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Highlights

Highlights of [GAO-06-398T](#), a report to the Subcommittee on Aviation, Committee on Commerce, Science and Transportation, U.S. Senate

Why GAO Did This Study

Over the last decade, significant changes have occurred in the airline industry. Network carriers are facing challenging financial conditions and low-cost carriers are attracting passengers away from some small community airports. These changes, and others, have challenged the ability of small communities to attract adequate commercial air service.

In response to these challenges, Congress has established two key funding programs—the Essential Air Service (EAS) and the Small Community Air Service Development Program (SCASDP)—to help small communities retain or attract air service. However, the sustainability of such funding could be affected by the federal government’s fiscal imbalance. In addition, GAO reports have raised questions about how these programs support commercial air service to small communities.

Given this environment, this testimony discusses (1) the development and impact of EAS, (2) the status of SCASDP and (3) options for reforming EAS and evaluating SCASDP. The testimony is based on previous GAO research and interviews related to these programs, along with program updates.

www.gao.gov/cgi-bin/getrpt?GAO-06-398T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gerald Dillingham at (202) 512-2834 or dillinghamg@gao.gov.

COMMERCIAL AVIATION

Programs and Options for the Federal Approach to Providing and Improving Air Service to Small Communities

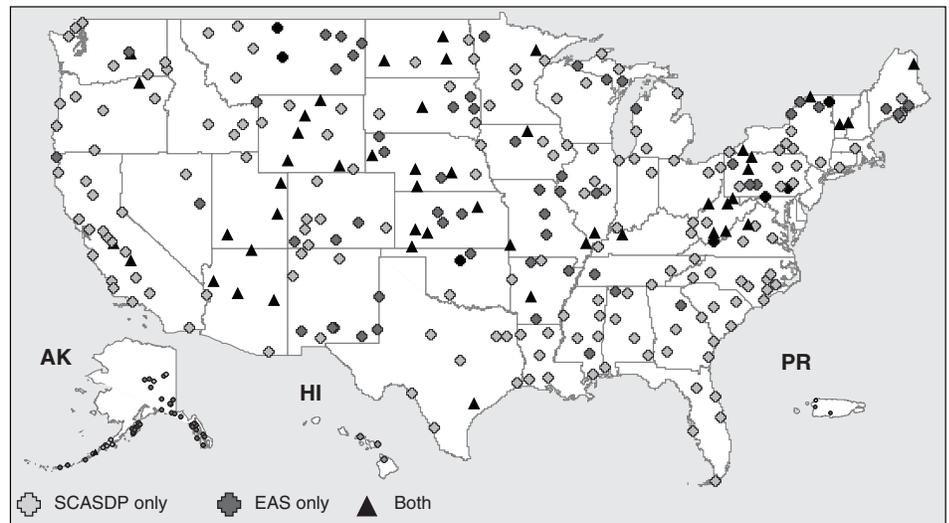
What GAO Found

The EAS program guarantees that communities that were served by air carriers before deregulation continue to receive a certain level of scheduled air service, under certain conditions. A growing number of communities are receiving subsidies under this program and funding for the EAS program has risen more than four-fold over the past 10 years. The federal subsidies have resulted in continued air service to the EAS communities, but if the subsidies were removed, air service might end at many of these communities.

SCASDP grantees have used their grants to pursue a variety of goals and have used a variety of strategies, including marketing and revenue guarantees, to improve air service. The program has had mixed results: 11 of the 23 projects completed as of September 30, 2005, showed self-sustaining improvements to air service; while the remaining 12 grantees either discontinued the improvement or the improvement was not self-sustaining. Finally, the number of applications for SCASDP grants has declined—from 179 in 2002 to 75 in 2006.

There are options for reforming EAS such as consolidating service into regional airports, which might make it more cost-effective, but also could reduce service to some communities. In 2003, Congress established several programs as alternatives for EAS, but these programs have not progressed. The Department of Transportation has agreed to evaluate completed SCASDP projects, an effort that will be useful when Congress considers the reauthorization of this program in 2008; this could also identify “lessons learned” from successful projects.

EAS Communities as of May 2006; SCASDP Communities, 2002-2006



Source: GAO.