



# Memorandum

U.S. Department of  
Transportation

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION**: Audit Announcement –  
FAA Oversight of the Passenger Facility  
Charge Program  
Federal Aviation Administration  
Project No. 15A3008A000

Date: October 1, 2015

From: Charles A. Ward   
Assistant Inspector General  
for Aviation Audits

Reply to  
Attn. of: JA-10

To: Director, Audit and Evaluation

The Passenger Facility Charge (PFC) program has generated more than \$40 billion from airline passengers since its creation in the early 1990's. Congress specifically created the program to help airports fund capital improvement projects that can increase capacity and reduce delays. As such, PFC funds must be used for airport projects that (1) preserve or enhance capacity, safety, or security; (2) reduce noise; or (3) furnish opportunities for enhanced competition.

The Federal Aviation Administration (FAA) is responsible for overseeing the PFC program. Specifically, FAA is responsible for ensuring that air carriers, foreign carriers, and public agencies comply with Federal regulations governing the use of PFC revenue, procedures for handling and remitting funds collected, and reporting and audit requirements. This FAA oversight is particularly important in light of a proposed expansion of the program. In its fiscal year 2016 budget request, FAA is proposing to nearly double the PFCs levied on passengers boarding an aircraft—from the current maximum \$4.50 per flight segment to a proposed \$8.00 per segment.

Given the importance and substantial funds involved in the PFC program, as well as the proposed increase in PFCs, we are initiating an audit of FAA's administration and oversight of the PFC program. Specifically, we will review FAA's oversight of (1) air carrier compliance with collection and remittance of PFC funds, and (2) airport operator compliance with the use of PFC funds.

We plan to begin the audit in October and will contact your audit liaison to schedule an entrance conference. If you have any questions, please contact me at (202) 366-0500 or Barry DeWeese, Program Director, at (415) 744-0420.

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cc: FAA Audit Liaison, AAE-100  
DOT Audit Liaison, M-1