

US airports receive US\$10 billion in direct assistance

This week an agreement was reached between Congress and the White House administration to provide US\$10 billion in direct assistance to US airports, which are facing at least US\$14 billion in losses because of the COVID-19 global health pandemic.

“The entire airport industry is extremely grateful,” said ACI-NA President and CEO Kevin M. Burke. “American airports rightfully took immediate precautions to guard against the spread of COVID-19, long before the virus started to spread to thousands of people in the United States, and they will continue to do so.

“We extend our deepest gratitude to all of the members of Congress and the administration who made it clear to colleagues that airports need help to avoid long-term financial damage that could have a lasting impact on this country’s aviation infrastructure, particularly Sen. Jeanne Shaheen who led efforts in the Senate to make sure airports were included in this legislation.”

The US\$14 billion loss estimate is based on preliminary assessments by ACI-NA on the impact of the COVID-19 pandemic on US airports. Previous estimates had forecast stable growth prospects. This loss estimate is based on the following projections:

- Passenger traffic at US commercial airports is expected to fall by 73% in the March to June period. This would represent a 53 percent decrease in the first half of 2020 and a 37% drop for the full year compared to forecasted 2020 levels.
- Total passenger enplanement is anticipated to fall by 244 million in the first half of the year and 349 million for the full year.
- Total airport operating revenue is expected to decrease by roughly US\$12.3 billion for the calendar year, representing a nearly 49 percent reduction driven by cancellations and other reductions in domestic and international air travel, as well as dramatically lower non-aeronautical revenue.
- Collection of the Passenger Facility Charge, a critical funding source for U.S. commercial airports, is expected to fall by close to \$1.6 billion in 2020.

These losses are in addition to outstanding debt held by US commercial airports, which currently stands at US\$100 billion. These airports will have to pay US\$7.4 billion in cash payments to service those debt obligations.

In addition to depleting gross revenue in airports, the COVID-19 pandemic also adds increased operating expenses due to increases in custodial costs associated with more frequent cleaning of public areas and restrooms, more and upgraded supplies, extra shifts and staffing, additional hand sanitizers in airport public areas for passengers and employees, and additional education and training for airport employees and contractors.