

AMERICA'S FUTURE IN AIRPORT INFRASTRUCTURE

Spencer Dickerson

American Association of Airport Executives

Achieving consensus to maintain and expand airport infrastructure is vital to our Nation's future competitiveness. As world military competition is replaced by global economic competition, airport capacity in the United States is increasingly critical to our national economy.

Germany and Japan may be our largest economic competitors, but in terms of size and geography, each can produce goods and services internally with modern systems of roads and railroads. The United States, due to its size and geography, must have an efficient, high capacity airport system to move its people and resources in order to compete.

In the past four years, while annual airline passenger enplanements in the United States have increased 16 percent, annual investment in airport development has decreased 23 percent. AIP funds are down almost \$500 million since the early 1990s. The Clinton Administration has not changed that course with its request in FY 1998 of just \$1 billion for airport grants. Such trends create immediate questions about the adequacy of capacity in an airport system where development takes five to 10 years to complete.

The past few years have seen important development of a public and political will to avoid leaving an ever-growing national debt to future generations. But it is equally important to foster the public understanding that, if the Federal Government cuts debt at the expense of allowing transportation infrastructure systems to crumble or limits future growth, our generation is not doing future generations any favors. If we leave them without the basic facilities to compete economically on a global scale and to create wealth, we will fail them just as surely as if we leave them with a mounting national debt.

Like any business facing economic challenges, the Nation must balance cutbacks in current operating expenses and long-term investments in a way that meets the dual needs of current stability and future competitiveness. In the United States, public infrastructure investment has been cut in half over the past 25 years. We are investing less in infrastructure than any other G-7 nation. One alarming statistic is that we are investing at one-third the rate of the Japanese.

In the context of all transportation infrastructure needs, by far the most important questions for the present generation's legacy of governance are: Did we leave the Nation's ability to create wealth better or worse than we

found it? Did we consume more than we produced? Did we leave the next generation with the transportation facilities to compete in the future? Answers to these questions about our stewardship of the Nation's infrastructure will not include explanations or excuses. We build infrastructure for the future, or we do not. It is our choice.

Development and maintenance of infrastructure are unique government responsibilities. Transportation infrastructure must often lead markets, and it requires investments in total systems, with both profitable and unprofitable segments, which only government has the incentive to make.

Airport development often takes a decade from planning to completion and usually suffers most in major markets where too little capacity was added before the local economy fully developed. Once major markets are mature, further airport development can become impossible—a stalemate that is bad for aviation and worse for business and economic activities that are never born under such local restraints.

Risk

By far the greatest risk is for government to allow underinvestment in the facilities that promote economic growth. The rare cases of "overinvestment" in airport infrastructure are almost always cases of facilities earning their return further in the future than originally planned, such as the case of Washington Dulles Airport. Underinvestment mistakes have a much higher cost and result in constraints on economic growth and lost economic activity, with associated ripple effects.

It is not essential—and not even important—for government to do the spending and the building, but it must assume the responsibility to see that the building gets done. In some infrastructure systems, government has the leverage to require beneficiaries of a system to pay for future capacity and for appropriate access. Telecommunications and highway programs are two examples of the Federal Government using regulatory leverage and dedicated national fees to ensure that infrastructure is funded by users.

The American Association of Airport Executives (AAAE) and the Airports Council International—North America (ACI-NA) have conducted periodic surveys to assess the capital development funding needs of airports throughout the United States. In 1990, 1992 and 1995, these surveys showed a consistent need for \$10 billion annually for airport development, safety, and capital reconstruction. And just recently the General Accounting Office just completed its study on airport needs and

determined that total airport needs are \$10.1 billion annually.

In contrast, the Federal Government has been providing appropriated funding from the aviation trust fund and local passenger facility charge (PFC) authority for a total of \$11 billion over five years—approximately one-fifth of the needed investment. Adding airport bonds, PFC income, and other local revenues to the federal investment boosts the total current investment to just over one-half of the estimated airport development needs. The national aviation system can absorb this underfunding for a limited time, but at some point demand for airport capacity will overtake supply, prices will increase, and national economic activity will begin to suffer.

The Federal Aviation Administration cites 22 airports that are seriously congested, collectively experiencing more than 20,000 hours of delay per year. These delays cost the airlines alone over half a billion dollars, and the total cost is many times that figure if one calculates the delay costs for passengers and related businesses. FAA forecasts that unless airport capacity investments are made to keep pace, the number of seriously congested airports will grow to 32 in less than 10 years. At some of these airports, congestion will not be correctable due to local physical and political barriers, and it will become all the more important to make capacity additions at the remaining airports.

While we do not need to spend \$50 billion a year on the national airport system, we do need to increase our present investment in airport facilities by almost 50 percent. Both internal needs surveys and the planned investments by global economic competitors make it clear that the United States is seriously underinvesting in airport infrastructure.

The world aviation market is extremely important. In 1994, the total economic contribution of aviation on gross world output was \$1.12 trillion. World airlines served more than 1.3 billion passengers, transported over 23 million tons of freight, provided over 23 million jobs, and generated in excess of \$250 billion in annual revenues—more than the GDP of most nations. By 2010, the projected economic impact is forecasted to grow by over 50 percent to \$1.7 trillion. A market of such significance deserves the Federal Government's serious attention and strong commitment to infrastructure needs.

The Future

The Federal Government has three choices with regard to the Nation's future airport infrastructure:

1. Increase federal investment through a responsible and appropriate AIP program,

2. Provide incentives and tools for local governments to increase their investments to compensate for diminished federal support,

3. Neglect investment and permit future generations to pay the cost of that neglect.

Continuing on our current path is to choose the third option. Only Federal Government leadership can assure that we build the efficient, high-capacity, national airport system that America will need in the future to compete successfully worldwide.

THE PERSPECTIVE OF REGIONAL AIRLINES

Walter S. Coleman
Regional Airline Association

The Regional Airline Association appreciates the opportunity to offer the regional airlines perspective on airport requirements.

Regional Airline Background

There are 109 U.S. regional airlines. The 20 largest regional airlines fly 8.5 percent of the revenue passenger miles. Regional airlines serve 725 airports in the United States. Within the 48 contiguous states, regional airlines serve over 500 airports. At over 300 airports in the 48 contiguous states, regional airlines are the exclusive providers of scheduled airline service. Regional airlines make over 12,000 departures every day. By comparison, the major airlines, with a fleet twice the size of the regional fleet, make 18,000 departures a day. There are 2,100 aircraft in the regional airline fleet.

Since deregulation in 1978, regional passenger enplanements have increased from 11.3 million to 62 million. 62 million passengers represents about 11 percent of all passengers carried. The 62 million is also over a fivefold increase in passengers. During this same period the size of the regional airline fleet has doubled. Over five times the number of passengers carried with a fleet that has only doubled is a remarkable achievement. Imagine the demand on airports if the number of aircraft had increased proportionally to the passenger enplanements.

The regional airline fleet requires far less airport infrastructure than large turbofan aircraft. Regional airliners, even the 50-seat regional jets, have takeoff gross weights that are very low compared to the large turbofan fleet. Most regional aircraft average around 25,000 to 35,000 pounds. Nearly all of the fleet can land and takeoff in under 6,000 feet, and they do not require the runway or taxiway widths necessary for the wide landing gear of most turbofans.