



United States General Accounting Office
Washington, DC 20548

Resources, Community, and
Economic Development Division

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September 27, 2000

The Honorable John J. Duncan, Jr.
Chairman, Subcommittee on Aviation
Committee on Transportation and Infrastructure
House of Representatives

Subject: Aviation and the Environment: Federally Authorized Funding for Noise-Related Projects

Dear Mr. Chairman:

The Federal Aviation Administration (FAA) administers two programs that fund airports' capital development projects, including noise-related projects: the Airport Improvement Program (AIP), which provides federal grants for airport capital development, and the Passenger Facility Charge (PFC) program, which allows airports, with the approval of FAA, to charge passengers a fee that also pays for development projects. You asked us to (1) determine the total historical funding of noise-related projects through both the AIP and the PFC programs, by FAA region, and (2) compare the amount of AIP funds set aside for noise-related projects in the AIP appropriation for fiscal year 2000 and the authorized amounts for the AIP for fiscal years 2001 through 2003 with the projected costs of noise-related projects planned in the current National Plan of Integrated Airport Systems (NPIAS).¹

The AIP grant program is funded by appropriations from the Airport and Airway Trust Fund. Two types of AIP grants are available to fund capital development at airports in the national airport system: (1) apportionment grants, which are distributed by a statutory formula to commercial service airports according to the number of passengers served and the land weight of cargo moved, and to the states according to a percentage of the total amount of the appropriated funds, with a special supplement for the state of Alaska; and (2) discretionary grants (those

¹The more than 3,300 airports in the NPIAS, also referred to as the national airport system, fall into two categories: (1) commercial service airports—those that enplane 2,500 or more passengers a year and have scheduled airline service—and (2) general aviation airports—those that have at least 10 aircraft based at their locations and fewer than 2,500 scheduled enplanements a year. Commercial service airports consist of primary and other commercial service airports. Primary airports are categorized as large hubs, medium hubs, small hubs, and nonhubs, based on enplanement levels. The NPIAS database provides a compilation of planned development projects that are competing for federal grants, including noise-related projects, at airports in the national system.

amounts generally remaining after apportionment funds are allocated) for which any airport in the national airport system may apply. Some discretionary funds are “set aside” for specific types of projects, such as noise-related projects, or for specific types of airports. To be eligible for AIP grants, an airport must be included in the NPIAS, which incorporates a substantial database of individual airports’ capital development projects, including noise-related projects.

To be eligible for funding with AIP noise set-aside funds, projects must generally be part of an airport’s FAA-approved noise compatibility program. Participation in the noise compatibility program is voluntary and is carried out in accordance with the provisions of 14 C.F.R. part 150. However, projects at schools and hospitals in the vicinity of an airport may be funded with AIP noise set-aside funds even though an airport does not have an FAA-approved noise compatibility program.

Airports receiving AIP grants must pay a matching share of the cost of a project. For noise-related projects, large airports must pay 20 percent of the cost of a project in matching funds while all other airports must pay 10 percent. The term “large” airport refers to large and medium hub airports.

The PFC program is a voluntary program that allows airports to charge passengers a fee that remains with the airport and is used to pay for capital development projects, including noise-related projects. Airports must obtain FAA’s approval, however, to collect the fee and to apply the funds to specific projects. FAA administers both programs through its nine regional offices.²

Although we present some data by FAA region, geographic location is not a factor in determining which noise-related projects are funded through AIP grants or PFC collections. AIP apportionment funds are awarded to a commercial service airport based on the airport’s total number of enplanements and the land weight of cargo moved. For AIP discretionary grants, FAA uses a priority ranking system, which considers factors such as a project’s purpose and the airport’s size, to comparatively assess eligible projects. Also, under the PFC program, airports determine which projects they want to fund with the fees and apply to FAA for approval to use the fees on those projects.

In summary, we found the following:

- **Historical AIP funding of noise-related projects, by FAA region:** From fiscal year 1982, the first year of funding under AIP, through fiscal year 1999, AIP provided about \$2.75 billion to airports for noise-related projects. As figure 1 shows, the airports in FAA’s Southern Region collectively were awarded the

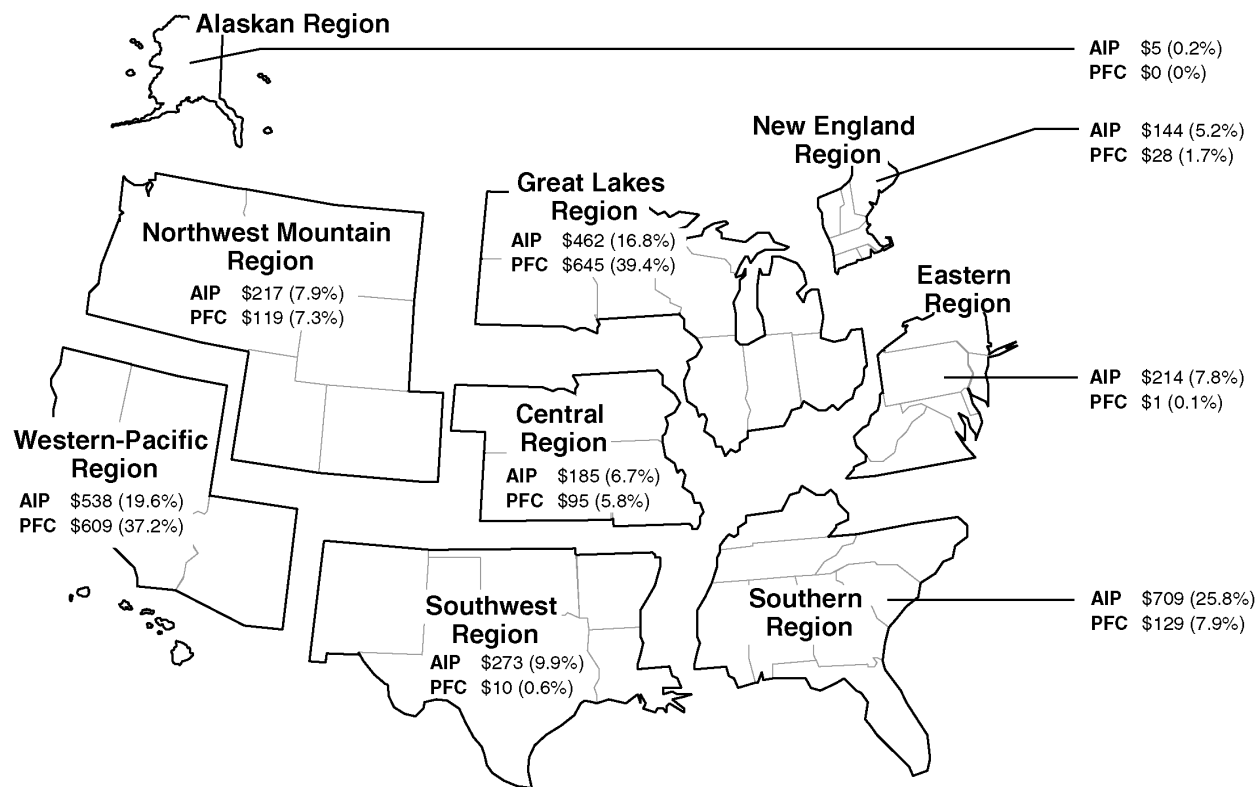
²FAA’s nine regional offices serve the following states: **Alaskan Region:** Alaska; **Central Region:** Iowa, Kansas, Missouri, and Nebraska; **Eastern Region:** Delaware, Maryland, New Jersey, New York, Pennsylvania, Virginia, and West Virginia; **Great Lakes Region:** Illinois, Indiana, Michigan, Minnesota, North Dakota, Ohio, South Dakota, and Wisconsin; **New England Region:** Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont; **Northwest Mountain Region:** Colorado, Idaho, Montana, Oregon, Utah, Washington, and Wyoming; **Southern Region:** Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee; **Southwest Region:** Arkansas, Louisiana, New Mexico, Oklahoma, and Texas; and **Western-Pacific Region:** Arizona, California, Hawaii, and Nevada.

highest total amount—\$709 million, or nearly 26 percent—of the AIP grants for noise-related projects.³ The airports in FAA’s Western-Pacific Region collectively were awarded the second highest amount—\$538 million, or nearly 20 percent—while the airports in FAA’s Alaskan Region, which unlike other regions includes only one state, were awarded the lowest amount—\$5 million, or 0.2 percent.⁴

- Historical PFC funding of noise-related projects, by FAA region:** For fiscal years 1992, when FAA began approving PFC collections, through 1999, FAA approved about \$1.64 billion in PFC collections for noise-related projects. As figure 1 shows, airports in FAA’s Great Lakes Region and Western-Pacific Region dominated the use of PFC funds for noise-related projects by receiving approval for nearly 77 percent of the PFC collections that FAA approved for such projects.⁵ The remaining approved collections were spread across airports in FAA’s other regions.

Figure 1: Map of FAA’s Regions With Total AIP Funding of Noise-Related Projects and Total Approved PFC Collections for Noise-Related Projects

Dollars in millions



³Enc. I provides detailed data on the funding distribution by FAA region.

⁴Under the statutory formula for the application of AIP funds, the state of Alaska is assured a certain portion of AIP funds each year for development projects.

⁵Enc. I provides detailed data on the funding distribution by FAA region.

- **Comparison of current and future AIP noise set-aside funds with planned noise-related projects in the NPIAS:** In the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, the Congress set aside 34 percent of the AIP discretionary funds specifically for noise-related projects. Under that formula, AIP provided about \$207 million in fiscal year 2000 appropriations, and—based on authorizations—could provide about \$327 million in fiscal year 2001, \$344 million in fiscal year 2002, and \$361 million in fiscal year 2003 for noise-related projects.

We compared appropriations for fiscal year 2000 and authorizations for fiscal years 2001 through 2003 with the projected costs of noise-related projects in the current 5-year NPIAS (fiscal years 2000 through 2004). The projected costs were based on FAA's estimates of the year the project would receive AIP funding and the expected start date of the projects. Because the NPIAS contains total project costs, we deducted the amount that airports would be required to pay as their matching-share obligations before we compared available AIP noise-set aside funds with project costs.

As shown in table 1, we found that the projected costs of planned projects exceeded the available AIP noise set-aside funds for fiscal year 2000 by nearly \$143 million, but it is unknown how these amounts compare for fiscal years 2001 through 2003. What portion, if any, of the \$143 million in unfunded projects for fiscal year 2000 might be rescheduled for funding, or when, could not be determined. As a result, we could not compute the difference between available funding and planned project costs for fiscal years 2001 through 2003. FAA's planning guidelines state that when planned projects remain unfunded in any given year because of limited AIP funds, those projects must be reviewed again and either placed in the NPIAS as warranting future funding or deleted from the NPIAS database. Because FAA does not track historically what happens to unfunded projects, FAA was not able to provide data on how unfunded planned projects had been handled in the past. However, according to FAA officials, projects scheduled for funding in one year that remain unfunded at the end of that fiscal year will be scheduled for funding in the following year. Whether an overall surplus or shortage actually occurs will depend on the amount appropriated for AIP, the costs and timing of rescheduled projects, and the extent to which any new projects are added to the NPIAS.⁶

⁶A distribution of the total costs of planned noise-related projects in the current NPIAS (fiscal years 2000 through 2004), by FAA region, appears in enc. II.

Table 1: Comparison of the AIP Noise Set-Aside With the Cost of Planned Noise-Related Projects in the NPIAS, Fiscal Years 2000 Through 2003

Dollars in thousands

	Fiscal year			
	2000	2001	2002	2003
AIP noise set-aside funds	\$206,719 ^a	\$326,798 ^b	\$344,111 ^b	\$361,176 ^b
Cost of noise projects in the NPIAS ^c —minus matching shares ^d	349,417	297,036 ^e	293,329 ^e	150,443 ^e
Difference	(142,698)			

^aAmount appropriated.

^bThese are FAA’s estimates for the noise set-aside amounts based only on AIP authorization levels. The actual amount of the noise set-aside in any given year will be affected by how much, if any, AIP apportionment funds for that year are unused and thus carried over to the next year. Such apportionment carryover amounts are added to discretionary funds in the year unused, but subtracted from discretionary funds for the following year. According to FAA, the apportionment carryover amount has ranged in the past generally between \$60 million to \$150 million.

^cPlanned costs are based on FAA’s estimates of the year the project will receive AIP funding and the expected start date of the project. Although data are from the 5-year NPIAS for fiscal years 2000 through 2004, we compared only 4 years of data because AIP appropriation and/or authorization data are available only through fiscal year 2003.

^dAirports receiving AIP grants must pay a matching share of the cost of a project. For noise-related projects, large and medium hub airports pay 20 percent of the cost of a project in matching funds, and all other airports pay 10 percent.

^eThese costs are subject to change. The NPIAS is updated each year, and according to FAA officials, amounts unfunded will be scheduled for funding in the following fiscal year.

^fThe difference cannot be computed because it depends on how much of the \$142,698,000 in unfunded NPIAS noise projects may be carried over for future funding, and when.

Source: GAO compilation of FAA data.

The NPIAS is updated each year, and new projects, as well as airports, may be added. The current 5-year NPIAS project database was prepared at a time when FAA limited the amount of AIP noise set-aside funds that an individual airport could receive in a single year because the demand for those funds generally exceeded the amount available. Airports with FAA-approved noise compatibility programs were generally not allowed to receive more than \$5 million each in a single year for noise-related projects. Airports were also generally not allowed to receive more than \$3 million each in a single year for projects at schools and hospitals in the vicinity of the airport.

In addition, FAA officials stated that the demand for noise set-aside funds is likely to increase for two reasons. First, FAA approves about 15 to 20 new or revised noise compatibility programs a year, thus generating new projects eligible for noise set-aside funding. Second, airports have shown increasing interest in funding noise mitigation projects for residents who live in geographic areas beyond those that FAA has defined as incompatible with airport noise. Such areas have not generally benefited from noise mitigation programs because of the limited noise set-aside funds.⁷

⁷Currently, FAA’s funding for noise relief is focused on geographic areas exposed to 65 decibels of noise or higher as measured by the Day-Night Sound Level method, which measures exposure from cumulative events over time.

Scope and Methodology

To determine the distribution of AIP and PFC funding for noise-related projects by FAA region, we obtained AIP and PFC historical data from FAA. We did not independently review the validity of the AIP program database, but it is the only database for that information, and we have used data from it extensively during several reviews of various aspects of the grant program. In 1999, we independently validated the PFC project database and found it to be very reliable (a 0.3-percent error rate). We sorted and totaled the AIP and PFC data by FAA region.

To compare the amounts appropriated and authorized for the AIP noise set-aside with the costs of noise-related projects in the current NPIAS, we obtained from FAA (1) the actual AIP noise set-aside amounts for fiscal year 2000 and estimates of the AIP noise set-aside for fiscal years 2001 through 2003 based on the authorized amounts, and (2) data on the noise-related projects in the 5-year NPIAS for fiscal years 2000 through 2004. We calculated the matching-share costs of airports for AIP-funded noise-related projects and deleted those costs from NPIAS project costs in order to compare the AIP share of project costs with the AIP noise set-aside funding data. We compared the planned project costs based on FAA's estimates of the year the projects would receive AIP funding and the expected start date of the projects.

Agency Comments

We provided the Department of Transportation with a copy of the draft report for its review and comment. The Department had no objections to the information presented in the draft report.

We performed our work from July 2000 through September 2000 in accordance with generally accepted government auditing standards.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 5 days after the date of this letter. Please contact me or Belva Martin at (202) 512-2834 if you have any questions. In addition, Beverly Ann Bendekgey, Julian L. King, and John A. Thomson, Jr. made key contributions to this report.

Sincerely yours,

Gerald L. Dillingham, Ph.D.
Associate Director, Transportation
Issues

Enclosure I
AIP and PFC Funding for Noise-Related Projects by FAA Region

Tables 2 and 3 identify total Airport Improvement Program (AIP) and total Passenger Facility Charge (PFC) program funding for noise-related projects, since the inception of each program, grouped by airports in each of the Federal Aviation Administration's (FAA) regions.

Table 2: AIP Funding of Noise-Related Projects for Fiscal Years 1982 Through 1999, by FAA Region

FAA region	Amount	Percentage
Alaskan	\$5,027,285	0.2
Central	185,081,464	6.7
Eastern	213,690,454	7.8
Great Lakes	461,913,047	16.8
New England	144,230,863	5.2
Northwest Mountain	217,428,766	7.9
Southern	709,137,391	25.8
Southwest	272,910,721	9.9
Western-Pacific	538,140,679	19.6
Total	\$2,747,560,670	99.9

Note: The percentages do not total 100 because of rounding.

Source: GAO compilation of FAA data.

Table 3: Approved PFC Collections for Noise-Related Projects for Fiscal Years 1992 Through 1999, by FAA Region

FAA region	Amount	Percentage
Alaskan	\$0	0.0
Central	94,741,850	5.8
Eastern	1,452,449	0.1
Great Lakes	645,288,204	39.4
New England	28,390,000	1.7
Northwest Mountain	119,364,538	7.3
Southern	129,175,065	7.9
Southwest	9,832,867	0.6
Western-Pacific	608,668,239	37.2
Total	\$1,636,913,212	100.0

Source: GAO compilation of FAA data. FAA data are as of October 31, 1999.

Enclosure II
Noise-Related Projects Included in the National Plan of Integrated Airport Systems for Fiscal Years 2000 Through 2004, by FAA Region

The total projected costs of noise-related projects that are part of the 5-year National Plan for Integrated Airport Systems (fiscal years 2000 through 2004) by FAA region appear in table 4. As the table shows, the largest share of costs for planned projects—\$521 million, or nearly 35 percent of total costs—originates from airports in FAA’s Great Lakes Region, while the second largest share—\$354 million, or nearly 24 percent—originates from airports in FAA’s Southern Region. The smallest share—\$3.8 million, or 0.3 percent—originates from airports in FAA’s Alaskan Region.⁸

Table 4: Noise-Related Projects in NPIAS for Fiscal Years 2000 Through 2004, by FAA Region

FAA region	Amount	Percentage
Alaskan	\$3,822,222	0.3
Central	87,935,000	5.9
Eastern	53,934,089	3.6
Great Lakes	521,141,980	34.7
New England	61,449,227	4.1
Northwest Mountain	66,794,446	4.4
Southern	354,069,333	23.6
Southwest	106,316,111	7.1
Western-Pacific	247,067,788	16.4
Total	\$1,502,530,197	100.1

Note: The percentages do not total 100 because of rounding.

Source: GAO compilation of FAA data.

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⁸Unlike other FAA regions, the Alaskan Region consists of only one state and is assured a certain portion of AIP funds each year for development projects.

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