

Coburn Amendment #81 – To Limit Essential Air Service (EAS) Funds to Airports With 10 or More Enplanements Daily

This Once “Temporary” Program Has Grown Into a Permanent \$200 Million Program

- Following deregulation of the airline industry in 1978, this temporary program was created to give airports not immediately supported by the market up to ten years to transition to a free-market system. Congress extended it for another 10 years and then in 1996 made it permanent.
- EAS started with a few airline carriers in a few communities and has now grown to subsidize almost a dozen airline carriers in over 150 communities at almost \$200 million in annual costs.
- While the House FAA bill phases out the EAS program over four years, the underlying bill increases annual authorized funding levels from \$127 million to \$200 million. It further expands the size and cost of EAS by allowing local or state governments or persons to subsidize air service to the point where it doesn't cost the federal government more than \$200 per person to provide EAS service, allowing airports to choose service bids that aren't the lowest, and enabling airports to sign long-term air service contracts.
- The FAA bill would even require the Secretary to establish a program to provide conversion funding for airports no longer eligible for EAS.

This Program is Unsuccessful

- The fact that this program still exists is an indictment of its effectiveness, since the goal of the program was to help airports transition from federal subsidies for air carrier service.
- The Government Accountability Office found in 2009 that subsidies continue to increase even as low-cost carriers have increased air service “raise concerns about whether the program can continue to operate as it has.”¹
- In the same report, GAO also found that these low-cost flights at non-subsidized airports are often more convenient and cheaper than EAS flights.

This Amendment Targets Little-Used Airports

- The argument behind EAS is that small communities needed help subsidizing commercial air service because before deregulation, such service was commonly used. However, when airports are averaging less than 10 passengers a day, the question is whether or not there is any need for commercial service in the first place.
- While many argue that taxpayers should not be subsidizing air service at all, it seems clear that airports with less than 10 passengers a day should be excluded from EAS.
- According to recent FAA data, taxpayers subsidize air service at 24 such airports (not including airports in Alaska) at \$33 million annually.
- This amendment would not affect the other 130 airport communities subsidized through EAS.

This Amendment Exempts Alaska

- Consequently, this amendment does not affect current EAS requirements for Alaska.
- While it is appropriate for Congress to question the need for all 44 EAS subsidies for Alaskan communities, Alaska is a unique state and has unique aviation needs.

¹ <http://www.gao.gov/new.items/d09753.pdf>

This Amendment Includes a Waiver for Unexpected Hardships

- While the intent is to reduce unnecessary federal spending and ensure EAS funds are targeted to those communities most in need, it is not to hurt communities negatively affected by circumstances beyond their control.
- This amendment would give the Secretary the authority to waive the enplanements requirement if he determines the reason this threshold was not met was because of unusual circumstances of hardship (e.g. canceled contract, natural disaster).

This Amendment is Necessary to Help Prioritize Federal Funding More Effectively

- While the House FAA bill phases out funding for EAS over four years, this amendment would at least ensure further prioritization of EAS and Airport and Aviation Trust Fund moneys.
- With a likely decrease in federal airport funding in the next couple of years and concerns that the Airport and Airway Trust Fund may become insolvent, Congress must enact reforms that will ensure FAA funds are wisely spent.

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