In early 2011 the Allegheny Institute wrote two *Policy Briefs* (*Volume 11, Numbers 8 and 16*) outlining some of the problems facing Pittsburgh International Airport (PIT). The first *Brief* detailed the decline in passengers at PIT and how nearly twenty years after the new terminal opened it was grossly underutilized-due in large part to the loss of the US Airways' hub. In the second *Brief*, it was noted that, owing to the hefty debt incurred to build the facility, PIT was forced to keep airline fees high compared to other airports. The question was posed whether these high costs might be hindering growth. It has been more than a year and a half since we raised these issues. Have there been any improvements?

The Federal Aviation Administration (FAA) keeps data on enplanements at the nation's airports. In 2008 the FAA noted that PIT had 4.3 million enplanements. That number had fallen to just under 4 million for both 2009 and 2010 before rising to 4.1 million in 2011. Thus from 2008 to 2011 the number of enplanements at PIT fell five percent. The most recent data available on PIT's website shows that through August 2012 the number of enplaned passengers, year-to-date, was lagging the 2011 figures by 3.6 percent.

Looking around the country at airports serving similarly sized metros such as Austin, Denver, Indianapolis, Kansas City and Nashville shows some airports with declines in enplaned passengers during this time as well. PIT's five percent decrease fared better than Indianapolis (-10 percent) and Kansas City (-7 percent) but not Austin (plus 4 percent), Denver (plus 5.7 percent), or Nashville (plus 0.5 percent). Keep in mind that from late 2008 through early 2010 the nation went through a severe recession and a prolonged period of economic weakness that almost certainly affected air travel negatively.

Do carrier fees explain some of the changes in air travel? In 2010, PIT's landing fee for signatory airlines stood at $3.485 per thousand pounds. They were boosted less than one percent in 2011 to $3.5147 before being lowered for 2012 to $3.4148. However, as mentioned above, the numbers of enplaned passengers increased from 2010 to 2011 and are trending lower in 2012. Certainly, in the short run, the small change in fees would predictably not affect travel significantly. More likely, other factors such as the state of the economy or the availability of affordable flights had much more influence on passenger counts. Indeed, both Indianapolis and Kansas City, had lower much landing fees than PIT at $1.95 and $1.96 respectively in 2011. Denver had higher fees ($3.532) than PIT, yet had substantially greater passenger growth. Austin and Nashville had passenger growth with landing fees ($3.21 and $1.26 respectively) less than those at PIT. Obviously, while landing fees are important they do not necessarily translate into short run changes in enplanements, i.e., demand for travel.

Another airline cost is the terminal fee. Much like the landing fee, PIT increased the signatory terminal fee from 2010 ($128.28/sq. ft.) to 2011 ($133.73) and then reduced it for 2012 ($129.06). This is much higher than any of the airports mentioned above. Indianapolis' 2011 signatory terminal rate is next highest ($95) with Kansas City having the lowest ($31.75). For 2012 the other airports in this small study all lowered their signatory terminal rates, with the exception of Austin, thus PIT hasn't gained much ground in this area. While higher than average, fees are not the only factor in determining ticket prices and sales, there can be no doubt that over longer periods they could affect sales, especially for price sensitive travelers.

One reason for the high fees is the debt load carried by PIT. As is well documented, the debt incurred to build the new terminal in the early 1990s was staggering. It has taken nearly two decades to make significant headway in debt reduction. According to the Allegheny County Airport Authority's audited financial statements, total long-term debt in 2008 stood at $452 million. It has been falling steadily, hitting $337.4 million at the end of 2011-a reduction of 25 percent. A big help in bringing this debt down was the arrival of gaming revenues. As we had written about before, PIT was to receive $150 million in gaming money as directed by the 2004 gaming law. However, the County Executive at the time grabbed the first $42 million rather than sharing with PIT, delaying the use of gaming dollars to supplement airport revenues that would fund the subsequent reduction in carrier fees. The gaming money finally arrived in 2010 when PIT received $14.6 million and another $12.4 in 2011.

More reasonable explanations for the lack of passenger growth are the cost of tickets, the availability of seats to desirable destinations and the paucity of international flights. With the loss of hub status in 2004, PIT now has to rely on local origination and destination traffic to drive demand for flights. Paradoxically, the economy's performance appears not to have been a factor in the weak enplanement numbers in the recent year. The Pittsburgh region fared better than many other areas around the country during the recession, thanks in large part to the Marcellus Shale development, growing the average annual number of total private jobs 2.6 percent from 2010-2011. This growth lags only Austin (4 percent) and Nashville (3 percent) in this small sample.

For whatever reason, the economy's strength did not produce rising passenger growth. Maybe the job growth was not in sectors that are heavy commercial users of air travel or incomes did not rise commensurately with the jobs gains. However, going forward it will be important for enplanement growth that the Pittsburgh metro area continues to show solid economic gains and faster population growth along with affordable and available flights to desired destinations.