

AIR TRAVEL MODERNIZATION: KEEPING AMERICA GLOBALLY CONNECTED AND COMPETITIVE

In the next decade, air travel is projected to grow from 756 million enplanements per year to almost 927 million, which could add \$243 billion in annual travel spending and support 850,000 new American jobs.

PROBLEMS THREATEN FUTURE GROWTH

Declining Airline Competition

- Due to airline mergers, just four U.S. carriers control 80% of available seat capacity (down from 11 airlines in 2005), and 75% of all routes are dominated by a single airline.

Aging Airport Infrastructure

- The American Society of Civil Engineers rated airport infrastructure a D+ and not one U.S. airport ranks among the world's top 25.

Outdated Navigation System

- The U.S. air traffic control system uses WWII-era radar technology that causes systemic flight delays, wastes fuel and increases airline costs.

THE IMPACTS

Higher Prices

- Since 2004, the average roundtrip airfare has increased 40% faster than overall consumer prices and has now reached \$395. Add to that an average of \$16 per passenger in airline fees for items like checked bags (\$25), seat assignments (\$50) and change fees (\$200).

More Travel Frustrations

- With fewer airline options, many travelers have to fly with carriers that offer smaller seat sizes, less leg room and high fees. A recent survey found that American flyers are the unhappiest in the world.

Reduced Air Service at Small and Medium Airports

- From 2007 to 2013, air service at medium hubs dropped by 25% and at small hubs fell by 20%.

Greater Congestion at Large Airports

- In 2014, one-in-four flights in the U.S. was delayed or cancelled. In the next six years, the top 30 U.S. airports will experience passenger volumes equal to the day before Thanksgiving at least once per week.

Billions in Lost Revenue

- In 2013, Americans avoided 38 million trips because of flying hassles, dealing a \$35.7 billion blow to the U.S. economy. The Federal Aviation Administration (FAA) predicts that travel demand will exceed capacity at 12 airports in the next 15 years, unless additional airport funding becomes available. At JFK and EWR alone, capacity constraints will cost the U.S. \$6 billion annually by 2016.

SOLUTION

Congress should provide airport authorities with the option to adjust user fees (called "passenger facility charges") to \$8.50 per passenger, but only to fund projects that increase airport capacity; enhance airline competition; reduce congestion; strengthen safety/security; or reduce airport noise. This would:

- ✓ Modernize airport infrastructure
- ✓ Enhance airline competition and expand air service
- ✓ Reduce air traffic congestion
- ✓ Improve the passenger experience