



Frontier Airlines subsidy and PIT passenger impact

Introduction: After struggling to reach the pre-pandemic passenger counts of 2019, the Allegheny County Airport Authority (Authority) at Pittsburgh International Airport (PIT) entered into an arrangement with low-cost carrier Frontier Airlines in 2024 whereby the Authority would provide a \$600,000 subsidy. Separately, the state announced a grant of \$2 million in funds to Allegheny County for air transportation improvement.

As part of the deal, Frontier committed to adding four new destinations to the existing destinations of Denver and Orlando: namely, Atlanta, Dallas-Fort Worth, Philadelphia and Raleigh-Durham.

Note that during the same time frame, an Authority subsidy package was also arranged with Icelandair for overseas flights.

Passenger count changes

By May 2024, the total (domestic and international) passenger count at PIT had moved 3.7 percent above the May 2019 reading and in June was 9 percent above the June 2019 level. However, by October 2024 the gain was only 4.4 percent above the same month in 2019. And worse still the December 2024 count had slipped 4.5 percent below the December 2019 posting. Nonetheless, thanks to the large 2024 gains in the peak travel months over the spring and summer, the yearly total in 2024 was 1.7 percent above the 2019 total.

Note that Frontier has recently announced a cessation of flights from PIT to both Dallas-Fort Worth and Raleigh-Durham. The new flights to Philadelphia and Atlanta have been retained. But as the 2024 subsidy has not been renewed, whether those two routes will remain viable is a question. Frontier has a pattern of adding routes at airports and if they are not profitable, suspending them. Recently, Cincinnati was hard hit with a loss of seven destinations, Cleveland is losing six destinations while Raleigh-Durham has seen [nine routes suspended](#).

Being a very low-cost (passenger fares) carrier almost always means operating with very thin margins between expenses and revenues. Bankruptcies occur frequently as the recent Spirit Airlines filing shows. How that will impact Frontier at PIT remains to be seen.

Other airports

PIT is not alone in its long struggle to recover to 20-year-ago passenger levels while significant gains have been posted at several airports. Passenger traffic at all U.S. airports rose 37.9 percent from 2004 to 2023 (national data for 2024 and other airports are not yet available). Over the same 19-year period, PIT passengers fell 32 percent. Owing to the available 2024 PIT totals, the passenger count was down 25.7 percent from 2004.

Meanwhile, over the 2004-2023 period, other comparative airports had a wide range of experiences from very strong to anemic. Nashville led the way with a gain of 162.9 percent as hubbing activity expanded, followed by Raleigh-Durham at 63.2 percent. Indianapolis posted a rise of 21 percent over the period while St. Louis gained a more modest 16.7 percent. Across Pennsylvania, Philadelphia's airport recorded a small 1.1 percent decline over the 19 years.

Bear in mind that over the 20 years ending in 2024, Allegheny County's population fell 2.7 percent while employment rose a scant 1.2 percent but remained well below the 30-year-ago level of 1993. Meanwhile, in the seven-county Pittsburgh metro area, which almost certainly provides the preponderance of the originating passengers at PIT (although the draw area is larger), payroll employment edged a meager 3.9 percent higher. By comparison, over the 20 years, national employment climbed 19.8 percent. Obviously, many states and metro areas have had much larger job gains than the national average growth rate.

The point is that slow or no area population growth in the Pittsburgh region, along with slim employment gains, is not conducive to strong gains in airline travel.

The case against subsidies to Frontier or any airline

As mentioned above, in 2024 the Authority gave Frontier \$600,000 to expand its destinations to four additional cities—Atlanta, Dallas-Fort Worth, Raleigh-Durham and Philadelphia. Less than a year later the flights to Dallas-Fort Worth and Raleigh-Durham had been suspended.

When a subsidy is given to an airline, it is also a subsidy to passengers who might not otherwise travel due to the high cost of tickets, or the destination was not served by the air carrier. In short, in an effort to increase passenger traffic to demonstrate its role in the economy and justify taxpayer financial support, the Authority subsidizes local air-travel through the subsidizing of flights.

But other than the payroll of any additional airline employment or gate fees, how does the region benefit from subsidizing passengers traveling away from Pittsburgh to other parts of the country where they will spend money they likely would have spent at home? The tell-tale negative in this picture is that none of the airports in the destination cites Frontier flies to from PIT offer Frontier any subsidies. In short, they are not helping their area residents fly to PIT by subsidizing the carrier.

Therefore, the much ballyhooed \$72 million economic benefit to the Pittsburgh region is likely far overstated. Subsidizing locals to leave the region for vacation or business when destination airports are not subsidizing their citizens to travel to Pittsburgh is hardly a net positive for the region.

This is demonstrated writ large by the subsidy PIT gives to British Airways whereby locals can fly to London, and return, without having to make connections. The only way the subsidy makes sense is if large numbers of foreign visitors are on the return flights and are contributing to the local economy while in the region.

PIT has never released the numbers of foreigners arriving on the flights from London. Why not?

Conclusion

One thing is certain. Subsidies tend to beget subsidies and that produces public policies that are detrimental. Just look at the failures of subsidies to WOW Airline, Condor and OneJet of recent years. They were not able to develop sustainable nonsubsidized travel. The private sector subsidy to Delta flights to Paris worked well but ended when the Authority subsidized British Airways.

Airports in very large markets with major hubbing activity and in areas with strong growth in employment and population typically do not need to offer subsidies, although Nashville did provide British Airways with a subsidy. There are major reasons for airports not providing subsidies to airlines. One, subsidies beget subsidies. Two, they create unfair competition for other carriers. And, three, they do not produce the economic benefits they are touted to do. Reliance on subsidies to generate passenger growth signals a recognition of a lack of economic and population gains.

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