

Passenger Facility Charge (PFC) Program



Federal Aviation
Administration

PFC 101 – An Overview

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What are PFCs?

- **PFCs are a local, per ticketed passenger fee, charged by public agencies controlling commercial service airports, collected and remitted by air carriers, and regulated by the FAA.**
- **PFC levels are set by statute to be \$1, 2, 3, 4, or 4.50 per ticketed passenger and are limited to no more than 4 PFCs on a round trip.**
- **Eligible public agencies apply to the FAA for the authority to collect a PFC.**
- **Collection is limited to the total dollar amount and time needed to fund approved projects in a PFC application.**
- **Collection timeframes are sequential – cannot collect more than one PFC from a passenger at a time**



PFC Eligible Airports

- **Who can collect PFCs?**
 - Commercial service airports.
- **Where can PFCs be used?**
 - Any airport the public agency controls, including general aviation airports.
- **How much can an airport collect?**
 - \$1, \$2, \$3, \$4, or \$4.50 per passenger.
 - Most now collect at \$4.50 (all but 8).
 - Above \$3.00 has stricter criteria, especially for larger airports (significant contribution, airside needs).
- **Remember...**
 - Airlines get to keep \$0.11 per passenger
 - Medium and large hub airports turn back 50% of their entitlements if collecting at \$3.00 or less and 75% of their entitlements collection if collecting at above \$3.00.



PFC Eligibility

- **Generally the same as AIP eligibility except:**
 - Slight difference for noise projects
 - Additional eligibility for terminal projects
 - Debt service costs (both capital and financing [interest and related] costs are eligible)
 - PFC administrative costs (costs for the public agency to administer its PFC program)



Types of Applications

- **Two processes:**
 - Small, Medium and Large Hub Airports
 - Traditional Application – all appropriate forms are required
 - Non-Hub Airports
 - “Notice of Intent” - streamlined – limited forms required



PFC Process Considerations

- **For applications (large, medium, and small hub airports), the public agency applies to the FAA for a PFC.**
 - FAA has 120 days to issue a decision.
- **For letters of acknowledgement (non-hub airports), the public agency provides notice to the FAA.**
 - FAA has 30 days to issue its acknowledgement.
- **Applications require a higher level of specific project and program detail than notices**



PFC structure and the FAA's role

- **Initial rulemaking – considerations**
 - “Checks and Balances” approach
 - Airports and Airlines look after each other with FAA oversight role largely front end to provide the framework for ongoing collections and project development
- **FAA – front end – decision establishes ground rules**
 - Upfront pre-decisional and decisional roles
 - Oversight of consultation – ensure regulatory requirements are met
 - Substantial completion determination – application has the necessary components for FAA determination
 - FAA review of application, relies on FAA decision and documentation of that decision
- **FAA reports collection/duration/level changes – evolved from original regulation**
- **Substantial FAA role in termination**
- **Evolution of FAA's roles and responsibilities**
 - HQ-centric to Region-centric
 - Non-hub for smaller airports



FAA's PFC Process

- **FAA reviews the public agency's PFC application in accordance with the PFC statute (49 USC 40117), regulation (14 CFR 158), and Order (FAA Order 5500.1).**
- **FAA then either issues a Final Agency Decision (regular application) or a Letter of Acknowledgement (non-hubs).**
- **In each case, the FAA details the specifics of its decision.**
- **Additionally, FAA issues a monthly report to airlines that lists all PFC collecting locations with approved PFC levels, and collection start and stop dates.**
- **FAA also utilizes its SOAR database system to track public agency collections and disbursements, interest earned on PFC revenue, project completion dates, and critical collection dates.**



Who is collecting what?

A total of 392 locations have been approved to collect a PFC. Currently, 361 airports are collecting.* In total, approximately \$91.1 billion in PFCs have been approved since the program started.*

This includes 96 of the top 100 airports by boardings*

- 30 of 30 Large Hub Airports
- 31 of 33 Medium Hub Airports
- 67 of 71 Small Hub Airports

For the smallest airports with commercial service, there is less PFC program participation - 197 of 261 non hubs and 36 of 111 commercial service airports

Since PFC revenue is directly proportionate with passenger boardings, these smaller airports have much less revenue potential compared to larger airports.

* Data from PFC monthly report, PFC Approved Location, through 8/31/2015, see http://www.faa.gov/airports/pfc/monthly_reports



Who is collecting what?

PFC collections increased steadily in the first half of the past decade for all airport groups. The economic downturn in the second half of the decade reversed this trend briefly, reflecting the recession's impact on commercial passenger traffic, especially in 2008 and 2009. In recent years the annual growth in airport PFC collections has revived, but at a slower pace.

Annual Collections by Hub Size (2007 to 2013, \$millions)

Year	Large Hubs	Medium Hubs	Small Hubs	Hon Hubs	Total
2007	1,980.5	548.2	202.7	70.9	2,802.3
2008	1,847.2	513.1	199.0	67.9	2,627.2
2009	1,851.2	463.5	185.5	65.6	2,565.8
2010	1,932.5	483.7	200.2	70.8	2,687.2
2011	1,946.8	473.0	220.5	75.9	2,716.3
2012	1,994.0	458.0	246.9	79.2	2,778.1
2013	2,021.0	458.8	246.5	79.7	2,806.0
2014					2,790.0

