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United States Government Accountability Office  
Washington, DC 20548

June 8, 2007

The Honorable James L. Oberstar  
Chairman  
The Honorable John L. Mica  
Ranking Republican Member  
Committee on Transportation and Infrastructure  
House of Representatives

The Honorable Jerry F. Costello  
Chairman  
The Honorable Thomas E. Petri  
Ranking Republican Member  
Subcommittee on Aviation  
Committee on Transportation and Infrastructure  
House of Representatives

*Subject: Federal Aviation Administration: Cost Allocation Practices and Cost Recovery Proposal Compared with Selected International Practices*

Anticipating the expiration of the Federal Aviation Administration's (FAA) current authorization at the end of fiscal year 2007, the administration submitted a proposal<sup>1</sup> on February 14, 2007, for reauthorizing FAA and the excise taxes that fund most of its budget. This proposal would introduce cost-based charges for commercial users of air traffic control services, eliminate many current taxes, substantially raise fuel taxes for general aviation users to pay for their use of air traffic control services, and charge commercial and general aviation users a fuel tax to pay primarily for airport capital improvements. In January 2007, FAA released the results of a recently completed cost allocation study<sup>2</sup> in support of the administration's proposal for

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<sup>1</sup>Two bills were introduced on request in the House and Senate, H.R. 1356 and S. 1076, respectively, the Next Generation Air Transportation System Financing Reform Act of 2007.

<sup>2</sup>Federal Aviation Administration, *FY 2005 Cost Allocation Report* (Washington, D.C., Jan. 31, 2007).

transitioning to user fees. FAA and the administration used this study to determine the factors that drive the costs of providing air traffic control services, allocate these costs to various users of air traffic control services, and support the development of alternative methods to recover those costs. On March 21, 2007, we testified before the House Subcommittee on Aviation,<sup>3</sup> providing our observations on selected changes to FAA's funding and budget structure contained in the administration's reauthorization proposal. As requested, we are also providing comparative information to further assist Congress in considering FAA's funding proposal. Accordingly, we addressed the following question: How do the proposed practices for allocating and recovering the cost of FAA's air traffic control operations compare to the practices of other countries?

To address this question, we reviewed FAA's 2007 cost allocation report and the administration's reauthorization proposal. We interviewed officials from FAA, selected air navigation service providers (ANSP)<sup>4</sup> in other countries whose practices we previously reviewed,<sup>5</sup> EUROCONTROL,<sup>6</sup> and international aviation industry associations. We selected the ANSPs in Australia and Canada—Airservices Australia and NAV CANADA, respectively—and EUROCONTROL as illustrative of similarities and differences in the way that air traffic control costs can be allocated and recovered. Both Australia and Canada have relatively high levels of general aviation activity, which makes their ANSPs particularly useful for comparison to FAA, since the United States has the highest level of general aviation activity in the world. Significant inherent differences between the U.S. and other countries' ANSPs worldwide cannot be accounted for in this study. For instance, the administrative management function of each country's ANSP differs. NAV CANADA is a privately owned ANSP, while Airservices Australia is a wholly government-owned ANSP. Our selection of ANSPs is a nonprobability sample, and information presented about them cannot be used to make inferences about the ANSPs we did not review. We compared the practices described in FAA's 2007 cost allocation report to the cost allocation practices of the selected ANSPs. We also compared the cost recovery practices set forth in the administration's proposed cost recovery legislation to the cost recovery practices of the selected ANSPs. (See enc. I for additional information on our methodology.) We conducted our work from April 2007 through June 2007 in accordance with generally accepted government auditing standards.

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<sup>3</sup>GAO, *Federal Aviation Administration: Observations on Selected Changes to FAA's Funding and Budget Structure in the Administration's Reauthorization Proposal*, [GAO-07-625T](#) (Washington, D.C.: Mar. 21, 2007).

<sup>4</sup>An ANSP is an organization that provides air navigation services to ensure safe flights in an efficient and cost-effective way. FAA's Air Traffic Organization is the ANSP for the United States, while Airservices Australia and NAV CANADA are the ANSPs for Australia and Canada, respectively.

<sup>5</sup>GAO, *Air Traffic Control: Characteristics and Performance of Selected International Air Navigation Service Providers and Lessons Learned from Their Commercialization*, [GAO-05-769](#) (Washington, D.C.: July 29, 2005).

<sup>6</sup>EUROCONTROL is the European Organisation for the Safety of Air Navigation, which comprises 37 member states, including the United Kingdom, Germany, and France. The agency is responsible for developing a seamless pan-European air traffic management system in coordination with each country's government/ANSP.

## Summary

The practices FAA used to allocate air traffic control costs to users and the administration proposed to recover these costs from users differ somewhat from the practices employed by ANSPs in other countries. The International Civil Aviation Organization (ICAO)<sup>7</sup> has established guidance for allocating and recovering costs attributed to air traffic-related services, but member states are not legally bound to follow its principles. In its 2007 cost allocation study, FAA allocated its total air traffic control costs to the three air traffic service categories that drive these costs—terminal services, en route services, and oceanic services.<sup>8</sup> FAA then assigned the costs for providing these services to two types of aircraft—high-performance aircraft, which include all fixed wing turbine-engine aircraft, and piston aircraft, which include fixed-wing piston-engine aircraft and helicopters—because different aircraft types affect costs differently. More specifically, turbine- and piston-engine aircraft fly at different altitudes and speeds, and these differences in operating characteristics lead to differences in the costs of providing air traffic control services. The ANSPs with cost-based charges that we reviewed also allocate costs to each of their service categories—although the percentages allocated to each category vary by country—but none of these ANSPs further allocate costs by the type of aircraft used. To recover costs, the administration proposes charging commercial aircraft users for en route services based on distance traveled and for terminal services based on airport size and aircraft weight. This proposed practice for recovering terminal costs generally resembles the practices of the other ANSPs we reviewed,<sup>9</sup> but the proposed practice for recovering en route costs differs because the other ANSPs also consider aircraft weight—a factor that increases the share of costs recovered from larger aircraft that can carry more fare-paying passengers. To recover costs from general aviation users, the administration is proposing a fuel tax of 56.4 cents per gallon for air traffic control services.<sup>10</sup> By contrast, some other ANSPs<sup>11</sup> currently charge users

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<sup>7</sup>ICAO is an advisory organization affiliated with the United Nations that aims to promote the establishment of international civil aviation standards and recommended practices and procedures.

<sup>8</sup>Terminal services are air traffic control services that FAA staff provide to guide flights from the terminal to the runway and through takeoff. These services rely primarily on control towers and terminal radar approach control centers (TRACON). TRACONs then pass flights off to air route traffic control centers, which provide en route control until the flights near their destinations; these services are referred to as en route services. Oceanic services are analogous to en route services, except that the aircraft is flying over the ocean, where fewer communication, navigation, and surveillance capabilities are available than over land. FAA also allocates costs to flight service stations (FSS), which provide pilot and weather briefings through automated flight service stations. However, FAA did not further allocate FSS costs among users because (1) costs are expected to decline substantially in future years, (2) the cost recovery proposal funds these costs from the General Fund, and (3) charging user fees for these services would encourage general aviation pilots to fly “outside the system,” which would negatively affect safety.

<sup>9</sup>NAV CANADA does not vary terminal charges by airport size.

<sup>10</sup>The administration would impose an additional fuel tax of 13.6 cents a gallon to fund the Airport Improvement Program, Essential Air Services, and Research, Engineering, and Development, bringing the total fuel tax to 70 cents per gallon.

<sup>11</sup>Some European ANSPs do not charge general aviation users an annual fee.

of small general aviation aircraft an annual fee based on such factors as aircraft weight and number of flight operations.

## **Background**

FAA currently receives the majority of its support (82 percent) from the Airport and Airway Trust Fund (trust fund), whose revenues come from a series of excise taxes paid by aircraft operators. These excise taxes are associated with purchases of airline tickets and aviation fuel, as well as with cargo shipment. In fiscal year 2006, the ticket tax was the largest single source of trust fund revenue, followed by the international departure and arrival tax, the passenger segment tax,<sup>12</sup> and fuel taxes. These trust fund revenues are then available for use subject to appropriations. In addition to these revenues, General Fund revenues have been used in most years to fund FAA. About \$2.6 billion was appropriated for fiscal year 2006 from the General Fund for FAA's operations. This amount represents about 18 percent of FAA's total appropriation.

FAA has expressed concern that under the current funding structure, revenues depend heavily on factors such as ticket prices that are not connected to FAA's workload and costs. In addition, FAA maintains that every cost allocation study the agency has done over the last three decades has found that general aviation is responsible for at least 11 percent of air traffic costs, yet general aviation users pay roughly 3 percent of the taxes that go into the trust fund.<sup>13</sup> According to FAA, under the current structure, increases in the agency's workload may not be accompanied by revenue increases because users are not directly charged for the costs that they impose on FAA for their use of the national airspace system. Revenues collected from ticket taxes—which are 7.5 percent of ticket prices—are primarily dependent on the ticket price and the number of airplane passengers, while air traffic workload is primarily driven by the number of flights, the airports that aircraft use, and the distances that aircraft fly. This disconnect raises three key concerns about the current funding structure—its long-term revenue adequacy, equity, and efficiency. The administration has cited these concerns as its reasons for proposing major changes in FAA's funding, including introducing user fees to recover the costs of air traffic services.

ICAO has established guidance on ascertaining the full costs of air navigation services and developing a charging system aimed at recovering those costs. The policies allow for different methods of allocating costs attributed to en route, terminal, and oceanic services and recovering those costs from users. Member states are not legally bound to follow ICAO policies, but many ANSPs worldwide charge some type of user fees to recover their air navigation services costs. However, the

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<sup>12</sup>The passenger segment tax is levied on each segment of a passenger's domestic flight. For example, a passenger flying from New York to Seattle, with a connection in Chicago, travels two segments—the first from New York to Chicago and the second from Chicago to Seattle. The segment tax rate was \$3.30 in 2006.

<sup>13</sup>The 3 percent of taxes that go into the trust fund does not include taxes paid by air taxis and fractionally owned aircraft. Similarly, the amounts FAA attributed to general aviation in its 2007 cost allocation study do not include costs driven by air taxis or fractionally owned aircraft.

schemes for charging and recovering these user fees vary. The ANSPs we reviewed rely on user charges as their primary source of revenue, but ANSPs can also choose to recover less than the full costs of some services in recognition of local, regional, or national benefits. According to FAA, its methodology for allocating air traffic control costs and the method contained in the administration's reauthorization proposal to recover these costs follow ICAO guidance.

### **Proposed FAA Practices for Allocating Costs Differ from Those of Selected Providers**

FAA's methodology for allocating air traffic control costs and the method contained in the administration's reauthorization proposal to recover these costs from users differ somewhat from practices currently employed by ANSPs in other countries. In its 2007 cost allocation study, FAA allocated its total air traffic control costs to the three air traffic service categories that drive its costs and then assigned the costs for providing these services to two user groups defined by aircraft type.<sup>14</sup> The ANSPs we reviewed also allocate costs to each of their service categories but do not further allocate costs by aircraft type. To recover costs from commercial users, the administration proposes charging commercial aircraft for (1) en route services based on distance traveled and (2) terminal services based on airport size and aircraft weight. The other ANSPs employ an aircraft weight factor that increases the share of en route costs recovered from larger aircraft. To recover costs from general aviation users, the administration proposes a fuel tax; in contrast, the ANSPs we reviewed charge users of small general aviation aircraft an annual rate based on such factors as aircraft weight or number of flight operations. In addition, the administration proposes a congestion fee for all aircraft landings and takeoffs at congested large-hub airports. While other ANSPs do not charge a congestion fee, ICAO standards indicate that such fees are appropriate.

#### Both FAA and Selected ANSPs Allocate Air Traffic Control Costs by Type of Service, but FAA Differs in Allocating Costs by Type of Aircraft

In its January 2007 study, FAA employed a two-stage methodology to allocate the costs of providing air traffic control services. First, FAA allocated its total air traffic control costs among the air traffic service categories that drive its costs—terminal services, en route services, and oceanic services. Based on an analysis of activities at service category locations, FAA allocated about 51 percent of its air traffic control costs to terminal services, about 46 percent to en route services, and about 3 percent to oceanic services.<sup>15</sup> FAA then assigned air traffic costs to user groups based on aircraft type.

The two principal user groups are the high-performance group, which includes all fixed-wing turbine-engine aircraft operations, and the piston aircraft group, which includes fixed-wing piston-engine aircraft operations and helicopters. According to

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<sup>14</sup>Under the FAA proposal for funding air traffic control services, some aircraft (such as military aircraft and air ambulances) would be exempt from charges. The cost allocated to exempt aircraft would be covered by general revenue funds.

<sup>15</sup>This analysis does not include costs allocated to flight service stations.

FAA, this cost allocation methodology is based on the assumptions that high-performance users generally compete for the same air traffic control resources, have more time-sensitive operations, and require more complex air traffic equipment and procedures than do piston aircraft operations. Differences in the speed and cruising altitudes of the two aircraft types also affect their en route costs.

The other ANSPs we reviewed employ a different methodology for allocating air traffic control service costs. Like FAA, most foreign ANSPs we reviewed allocate costs based on their services and operational activities, according to the Civil Air Navigation Service Organization (CANSO).<sup>16</sup> However, the foreign ANSPs we reviewed differ from FAA in that they do not allocate costs by specific user group or by aircraft engine type. Officials from CANSO and NAV CANADA also told us that FAA would be unique among ANSPs in further allocating terminal and en route service costs to user groups as proposed. In addition, the proportion of costs allocated to various services varies by country. For instance, in fiscal year 2003, NAV CANADA allocated about 53 percent of its total air traffic control costs to en route services, 43 percent to terminal services, and the remaining 4 percent to oceanic services. In Europe, EUROCONTROL member states' ANSPs allocate on average about 80 percent of their costs to en route services and about 20 percent to terminal services.<sup>17</sup> EUROCONTROL member states' ANSPs also allocate a portion of their cost base to the administrative services provided by EUROCONTROL, according to CANSO.

Both Proposed FAA and Selected ANSP En Route Charges Are Based on Distance, but ANSPs Factor Weight into Charges and Only FAA Imposes a Congestion Charge

Under the administration's proposal for recovering the costs of air traffic control services, FAA's practices would both resemble and differ from those of the other ANSPs we reviewed. (See table 1 for a comparison of these practices). Like these providers, FAA would charge user fees to commercial aircraft for air traffic control services. FAA's en route service charge is based on the distance an aircraft flies in U.S.-controlled airspace.<sup>18</sup> Other ANSPs charge fees for en route services based on the distance traveled but also factor aircraft weight into their fees. For instance, Airservices Australia bases its en route charge on both the distance flown in an Australian flight information region<sup>19</sup> and the maximum permissible takeoff weight of the aircraft. Hence, the charge for a given distance varies in part with the maximum

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<sup>16</sup>CANSO is an international trade organization that represents the interests of ANSPs worldwide. FAA—along with NAV CANADA, Airservices Australia, EUROCONTROL member states' ANSPs, and other ANSPs—is a member of CANSO.

<sup>17</sup>The composition of air traffic differs among countries and could account for the variation in the proportion of costs allocated to various services. For example, the United States has a significantly larger general aviation segment than other countries.

<sup>18</sup>FAA currently charges overflight fees to operators of aircraft that fly in U.S.-controlled airspace but neither take off nor land in the United States. These fees are purely mileage based, with no weight factor.

<sup>19</sup>An Australian flight information region is the entire airspace over continental Australia and other airspace allocated by ICAO to Australia.

takeoff weight of the aircraft. For example, Airservices Australia charges a unit rate of \$3 for a Boeing 747-100 weighing 324 metric tons, while it charges a unit rate of \$0.68 for a Gates Learjet 35A weighing about 8 metric tons.<sup>20</sup> According to an official from NAV CANADA, which also uses a weight factor in determining en route charges, aircraft weight is an indicator of the value of service provided because the ability of an aircraft to carry passengers or cargo is related to its weight. According to EUROCONTROL, aircraft weight is included to reflect the relative contributing capacities, or payload, of different aircraft because larger and heavier planes carry more passengers and generate more revenues and can therefore pay relatively more for air navigation services than smaller and lighter planes flying the same distances. Including weight as a factor results in a larger share of the costs being recovered from heavier aircraft than if cost recovery is based on distance alone. Incorporating weight as a factor in determining charges is consistent with ICAO guidance.

**Table 1: FAA and Selected ANSP Cost Recovery Practices**

	Uses an aircraft weight factor for terminal charges	Uses airport size as a factor for terminal charges	Uses weight factor for en route charges	Uses distance factor for en route charges	Uses congestion pricing	Levies a fuel tax for general and commercial aviation <sup>a</sup>	Charges an annual fee for most general aviation	Charges business jets user fees
<b>United States</b>	X	X		X	X	X		
<b>Australia</b>	X	X	X	X			X	X
<b>Canada</b>	X		X	X			X	X
<b>EUROCONTROL member states</b>	X		X	X			<sup>b</sup>	X

Sources: FAA, Airservices Australia, NAV CANADA, EUROCONTROL.

<sup>a</sup> European Union member states levy fuel taxes for private pleasure flying.

<sup>b</sup> Some EUROCONTROL member states charge a flat rate to general aviation aircraft using visual flight rules.

Under the administration’s proposal, FAA would recover its costs for terminal services much as our selected ANSPs do, basing its charges for commercial aircraft on airport size and aircraft weight. For example, the rate for landing at a large U.S. hub airport—one with at least 1 percent of total U.S. passenger enplanements—would be somewhat higher than the rates at smaller airports that have FAA air traffic control towers. FAA would vary rates for aircraft weight because larger aircraft require greater separation, thus imposing greater terminal airspace costs, according to FAA officials. Similarly, EUROCONTROL member states and NAV CANADA take the maximum permissible takeoff weight of the aircraft into account when setting terminal service charges. Airservices Australia also bases terminal service charges on the weight of the aircraft but incorporates location-specific charges. For instance, Airservices Australia currently charges a rate of \$4 per metric ton for an aircraft that weighs more than 5.7 metric tons to land in Sydney, but \$3.50 if the same aircraft

<sup>20</sup>All financial amounts have been converted to U.S. dollars from each country’s local currency using the Organization for Economic Cooperation and Development’s purchasing power parities for gross domestic products. The tonnage is also shown in metric tons.

lands in Melbourne.<sup>21</sup> Airservices Australia developed location-specific charges to ensure that funding for air traffic services would be decentralized and locally driven. NAV CANADA differs somewhat from some of its ANSP counterparts in that it does not vary its charges for terminal services by airport size.

The administration's proposal to charge a congestion fee for all aircraft takeoffs and landings at congested large-hub airports would also differ from the practices of the other ANSPs we reviewed. These ANSPs do not currently charge a congestion fee for all aircraft takeoffs and landings. However, beginning in March 2008, NAV CANADA will charge \$8 a day for aircraft weighing less than 3 metric tons. Most of these are general aviation aircraft that depart from seven major international airports, including Vancouver, Toronto Pearson, and Montreal Trudeau international airports. According to a NAV CANADA official, this daily charge was created because there was a need for small general aviation aircraft to contribute more for services at these airports. The official also noted that NAV CANADA recognized that this daily charge might encourage some aircraft operators to use alternative airports, which would promote efficiency by helping minimize the incidence of larger aircraft having to wait for smaller aircraft to take off or land.<sup>22</sup> Airservices Australia also charges small general aviation aircraft additional fees for services at six airports, including Sydney and Melbourne (see the following section for a description of Airservices Australia's fees for general aviation users). Neither NAV CANADA nor Airservices Australia refers to the higher fees charged to general aviation for using specified airports as congestion charges.

#### FAA Charges a Fuel Tax for General Aviation Users, while ANSPs Impose an Annual Fee

Under the administration's proposal, FAA's practices for recovering costs from general aviation users would differ from the practices of the other ANSPs we reviewed. Specifically, all general aviation operators would be charged a fuel tax of 56.4 cents per gallon for air traffic control services, an increase of about 35 cents per gallon over the 21.8 cents fuel tax that general aviation operators currently pay into the trust fund to fund FAA. By contrast, the ANSPs we reviewed charge a fee that they collect annually from operators of small general aviation aircraft.<sup>23</sup> For instance, NAV CANADA charges \$58 for aircraft weighing up to 2 metric tons and \$192 for some aircraft weighing over 2 but less than 3 metric tons. Thus, for example, small aircraft—such as a Cessna 172 that weighs about 1 metric ton—pay \$58 annually for

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<sup>21</sup>Airservices Australia's rate for aircraft weighing more than 5.7 metric ton is as of June 2006. The rate will be increasing in Melbourne beginning on July 1, 2007.

<sup>22</sup>In some European countries, airports may charge higher landing fees.

<sup>23</sup>Countries may charge a fuel tax for purposes other than air navigation services. For example, in Canada, the federal government charges an excise tax on aviation gasoline and jet fuel. The government considers the revenue from those excise taxes on fuel as general tax revenue.



air navigation services.<sup>24</sup> NAV CANADA adopted this annual fee method primarily because it is administratively simple. In addition, the modest fee level recognizes that a substantial percentage of small general aviation aircraft operate at airports with no air traffic control towers and that many small aircraft have relatively few flights per year. Airservices Australia charges operators of general aviation aircraft weighing less than 2.5 metric tons and flying 200 or fewer flights per year annually from about \$44 to more than \$928 depending on how many flights an operator makes and whether the operator also uses Airservices Australia's en route services.<sup>25</sup> This approach is similar to the administration's proposal in that increased aircraft operation will result in a higher fee. However, unlike the administration's proposal, the fee level is not set to recover a specified share of costs. In Canada and Australia, business jets and other aircraft that weigh more than 3 and 2.5 metric tons, respectively, are charged flight-specific user fees.<sup>26</sup>

### **Agency Comments**

We provided copies of a draft of this report to the Department of Transportation for review and comment. The Federal Aviation Administration responded and generally agreed with the report's contents, noting that its cost allocation and proposed cost recovery practices differ somewhat from those of the other ANSPs discussed in the report. FAA further noted that its cost allocation method is more detailed than the methods of the other ANSPs. In addition, FAA provided technical clarifications, which we incorporated into the report as appropriate.

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We are sending copies to the Secretary of Transportation and the Administrator of the Federal Aviation Administration, and other interested parties. In addition, the report will be available on the GAO Web site at <http://www.gao.gov>.

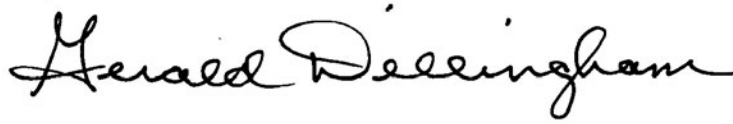
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<sup>24</sup>Except for private aircraft not used for business purposes—that is, those used exclusively for recreational purposes—the fee for these aircraft is composed of a base rate of \$58 regardless of the aircraft weight. This same fee also applies to aircraft between 2 and 3 metric tons restricted to aerial agricultural spraying.

<sup>25</sup>Airservices Australia's annual charge is as of June 2006. Its annual charge will increase beginning on July 1, 2007. The annual charge also does not include flights into six specified airports, including Sydney and Melbourne.

<sup>26</sup>Some countries in Europe charge general aviation an additional approach fee if the aircraft is using an instrument landing system, regardless of aircraft weight.

If you or your staffs have any questions about this report, please contact me at (202) 512-2834 or [dillingham@gao.gov](mailto:dillingham@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Individuals making key contributions to this report are listed in enclosure II.

A handwritten signature in black ink that reads "Gerald Dillingham". The signature is written in a cursive style with a large initial 'G' and 'D'.

Gerald L. Dillingham, Ph.D.  
Director, Physical Infrastructure Issues

Enclosures

## Enclosure I: Scope and Methodology

To compare the practices set forth in the Federal Aviation Administration's (FAA) cost allocation system and the administration's reauthorization proposal with the practices of other countries' air navigation service providers (ANSP)—Airservices Australia and NAV CANADA—we reviewed FAA's cost allocation report and the administration's reauthorization proposal and Airservices Australia's and NAV CANADA's cost allocation and cost recovery policies and documents, including their charging schemes, which were publicly available. We selected the latter to illustrate the similarities and differences in the way air traffic control costs can be allocated and recovered. In addition, Australia and Canada have relatively high levels of general aviation activity, which make Airservices Australia and NAV CANADA particularly useful for comparison to FAA, since the United States has the highest level of general aviation activity in the world. Significant inherent differences between the U.S. and other countries' ANSPs worldwide cannot be accounted for in this study. We examined FAA's method of allocating costs in order to compare it with other ANSPs' methods. Our selection of these ANSPs is a nonprobability sample, and our observations about them cannot be used to make inferences about the ANSPs we did not review. We also interviewed officials from FAA, NAV CANADA, the Civil Air Navigation Service Organization, EUROCONTROL (the European Organisation for the Safety of Air Navigation), and the International Air Transport Association.

We converted the local currency of each country into U.S. dollars using the Organization for Economic Cooperation and Development's purchasing power parities for gross domestic products. We also examined the International Civil Aviation Organization's guidance document, *Policies on Charges for Airports and Air Navigation Services*, and compared it with FAA's cost allocation practices and the administration's cost recovery proposal. In addition, we reviewed prior GAO reports and testimony and interviewed FAA officials. Finally, we reviewed FAA's January 2007 cost allocation report and analyzed the administration's proposed legislation, the Next Generation Air Transportation System Financing Reform Act of 2007. We conducted our review from April 2007 through June 2007 in accordance with generally accepted government auditing standards.

## **Enclosure II: GAO Contact and Staff Acknowledgments**

### **GAO Contact**

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### **Staff Acknowledgments**

In addition to the contact named above, Ed Laughlin, Jay Cherlow, Bess Eisenstadt, Jennifer Kim, Maureen Luna-Long, Maren McAvoy, and Jack Warner made key contributions to this report.

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