ACRP Problem No. 12-01-06

Economic Impact of Airports in the United States

ACRP Staff Comments: The proposed research should reference Synthesis 7: Airport Economic Impact Methods and Models which addressed impacts at local and regional levels.

TRB Aviation Group Committees Comments: AVIATION ECONOMICS AND FORECASTING CMTE - Not clear whether the intent is to create a methodology for consideration of airport impacts in the aggregate, or to actually conduct the study. The scale of the work program proposed suggests that both should be undertaken. The committee would support that effort, which could proceed from the numerous individual airport studies toward an economic consideration of the nation's system of airports, both as local institutions and as national or regional transportation nodes.

Review Panel Comments: Recommended — The problem statement scope is overwhelming--It would be worthwhile if it were more definitive and on a smaller scale. The research should come up with a standard methodology. There is a lot of external information that needs to be brought together. ACI has developed data in this area, and ACRP Synthesis 7: Airport Economic Impact Methods and Models, is a related study. AAAE has a template for individual airports. Related research is not flushed out, and it is a good idea to help get commonality. This effort wants to look at the aggregate, industry-wide economic impact--a high level economic tool to communicate the value of airports on a policy level--a difficult task. The panel is aware of a recently-completed FAA study, The Economic Impact of Civil Aviation on the U.S. Economy (Dec. 2009) that my be substantially similar. It is good to get NASAO on board.

AOC Disposition: Approved and funded at $400,000. Although airports conduct their own economic impact studies and there are state-level studies and a NASAO study of GA airport impacts, no one has a good measure of the U.S. airport industry's total economic impacts--and there is a need for a national estimate. The project panel will need to be diligent to avoid duplicating existing research efforts and to not produce guidance that would constrain airports from doing "niche" economic studies.
I. Problem Title
Economic Impact of Airports in the United States

II. Research Problem Statement
The economic impact of airports is typically assessed at a local or regional level to educate communities about how their airport(s) contribute to the area’s economy, and to justify airport infrastructure investments to local policy-makers. An unfulfilled need exists at the national level to educate policy-makers and the public about the importance of airports to the economy of the United States, particularly at a time when Congress and other stakeholders are debating what levels of federal grants to authorize and appropriate for airports, what changes if any to make to the passenger facility charge (PFC) program, and other issues that affect future investment in airports. Various entities such as the Air Transport Association (ATA) publish reports quantifying the importance to the national economy of the aviation industry overall, but the specific economic impact of airports nationwide is not available.

III. Objective
This ACRP project on the importance of airports to the nation’s economy will quantify direct employment, wages, and spending at US airports; assess the associated indirect impacts from off-airport supplying industries and visitors; and determine an appropriate multiplier at the national (macro) level, to estimate the total economic impact of airports nationwide in a given year. The study will address the challenges of obtaining sufficiently detailed and consistent data across airports, documenting tenant investment at airports, and avoiding double-counting of impacts across the airport industry. The study will also ensure that the economic impacts of commercial service airports, all-cargo airports, and general aviation airports are all addressed.

IV. Research Proposed
This study will start by reviewing recent literature and studies on the national economic impact of airports through the internet, government agencies, industry associations, and academic sources. Second, it will identify sources and collect data and, if deemed effective, conduct surveys to obtain data. Third, it will identify gaps in the data and formulate strategies to estimate missing data. Fourth, the study will conduct the economic impact analysis and provide a report discussing analytical method, model(s) and tools used, and their applicability and tradeoffs. Finally, the report will provide a methodology for the airport industry to update the analysis on a regular/periodic basis.
V. Estimate of the Problem Funding and Research Period

**Recommended Funding:** It is estimated that the research can be completed for a budget of $480,000.

**Research Period:** It is estimated that the research could be completed within 15 months, including 3 months for review and revision of a draft final report.

VI. Urgency and Payoff Potential

This research would educate members of Congress and other policy makers as to the direct, indirect, and induced economic impact of airports, including their ability to promote job growth. No such comprehensive data currently exists, with the result that the needs of airports are often not given the priority they deserve by policy makers. ACI-NA’s recently updated Airport Capital Needs Study found that airports will need to invest at least $80 billion over the next five years to provide for safe, secure and efficient airport operations for the traveling public. However, legislation currently under consideration in Congress and President Obama’s proposed FY2012 budget, both make drastic cuts to airport funding. Other existing legislation unfairly inhibits airports’ ability to raise their own capital. This research would, for the first time, quantify the macro-level economic impact of the airport industry and provide for a more informed debate over airport economic policy.

VII. Related Research

The most recent report on the topic of airport economic impact studies was the 2008 ACRP Synthesis 7 Report, “Airport Economic Impact Methods and Models,” Project 11-03, Topic S03-03, which addressed local/regional airport economic studies, issues, methodologies and tools. The synthesis report is a useful tool at the local and regional level, but does not address the macro economic importance of airports nationwide, nor quantify that impact. Previous guidance issued by the FAA in 1986, entitled “Measuring the Regional Economic Significance of Airports” and in 1992 entitled “Estimating the Regional Economic Significance of Airports” focused on local/regional economic impact analysis and are not applicable at the national level. The ACRP program, with its national perspective and relevance, is the natural vehicle for this study on behalf of the airport industry.

VIII. Persons Developing the Problem

Cindy Nichol
on behalf of the ACI-NA Finance Committee
Finance Director
San Francisco International Airport
IX. Process Used to Develop Problem Statement
The problem statement was developed in consultation with the ACI-NA Finance Committee’s Alternative Airport Business Models Working Group.

X. Date and Submitted by
A.J. Muldoon
Senior Manager, Policy and Regulatory Affairs
ACI-NA
amuldoon@aci-na.org
(202) 861-8097
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