



Memorandum

U.S. Department of
Transportation
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement –
Airline Service to Small- and Medium-Sized
Communities
Office of Secretary of Transportation
Project No. 18P3001P000

Date: January 31, 2018

From:

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and Special Reviews

Reply to
Attn. of: JA-2

To: Assistant Secretary for Aviation and International Affairs

The U.S. airline industry underwent significant changes throughout the last decade. Airlines incurred losses in the late 2000s as a result of the economic recession and historically high jet fuel prices. As a result, they transitioned to a capacity-discipline strategy, which reduced the total number of flights. From 2009 to 2013, the airline industry also became more consolidated when four high-impact mergers closed, leaving only four major airlines. Also during this period, the number of domestic flight departures and connectivity declined—particularly at smaller airports.

Since 2014, the airline industry has become profitable due to the economic expansion and a jet fuel price collapse in that same year. However, congressional concerns persist regarding the availability of airline service at smaller airports.

These changes in airline industry conditions warrant an examination of industry trends and their implications for service to small- and medium-sized airports. We initiated this review to (1) detail recent aviation industry trends, particularly as they relate to service to small and medium-sized communities and (2) provide a descriptive analysis of factors associated with changes in airline service to small- and medium-sized communities.

We plan to begin the audit within the next couple weeks and will contact your audit liaison to schedule an entrance conference. If you have any questions or require any additional information, please contact me at 202-366-1249 or Betty Krier, Program Director, at 202-366-1422.

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cc: FAA Administrator
DOT Audit Liaison, M1
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