



Highlights of [GAO-09-753](#), a report to congressional requesters

## Why GAO Did This Study

Since 1978, the Essential Air Service (EAS) program has subsidized air service to eligible communities that would otherwise not have scheduled service. The cost of this program has risen as the number of communities being served and subsidies to air carriers have increased. At the same time, the number of carriers providing EAS service has declined. Given continuing concerns over the EAS program's long-term prospects, GAO was asked to review the program.

GAO reviewed (1) the characteristics and current status of the EAS program, (2) factors affecting the program's ability to provide air service, (3) options for revising the program, and (4) tools for assessing the program, the options for its revision, and the program's performance. GAO interviewed stakeholders and reviewed the results of an expert panel convened by GAO, Department of Transportation (DOT) data and program documentation, and potential methodologies for assessing federal programs.

## What GAO Recommends

Congress should consider re-examining the EAS program in light of changes in its operating environment, and DOT should assess some of its practices as well as whether other forms of air service or other modes of transportation might better serve some communities. DOT concurred with our revised recommendations.

View [GAO-09-753](#) or [key components](#). For more information, contact Gerald Dillingham at (202) 512-2834 or [dillinghamg@gao.gov](mailto:dillinghamg@gao.gov).

## NATIONAL TRANSPORTATION SYSTEM

### Options and Analytical Tools to Strengthen DOT's Approach to Supporting Communities' Access to the System

#### What GAO Found

The EAS program has changed relatively little in 30 years, but current conditions raise concerns about whether the program can continue to operate as it has. Over the past 2 years subsidies to carriers have been increasing, along with EAS program obligations to fund those subsidies. In response, the administration is requesting \$175 million for the EAS program in fiscal year 2010, a \$50 million increase over recent funding levels. At the same time, the number of carriers providing subsidized air service is declining, from 34 in 1987 to 10 in 2009. More than one-third of the EAS-supported communities temporarily lost service in 2008, when 3 carriers ceased operations.

Several factors contribute to the increasing difficulty in providing subsidized air service. The EAS program has statutory requirements for minimum aircraft size and frequency of flights, effectively requiring carriers to provide service that may not be "right-sized" for some small markets. Also, the growth of air service especially by low-cost carriers—which today serve most U.S. hub airports—weighed against the relatively high fares and inconvenience of EAS flights, can lead people to bypass EAS flights and drive to hub airports. Moreover, the continued urbanization of the United States may have eroded the potential passenger base in some small and rural EAS communities.

While Congress, DOT, GAO, and others have proposed various revisions to the EAS program, Congress has not authorized many changes to program requirements. Proposed Federal Aviation Administration reauthorization legislation would include performance-based incentives, among other changes. GAO and others have suggested increasing flexibility and other changes that could make EAS service more sustainable for smaller communities. Finally, members of an expert panel organized by GAO all believed that small and rural communities would benefit from a multimodal approach to transportation. Generally they believed that other modes of transportation could be more responsive to communities' transportation needs in some cases.

Although it is difficult to select options for the EAS program since stakeholders do not always agree on program objectives, certain analytical tools can help policymakers assess the EAS program. Tools include a re-examination framework to revisit the program's objectives, and help evaluate options to make the program more effective. Other analytical tools include an analytical approach GAO developed that, for a sample of small and rural communities, identified their access to different modes of transportation. This approach has the potential for broader application to examinations of communities' access to the national transportation network. Finally, once a change is implemented, performance measures can be used to periodically evaluate program effectiveness.