

Coburn Amendment #80 – To Limit Essential Air Service (EAS) Funds to Airports 100 Miles From Medium and Large Hub Airports

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 Airports Close to Large Airports

- Initially, airports were not eligible for EAS subsidies if they were within 70 miles of medium or large hub airports. However, this bill would extend a change that would consider the most commonly used route between an eligible place and the nearest medium hub airport or large hub airport in determining this distance.
- Amendment #80 would prohibit airports within 100 from medium and large hub airports from receiving EAS subsidies. According to recent FAA data, taxpayers subsidize air service at 16 such airports (not including airports in Alaska) at \$21 million each year.
- For example: EAS subsidizes flight services to and from Macon (GA), even though it is 80 miles from one of the largest airports in the country – Atlanta's Hartsfield-Jackson International Airport. According to local news, “every day tax dollars fund an air service that usually flies empty planes.” The 35-minute flight to Macon costs passengers just \$39 per seat, but taxpayers are left with a \$464 bill. Even when there are no passengers, the flights must continue. What's even more outrageous is that a similar flight is heavily

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

subsidized just 70 miles from Atlanta's airport in Athens as well. Taxpayers there pay "only" \$135 per passenger.²

- With the increase in low-cost flights at medium and large hub airports and the growth of these airports, taxpayers should not be expected to subsidize air service at airports less than 100 miles in highway mileage. At an airport like Macon, the time it would take to travel to the nearest medium or large hub airport (which happens to be a very large airport) is only 80 minutes without bad traffic – ten minutes shorter than the time it takes to check in and fly to that same airport.
- This amendment would not affect the other 138 airport communities subsidized through EAS.

This Amendment Exempts 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.
- Consequently, this amendment does not affect current EAS requirements for Alaska.

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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² "Tax Dollars Wasted on Empty Airline Flights," October 29, 2010, WSBTV.com (Atlanta), <http://www.wsbtv.com/news/25567372/detail.html>