects.

Section 3
AIP and PFC Funding by Project

Figure 3.1: Projects Funded With PFC Collections



^aAlthough FAA maintains a separate category for interest, some airports incorporate interest payments into the actual project. For example, a runway project may include the design and construction of the runway as well as the debt servicing.

^b“Equipment” includes items such as emergency response vehicles, deicing equipment, snow removal vehicles, and sweepers.

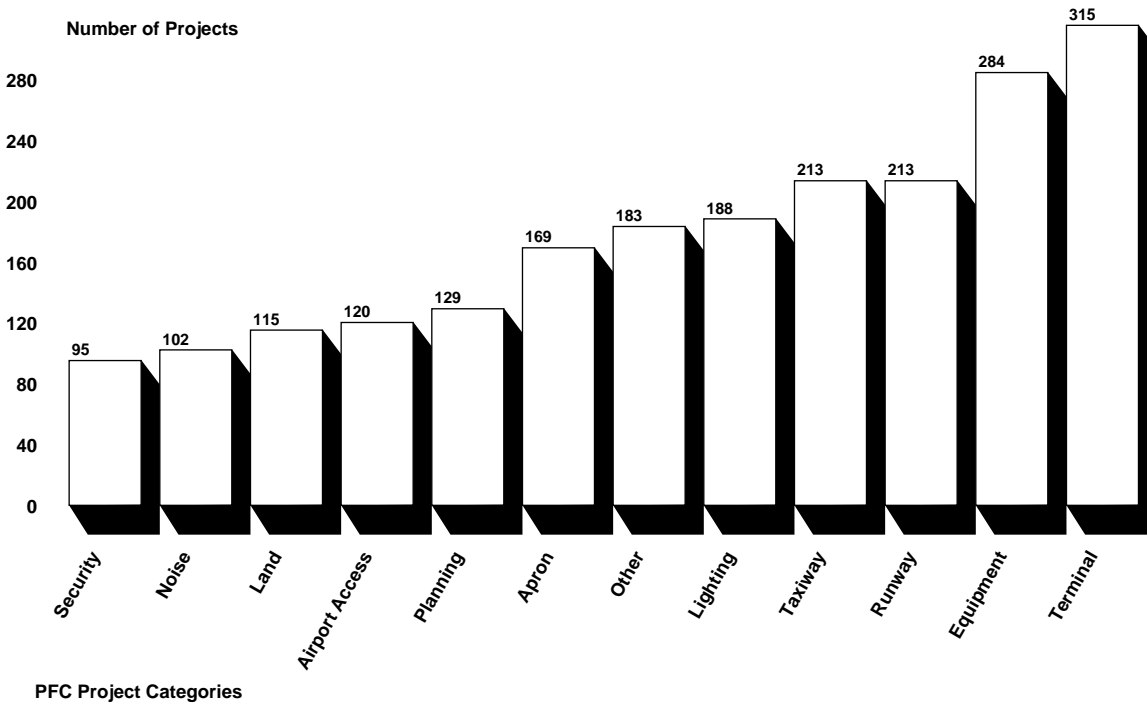
^c“Other” includes items such as drainage, obstruction removal, and miscellaneous ground transportation projects.

^d“Airport Access” includes the development of roads, rail links, and people movers and the purchase of land.

Most airports use their PFC collections to finance several different types of projects, and some finance multiple projects in a single category. In all, the airports had a total of 2,181 projects, an average of about 10 projects per airport. Figure 3.2 shows the number of projects funded in each project category.

Section 3
AIP and PFC Funding by Project

Figure 3.2: Number of Projects Funded With PFC Collections



Note: We did not include interest projects because interest may exist in other project categories or an airport may have included the interest for several projects into one interest project.

Several airports have chosen to use their PFC collections as all or part of the local matching share for AIP projects or to otherwise augment the AIP grant. Thus, many of these airports do not have to fully provide additional local funds for these airport development projects. Table 3.5 shows the number of FAA-approved PFC projects that will use PFCs to provide the local matching share or to augment AIP-funded projects, and table 3.6 shows the percentage of the collections used in each case.

Section 3
AIP and PFC Funding by Project

Table 3.5: Projects Using PFCs as Local Share for AIP Projects

Airport type	Projects using PFC as all or part of match for AIP	Projects using PFC for funding	Total projects
Primary large hub	89	151	240
Primary medium hub	209	254	463
Primary small hub	311	203	514
Primary nonhub	753	194	947
Nonprimary commercial	14	4	18
Total	1,376	806	2,182

Table 3.6: Percentage of Projects Using PFCs as Local Share for AIP Projects

Airport type	Projects using PFC as all or part of match for AIP	Projects using PFC to fund project
Primary large hub	37	63
Primary medium hub	45	55
Primary small hub	61	39
Primary nonhub	80	20
Nonprimary commercial	78	22

AIP Obligations in Constant and Nominal Dollars, Fiscal Years 1982-94

AIP nominal dollars represent the amount appropriated each year. AIP constant dollars were adjusted to represent the purchasing power of the dollar as if it were allocated in 1994 dollars.

Dollars in millions		
Fiscal year	AIP nominal dollars	AIP constant dollars
1982	\$458.0 ^a	\$693.4
1983	791.6	1,150.3
1984	820.8	1,143.2
1985	946.8	1,269.8
1986	856.8	1,115.4
1987	891.1	1,126.9
1988	1,463.1	1,831.2
1989	1,414.6	1,651.8
1990	1,407.6	1,575.7
1991	1,773.4	1,906.4
1992	1,747.4	1,824.1
1993	1,829.0	1,865.3
1994	1,757.6	1,757.6
Total	\$16,157.8	\$18,911.1

^aThe amount that FAA obligates during a fiscal year often differs from the amount appropriated for that year because airports can carry over AIP entitlement funds from one year to the next in order to accumulate funds for large projects.

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