Coburn Amendment 82 – To Eliminate the Small Community Air Service Development Program (SCASDP)

SCASDP was created in 2000 to increase air service at small airports

- The SCASDP's core objective is to award grants to airports with "insufficient air carrier service" or high air fares to be used to secure sufficient and cost-effective air carrier service.[1]
- SCASDP grants are used for revenue guarantees to attract new commercial airline routes and for marketing efforts to promote new or existing air routes.
- SCASDP is authorized at $35 million annually to award up to 40 grants per year with a total of 256 grants having been awarded for $117,246,822 since funding started in 2002.

SCASDP overlaps ineffectively with the existing Essential Air Service (EAS) program

- A similar program, Essential Air Service (EAS), subsidizes commercial flights to small community airports that operated before the deregulation of the airline industry in 1978.
- SCASDP grants are prohibited from being used as revenue guarantees for EAS airports, however, EAS airports can receive SCASDP grants to market their EAS subsidized lines.
- Since 2004, 24 grants have been awarded to 33 EAS airports for marketing enhancement purposes- all 33 airports still receive EAS subsidies.[2]

SCASDP Grants have been used for projects of questionable merit

- Two primary airports in Knoxville, TN and Huntsville, AL, with more than 1.35 million enplanements combined in 2009, used SCASDP grants for revenue guarantees to establish new commercial service routes. McGhee-Tyson Airport in Knoxville used the funds to attain air service to the vacation destination of Myrtle Beach, SC, and Huntsville International Airport used its grant to establish a new route to Baltimore/Washington International even though it already had unsubsidized service to the two other Washington, D.C. area airports.[3] These recipients of an award to improve "underserviced airports" were so worried about competition concerns that they filed and received confidentiality agreements for their grant proposals.[4]
- Tunica Municipal Airport, located 39 miles from Memphis International Airport, received funds to establish its first scheduled commercial service route to Atlanta. Tunica, MS, a small gambling community, received the grant based on a cost sharing arrangement with local casinos, partnering tax payer dollars with gambling revenue to subsidize potential gamblers' travels that do not want to make the drive from the major airport in Memphis. The grant provided a temporary increase in passengers to the airport, which was leveraged by the Tunica Municipal Airport to receive an Airport Improvement Program grant for a new passenger terminal, even though the SCASDP funded route is scheduled to end with the expiration of the grant funds on May 5th of this year.[5]
- Palmdale Regional Airport, located 73 miles from Los Angeles International airport (the 7th busiest airport in the world) was a 2006 SCASDP recipient of a grant to establish its first

[1] http://ostpxweb.dot.gov/aviation/X-50%20Role_files/smallcommunity.htm#Use

[2] http://ostpxweb.dot.gov/aviation/x-50%20role_files/NonAlaska010110.pdf

[3] http://blog.al.com/breaking/2010/02/huntsville_international_airpo_3.html

[4] http://www.regulations.gov/#!documentDetail;D=DOT-OST-2009-0149-0008.1;
http://www.regulations.gov/#!documentDetail;D=DOT-OST-2009-0149-0036 ;
http://www.hsvairport.org/hia/index.html;
http://www.faa.gov/airports/airport_safety/part139_cert/?p1=definitions

[5] http://www.tradingmarkets.com/news/press-release/aai_be_the_big_game_calls_for_big_savings_with_airtran-airways-new-sale-fares-1442849.html

commercial route from the airport to San Francisco through revenue guarantees. United Airlines discontinued the new route the day after the grant funds expired.[6]

- Rockford-Chicago Airport, located 72 miles from Chicago O'Hare (the third busiest airport in the world) received a grant in 2009 to establish new service to a priority business destination, despite having received a SCASDP grant in 2005 to accomplish the same goal. The previous grant failed to make the Chicago-Rockford to Denver route sustainable without revenue guarantees. A spokeswoman at the airport referred to the federal grant money as a "risk-free trial."[7]
- Similarly, the Dothan Regional Airport, located within 120 miles of six airports with better service and more competitive rates, received a SCASDP grant for the second time in 2010. The previous attempt in 2002 failed to sustain commercial airline service despite being tagged with the special Air Zone Development designee. This tag constitutes direct help from the Secretary of Transportation along with additional assistance from the Department of Commerce to attract business and improve land development in the designated area.[8]
- An SCASDP grant was used by a Port Angeles, WA airport to hire a marketing advisor, whose strategy was to put the airport on the approved General Services Administration Airports so that government workers assigned to a local federal project could be reimbursed to fly there. This federal grant essentially paid $360,000 for an employee to find a way to use government money to reimburse government workers so they can fly to a more conveniently located airport to work on a government funded project.[9]

SCASDP Is Ineffective

- While the goal of SCASDP is for grants to establish long-term sustainable air service, the program has been unsuccessful in attaining any sustainability after the grant benefits expire.
- Airlines discontinue the SCASDP funded route once the revenue guarantees run out, often times the next day.
- In 2008, an FAA Inspector General (IG) study reviewed SCASDP and found that "Most Projects Failed to Fully Achieve Their Objectives." Specifically 62.5% of projects failed to attain even a single project goal, while 70% failed to fully achieve their objectives.[10]

This Amendment is Necessary to Help Prioritize Federal Funding More Effectively

- 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 help ensure FAA funds are wisely appropriated.
- The goal of this amendment is to eliminate an ineffective and wasteful program in order to utilize the funding for more effective programs. Every dollar that goes towards temporarily propping up small community airports is siphoned away from more important programs, such as NextGen technology projects at congested airports.

For more information contact: Bryan Berky (8-5348)

---

[6] http://articles.latimes.com/2008/nov/18/local/me-regional18;
http://www.redorbit.com/news/business/738703/los_angeles_world_airports_city_of_palmdale_request_airline_proposals/index.html
[7] http://www.rrstar.com/carousel/x1025060394/RFD-gets-500K-grant-to-attract-more-fliers
[8] http://www.regulations.gov/#!documentDetail;D=DOT-OST-2009-0149-0007
[9] http://www.peninsuladailynews.com/article/20100810/NEWS/308109993/kenmore-air-eyes-setting-up-expedia-travelocity-links
[10] http://ostpxweb.dot.gov/aviation/X-50%20Role_files/OIG_Report_May_2008.pdf