AN ANALYSIS OF THE PUNCTUATED EQUILIBRIUM MODEL APPLIED TO

CONGRESSIONAL APPROVAL OF PASSENGER FACILITY CHARGES

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# AN ANALYSIS OF THE PUNCTUATED EQUILIBRIUM MODEL APPLIED TO CONGRESSIONAL APPROVAL OF PASSENGER FACILITY CHARGES

William Thomas Hutto, Jr.

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# VITA

William (Bill) Thomas Hutto, Jr., son of the late William Thomas and Jeanie Fussell, was born on March 24, 1968, in Eufaula, Alabama. He graduated from Eufaula High School in 1986 as an Honor Graduate. He attended Auburn University and graduated with a Bachelor of Aviation Management degree in 1990. While working for the Titusville-Cocoa Airport Authority in Titusville, Florida, he earned a Master of Business Administration in Aviation degree from Embry-Riddle Aeronautical University in 1992 and an Associate in Science degree in Environmental Engineering Technology from Seminole Community College in 2000. After returning to Auburn in 2001 to become the Airport Director for the Auburn-Opelika Robert G. Pitts Airport, he entered the Auburn University/Auburn University Montgomery Joint Ph.D. Program in Public Administration and Public Policy in August 2002. He is married to Holly, daughter of Mack and Susan LaZenby, and they have three children, Matthew, Savannah, and Maggie.

DISSERTATION ABSTRACT

AN ANALYSIS OF THE PUNCTUATED EQUILIBRIUM MODEL APPLIED TO CONGRESSIONAL APPROVAL OF PASSENGER FACILITY CHARGES

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In 1972, the Supreme Court of the United States ruled that airports could charge passengers using their facilities a Passenger Facility Charge (PFC), which was commonly called a "head tax." The imposing of PFCs by airports had been challenged in Indiana and New Hampshire by Delta Airlines and Northwest Airlines, respectively. Even though the Supreme Court ruled that PFCs are constitutional, Congress voted to ban them in 1973. Seventeen years later in 1990, however, Congress reversed itself and once more allowed airports to charge PFCs.

This significant policy reversal raises the questions of how PFCs reappeared on the agenda and why Congress changed its previous position on the issue. Frank Baumgartner and Bryan Jones have proposed the use of the punctuated equilibrium

model to address these types of agenda setting questions. Baumgartner and Jones argue that dramatic policy shifts occur with changes in the issue's image coupled with changes in venue. A change in one of these factors can lead to a change in the other. When this occurs, a positive feedback mechanism begins that "punctuates" the existing equilibrium, which then causes a policy change to occur. The authors also contend that policy entrepreneurs and interest groups can play key roles in causing a change in a policy's image and the venue in which it is considered.

This work seeks to determine if the punctuated equilibrium model is valid for the PFC issue. Quantitative and qualitative methods are applied to determine if there are any discernable changes in image and/or venue as predicted by the model. In addition, the data collected are analyzed to discern if any policy entrepreneurs and/or interest groups played a role in the PFC policy shift.

The study concludes that a change in image occurred leading up to the 1990 change in policy, but there was no corresponding shift in venue as predicted by Baumgartner and Jones. The study's conclusions suggest reasons why a venue shift may not be applicable in this case. However, as predicted by the model a policy entrepreneur and airport interest groups did play key roles leading up to the policy shift. Overall, the model performs well and has proved to be helpful in understanding how the PFC issue reached the national agenda in 1990 and why Congress reversed its earlier decision.

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# CHAPTER ONE

# INTRODUCTION

Airports, similar to other segments of the transportation industry, require significant investments in infrastructure. The amount of capital needed to construct the runways, taxiways, parking aprons, terminals, parking lots, and other necessary improvements is significant. Not only are funds needed for the initial construction, they are also needed for the ongoing maintenance required to ensure the safety of the traveling public.

Historically, airports have faced the dilemma of obtaining the amount of capital required to meet these costly demands. Views on the sources of funding for airports, as will be discussed, have changed over time. The federal government viewed airports as a local responsibility prior to 1946. Indeed, the prevailing view of policymakers during this early period of aviation was to treat airports like docks (Komons, 1989). In other words, the federal government considered airport development a local responsibility in the same way it considered the funding of docks for watercraft a local issue. Over time, however, the federal government began to assume additional responsibilities for airport funding both in amounts of money and in items eligible for funding.

Dedicated federal funding for airport development has come from either the general fund, 1946 to 1970, or from an aviation trust fund, 1970 to present, that is

funded by taxes levied within the aviation community. A common example is the tax on airline tickets. The Passenger Facility Charge (PFC) is a source of airport funding that was approved by Congress in 1990 to supplement the aviation trust fund and local monies, which were the two main sources of funds for capital development. A PFC is a charge, also called a "head tax" by some, imposed by airports on passengers that board commercial aircraft on their airfield.

The PFC program, however, is highly controversial. It is seen by proponents as one of the keys to financing the capital needs of airports and by opponents as an unfair, unnecessary "tax." The program has been a divisive public policy issue, largely between the airport and airline components of the aviation industry and their allies. This form of funding was essentially banned by Congress in 1973 only to be allowed 17 years later in 1990.

The cause of this apparent public policy reversal by Congress is the focus of this dissertation. This study applies Baumgartner and Jones's punctuated equilibrium model to determine if it is applicable to this issue. Baumgartner and Jones (1993, p. 4) argue that the American political system is characterized by long periods of stability that are "punctuated" by periods of dramatic change. The overall purpose of this dissertation is to test their agenda setting model to determine if it applies to this issue. In other words, is the policy change that occurred in 1990 a "punctuation" that fits the Baumgartner and Jones model?

This chapter explores the reasons why it is important to seek an understanding of the political dynamics underlying the PFC program. This chapter also provides an overview of the punctuated equilibrium model, the research objectives, and the

methodology that are used in this study. Finally, a brief summary of the remaining five chapters will be given for a general overview of this study.

## Importance of Studying This Issue

Demand for air travel will continue to grow. Indeed, the airline industry is already recovering from the setbacks caused by the terrorist attacks on September 11, 2001 (9/11). Air traffic is back to pre-9/11 levels at some airports and more are expected to have reached this milestone by the end of 2004; in fact, one of the major concerns discussed at the Federal Aviation Administration's (FAA) Annual Aviation Forecast Conference held in March 2004 was terminal/airspace congestion (Richards, 2004).

PFCs have provided a much needed funding source for airports since 1992. This program may be one of the critical financing mechanisms necessary to fund required improvements such as the projects needed to relieve the expected congestion problems discussed at the FAA conference in March 2004. Some members of the airport community, in fact, argue that airports should be economically deregulated. A key feature discussed in this argument is permitting more PFC flexibility. Bonnie Allen, an Accredited Airport Executive (A.A.E.) and President and Chief Executive Officer of Tucson International Airport, says that airports should be deregulated so that they can operate more like a business and determine their own limit for PFCs (Infanger, 2003a). David Plavin, the President of Airports Council International-North America, agrees, saying that airports should be allowed to operate in a more deregulated environment (Infanger, 2003b).

The arguments advanced by Allen and Plavin are reminiscent of the defederalization issue discussed during the late 1970s and early 1980s. In addition, the issue of local versus federal control appears to have returned full circle to the original opinions held by federal policymakers.

Viewing the PFC issue through the lense of the Baumgartner and Jones punctuated equilibrium model may provide insights into PFC policymaking and portend a change in policy. If the model is found to be applicable to the passage of the original PFC legislation, it may provide a useful indicator that could anticipate a change even if the specific content of the new policy cannot be predicted. Along with forecasting a change in policy, the model may also provide a "road map" for those interested in promoting change. The model, if applicable to this issue, may suggest ways that policy entrepreneurs can be proactive in promoting different policies.

In addition to benefiting practitioners, the model would also benefit from being studied from an academic perspective. Baumgartner and Jones's model focuses on the impact of changes in image and venue. These changes, they argue, result in a positive feedback mechanism that produces a dramatic, or punctuated, shift in policy (Baumgartner & Jones, 1993, p. 51).

This case study provides an additional empirical test of the model that will make it possible to determine whether it does in fact apply to PFC subsystems. As mentioned earlier, Congress voted to allow airports to impose a PFC in 1990 after previously banning them in 1973. This is a punctuated change in policy, as opposed to an incremental adjustment. This issue, therefore, appears to be a good candidate to test the model. If the Baumgartner and Jones model is shown to be applicable to PFCs, it will

further reinforce the value of the model. If not, it will be valuable to understand why and to discern if certain characteristics of the PFC subsystem, which may be common in other policy areas, nullify the main tenets of the model.

The air transportation industry as a whole has historically benefited from positive media attention, which is different than many of the other industries studied by Baumgartner and Jones (1994, p. 60). The punctuated equilibrium model predicts that a change in tone of media coverage will lead to a change in policy (Baumgartner & Jones, 1993, p. 51). A test of their model on this issue, within an industry that has benefited from overall positive media coverage, should therefore be valuable since a change in tone is necessary for a change in policy.

## Overview of the Punctuated Equilibrium Model

The model studied is developed by Frank Baumgartner and Bryan Jones in their book entitled *Agendas and Instability in American Politics* (1993) and is termed the "punctuated equilibrium model." According to the model, policy making occurs in two waves: enthusiasm and criticism. A policy monopoly, which results in a structure induced equilibrium, forms as a result of the first wave, which is based on enthusiasm. Baumgartner and Jones (p. 88) refer to this wave as the Downsian mobilization. This institution remains intact until the second wave appears. The second wave is characterized by negative feedback, which produces incremental policy changes and relative stability (p. 16).

In the second wave, known as a Schattschneider mobilization, opponents of the existing policy will attempt to expand the scope of conflict (Baumgartner & Jones, 1993,

p. 89). Two methods are commonly used, one of which involves a change in tone/image, and the other a change in venue (p. 36). A change in tone may be achieved by causing actors to shift their frame of reference and view the issue in a different light. Opponents of the status quo will seek to define, or "frame," the issue in such a way as to expand the scope of conflict (p. 30).

The second method used by opponents is to change the venue in which the issue is addressed. This strategy relies less on mobilizing the public than "shopping" for a favorable venue to advance their cause, which may require changing the issue's image (Baumgartner & Jones, 1993, p. 36). Many different types of venues can be used at the federal, state, and local levels; these include Congressional committees, public service commissions, and the court system (p. 32). The increased specialization and use of Congressional subcommittees, for example, has produced many opportunities since some jurisdictions overlap. Advocates will attempt to define an issue to make it applicable to one particular jurisdiction as opposed to another (p. 195).

Baumgartner and Jones (1993, p. 37) argue that a change in one of the two factors will also lead to a change in the other. If an image change is successful, then a change in venue is likely to occur and vice versa. A positive feedback mechanism is set into motion that can cause rapid change.

Policymaking, then, according to the model, occurs in waves. After the initial wave, a policy subsystem is formed that remains in place until it is challenged by a change in image and/or venue. This positive feedback mechanism will then dramatically alter the subsystem. After the second wave, a new subsystem will form and this will remain until it is challenged. According to Baumgartner and Jones (1993, p. 12),

policymaking in the U.S. can be characterized as a lurching progress from one point of apparent equilibrium to another.

## Research Objectives

This study tests the applicability of the punctuated equilibrium model to the change in PFC policy that occurred in 1990. For the model to be valid when applied to this issue, changes in both image and venue must be evident. The presence of image and venue changes, if any, will be evaluated along with the roles of policy entrepreneurs, if any, and interest groups. Finally, the model's applicability to the PFC issue will be discussed. Five research objectives have been identified and a hypothesis constructed for each based on Baumgartner and Jones's model:

1. To discern if there are changes in PFC image over time.

   *Hypothesis: The closer in time to the 1990 PFC policy shift, the greater the change in image.*

2. To discern if there are any changes in venue over time.

   *Hypothesis: The closer in time to the 1990 PFC policy shift, the greater the changes in venue.*

3. To determine if any policy entrepreneurs have played a role in the passage of PFC legislation.

   *Hypothesis: The greater the efforts of policy entrepreneurs, the greater the change in image and venue.*

4. To assess any changes in interest group activity that may have influenced the passage of PFC legislation.

*Hypothesis: The greater the activity of interest groups, the greater the change in image and venue.*

5. To evaluate the applicability of the punctuation equilibrium model to the PFC issue.

   *Hypothesis: The closer in time to the 1990 PFC policy shift, the greater the changes in image and venue.*

The results for these objectives and hypotheses should provide an understanding of the applicability of the Baumgartner and Jones model to the PFC issue. The results of research objectives 1 and 2, changes in image and venue, respectively, are crucial for the punctuated equilibrium model to be applicable, which is specifically examined in research objective 5. The remaining research objectives, 3 and 4, are designed to explain the forces driving any evident changes in image and venue.

## Methodology

This study attempts to mimic the main components of Baumgartner and Jones's efforts, as outlined in their work. These authors studied a range of policy issues over time using both a longitudinal and a cross-sectional approach. A longitudinal view reveals how issues may change over time, while a cross-sectional view permits a closer exploration of an issue's content (Baumgartner & Jones, 1993, p. 41).

As discussed above, the two critical issues that the model identifies as leading to disruptions of subsystems are changes in image and venue. It was therefore necessary to discern if image and venue change over time be applying both longitudinal and cross-sectional approaches. The use of primary and secondary source data was crucial in this

effort. Primary sources of data include the minutes of Congressional hearings, General Accounting Office reports, Congressional Budget Office reports, Federal Aviation Administration (FAA) data, and industry publications. Examples of secondary source data include textbooks, historical works, interest group information, and published research articles. Based on these sources, this study relied on the use of both quantitative and qualitative data.

Quantitative data are particularly useful when studying image change. Baumgartner and Jones (1993, p. 20) state that most issue changes occur during periods of increased attention to the policy. Consequently, the number of articles published on PFCs from 1974 to 1990 was counted by using both the *New York Times Index* (the *Index*) and the *Readers' Guide to Periodical Literature* (the *Guide*). Baumgartner and Jones (pp. 253-254) incorporate both of these sources of data in their study.

Two qualitative techniques are also commonly used to study image change. First, the tone of the articles is measured as positive or negative. This was done by following the Baumgartner and Jones (1993, p. 51) measurement of asking the question whether an industry representative would find the article positive or negative. In this work, the question was asked from the perspective of the airline executive, which made any changes negative. This is consistent with the studies performed by Baumgartner and Jones. The second way qualitative data may be used regarding image was not employed by Baumgartner and Jones (1993). Here, the primary and secondary data sources are reviewed to discover any changes in problem definition that may lead to a shift in image. A change in image may be caused by a change in focus of attention by policymakers due to the use of these types of techniques by political actors.

Baumgartner and Jones (1993, p. 52) generally tracked three levels of quantitative data to measure venue changes. First, they measured levels of attention by simply counting the number of hearings held on an annual basis. Second, the tone of the hearings was measured, which they state could be ascertained by reading the abstracts (p. 260). Third, Baumgartner and Jones noted the venue of attention - in other words, which committees and subcommittees are holding the hearings (p. 52). This study generally follows the methodology used by these authors, but here three databases were examined in an effort to ensure all Congressional hearings related to PFCs are included. The three databases used are LEXIS-NEXIS *CIS Congressional Universe* (*Congressional Universe*), THOMAS, and Baumgartner and Jones's Policy Agenda Project.

Policy entrepreneurs and interest groups are predicted by Baumgartner and Jones (1993) to play key roles in changing image and venue over time. Qualitative data are mostly used to measure their activities. The primary and secondary data sources used in this study were reviewed to discover the actions, if any, of any policy entrepreneurs and interest groups that might have affected either the image, the venue, or both.

Quantitative data may also be used to measure interest group activities. Congressional hearings relating to PFCs were therefore reviewed to determine if the different interest groups that testified changed over time. For this study, the interest groups that testified at each hearing were coded, as well as the number of appearances per year for each interest group. The *Encyclopedia of Associations* used by Baumgartner and Jones (1993) was reviewed in two year increments from 1974 to 1990 to determine any changes in interest group resources. As discussed in Chapter 6, the years 1974 and

1982 had to be omitted from this coverage because they are neither shelved at the Auburn University library nor readily available through the Inter-Library loan system. The *National Trade and Professional Associations of the United States* was used as a substitute source for the budget data. This type of information was coded for both airline and airport interest groups.

The two indicators used for all of the issues Baumgartner and Jones (1993, p. 53) studied are media attention (image changes) and congressional activity (venue changes). Following these same basic principles, along with the supplemental data discussed, should lead to an outcome that is valid and reliable. This approach is encouraged by Baumgartner and Jones (p. 253), who state that they discuss their methodology so that it can be replicated.

## Summary of Subsequent Chapters

The remaining chapters of this study focus on the application of Baumgartner and Jones's model to the empirical data associated with the approval of PFCs, which was included in the *Aviation Safety and Capacity Expansion Act* of 1990 (ASCEA). Chapter 2 reviews the literature that lays the theoretical foundation for this study. The Baumgartner and Jones model and how it is supposed to function are explored in detail in this chapter, and critiques of the model are also included. In addition, literature on agenda setting, the use of images and symbols in agenda setting, the role of venues and institutions in agenda setting, the role of policy entrepreneurs in agenda setting, the role of interest groups in agenda setting, and the role of the media in agenda setting are covered.

Historical PFC and program data are provided in Chapter 3. This information is important in order to gain a full understanding of the significance and breadth of the PFC legislation.

The study's methodology is the focus of Chapter 4. Baumgartner and Jones's (1993) methodology is reviewed, along with a summary of relevant scholarly literature. The specific methodology employed in this study to determine any changes in image and/or venue, as well as the actions of policy entrepreneurs and interest groups, is discussed. The methodology is based on the works of Baumgartner and Jones (1993; 2002) and other scholars deemed appropriate to this study.

Chapter 5 explores in detail the two main tenets of the punctuated equilibrium model. A change in image/tone must be evident for the model to be applicable to the PFC issue. Descriptions of PFC images are highlighted, as well as any changes in them over time. Too, the quantitative issues related to the number and tone of articles are presented. The second critical tenet of the model, venue changes, is also discussed in Chapter 5. The total number of Congressional hearings, the tone of these hearings, and the different committees and subcommittees that address the PFC issue are considered.

Chapter 6 presents the results of the quantitative and qualitative studies regarding policy entrepreneurs and interest groups. The data obtained from the primary and secondary sources used in this study are offered and the implications of these results are discussed.

Finally, Chapter 7 applies the data from the previous two chapters to determine the applicability of the model. This chapter discusses whether the changes in image and venue predicted by Baumgartner and Jones have in fact occurred and attempts to explain

why the model is applicable or why it does not apply to this case study. Too, the implications of the results of this study are addressed. If the model is applicable, for example, it may lead to be a better understanding of airport/airline issues, as well as further reinforcing the value of Baumgartner and Jones's model. Conversely, if the model is not supported, constructive modifications, if any, will be discussed.

# CHAPTER TWO

# A THEORETICAL FOUNDATION

Before embarking on this study, it is important to discuss the theoretical foundation for the punctuated equilibrium model developed by Baumgartner and Jones. This innovative model uses key components such as policy images, venues, and policy entrepreneurs that have been studied by other researchers. However, the Baumgartner and Jones model views these components in a different light and attempts to show how seemingly contradictory beliefs can be integrated into a single theory. The theory, for example, recognizes both stability and the potential for change (Pralle, 2003, p. 236).

Because the punctuated equilibrium model is an agenda setting model, this chapter opens with an overview of agenda setting literature, which is followed by a more detailed discussion of the Baumgartner and Jones's theory than the simple overview offered in Chapter 1, along with some criticisms of the model. The literature relating to the theory's major components will then be reviewed. This will include a discussion of issues related to the importance of image, the importance of venues, the role of policy entrepreneurs, the role of interest groups, and the role of the media in the punctuated equilibrium model.

## Agenda Setting

Understanding why some items are formally considered by the government and why some items are not has long been a topic of interest for political scientists. John (2003) states that public policy researchers want to know why decisions and outcomes change or remain stable. Thousands of issues are worthy of consideration by policymakers (Eustis, 2000), but the available government agenda space is severely constrained (Jones & Baumgartner, 2004). Indeed, competition for the attention of policymakers can be intense (Portz, 1996).

The word "agenda" can carry many different meanings (Kingdon, 1995). Jones (1994) notes that the term "policy agenda" has three general uses, the first of which is in reference to a legislative body voting on specific items, the second refers to the way a political system considers an idea for possible action, and the final one pertains to the list of items that a government entity considers for action. Discussing a few of the commonly accepted definitions, then, may prove useful.

Kingdon defines an agenda as "…the list of subjects or problems to which government officials, and people outside of government closely associated with those officials, are paying some serious attention at any given time" (1995, p. 3). He goes on to breaks this down further into two distinct types of agendas, a governmental agenda composed of the items to which government officials are paying serious attention, and a decision agenda, which is the list of subjects moving into position that will require a decision.

Cobb and Elder propose two similar definitions of the term agenda. They explain that a systemic agenda "consists of all issues that are commonly perceived by

members of the political community as meriting public attention and as involving matter within the legitimate jurisdiction of existing governmental authority" (1972, p. 85). They also define a formal, or institutional, agenda that is comparable to Kingdon's decision agenda, namely "that set of items explicitly up for the active and serious consideration of authoritative decisionmakers" (p. 86). Cobb and Elder argue that it is possible for items to make it to the formal agenda without ever being on the systemic agenda, but issues involving substantial social consequences must first appear on the systemic agenda.

Baumgartner and Jones focus on the public agenda, which they define as issues that receive widespread attention (Smith, 1995). This definition is similar to Kingdon's governmental agenda and Cobb and Elder's systemic agenda. In fact, an item is considered to be on the public agenda if it dominates media coverage and the schedules of public officials (Smith). This determination of whether an item is on the public agenda ties directly to Baumgartner and Jones's theory and the basic methodology of this study; that is, changes in image (indicated by increased media coverage) and changes in the schedules of public officials (characterized by changes in Congressional activity) will lead to policy change.

Because of the limited agenda space available, Edwards and Wood (1999) argue that the ability to influence the policy agenda is an important source of political power. Gaining agenda access, then, which is defined by Jones (1994) as when an issue becomes of general interest to a policymaking body, is important.

One way of obtaining agenda access is by having an issue accepted as a "problem." Parsons (1995) considers that the beginning of a policy involves the

recognition of a problem, and Kingdon (1995) defines a problem as something that is perceived as needing to be changed. Andress (n.d.) states that the first step to gaining agenda access is to get the problem on the appropriate legislative body's "radar screen." Along the same lines, Kingdon notes that a proposal has a dramatically improved chance of rising on an agenda if it is connected to a problem.

While proponents of an issue seek to gain agenda access, others will be seeking to prevent an item from gaining agenda access. Some argue that it is easier to keep items off an agenda than to get them on. Bachrach and Baratz (1962), for instance, argue that power can be exercised by limiting the scope of the political process to public consideration of only issues that are harmless to the group currently in power. Indeed, Gamson says, "the American political system normally operates to prevent incipient competitors from achieving full entry into the political arena" (quoted in Cobb & Elder, 1972, p. 5).

Those attempting to gain agenda access, then, may find success difficult to achieve. A problem has to be defined and accepted while at the same time opponents are working to deny access.

As stated by Jones (1994), the focus in agenda setting is clearly on political issues. These political issues include the origin of an idea, how it is selected for serious consideration, how it gains support, and how it influences the policy process (Jones). Considering these political issues, Baumgartner and Jones offer the punctuated equilibrium model to explain their theory of agenda setting.

## The Punctuated Equilibrium Model

The punctuated equilibrium model of agenda setting proposed by Baumgartner and Jones shows how the policy process can be conservatively incremental and subject to radical change (Parsons, 1995). Their model shows how both "sides" of theoretical policy making questions can have merit, but not at the same time and place. For example, does the American political system resist change, or does it provide opportunities for policy entrepreneurs to advance new ideas (Baumgartner & Jones, 1993)?

Despite the widespread interest in these types of public policy issues, Baumgartner and Jones (1993) note that relatively few large-scale agenda setting studies have been completed. Their work is an attempt to conduct such a study.

The authors' efforts have not gone unnoticed. Parsons (1995) calls the punctuated equilibrium model of agenda setting one of the most comprehensive theories to date. The members of the American Political Science Association's Public Policy Section have voted the model number one on the list of the most important works published within the last 10 years (John, 2003). Perhaps more importantly, their model has reinvigorated interest in decision-making theory (John & Margetts, 2003). In fact, Baumgartner and Jones (2002), in a later book entitled *Policy Dynamics*, encourage researchers to use the data they have compiled through their Policy Agendas Project to criticize or amend their theory.

The metaphors used by Baumgartner and Jones in their model come from the fields of biology and computer science (Parsons, 1995). The term "punctuated equilibrium" is itself derived from the evolutionary biology debates of the 1970s (John,

2003), while the computer analogy is derived from the fact that humans are limited in their ability to process information, so issues must be processed in parallel, as opposed to serially (Parsons).

The concept of parallel versus serial processing is a key aspect of Baumgartner and Jones's model as it relates to policy monopolies. Baumgartner and Jones argue that actors involved in the policy process have a desire to establish a monopoly, which they define as "a monopoly on political understandings concerning the policy of interest, and an institutional arrangement that reinforces that understanding" (1993, p. 6). Policy monopolies, then, have a definable institutional structure that limits access and a powerful supporting idea that reinforces the institution. Baumgartner and Jones include concepts such as iron triangles, policy subsystems, and policy networks within the umbrella of "policy monopolies."

Policy monopolies, based on stable "policy images" and "policy venues," allow for routine policymaking, which predominantly favors the status quo (Boeckelman, 1997). Policy image is defined as how a policy is understood (Baumgartner & Jones, 1993), and a policy venue is defined as the institution or group that has authority to make decisions concerning an issue. Baumgartner and Jones state that these venues and images are created by policy experts and allow them to enjoy a great deal of freedom in their actions while seldom being called upon to publicly account for their actions. Smith (1995) notes that issues within the domain of policy monopolies seldom appear on the public agenda. According to Baumgartner and Jones, policy monopolies allow the political system to process issues in parallel (Parsons, 1995).

Policy-making within policy monopolies, or subsystems, is generally stable and incremental (Jones, 1994). In *Policy Dynamics*, Baumgartner and Jones (2002) describe this as characteristic of a negative feedback process and note that negative feedback is a self-correcting mechanism. If a decision, for example, goes too far in one direction, the opposing group will mobilize and show its strength. This results in a political system that never leads to one group becoming dominant over another. Challenges to the status quo may cause a short term deviation from the existing equilibrium, but the system generally reverts back to its starting point (MacLeod, 2002).

The model proposes that policy making occurs in two waves: enthusiasm and criticism (Baumgartner & Jones, 1993). Waves of enthusiasm produce the optimum conditions for the formation of policy monopolies, as policymakers wish to facilitate the work of those they feel the public believes will be advantageous. A wave of enthusiasm creates the opportunity for policy entrepreneurs to manipulate opinion during this favorable period then, as interest wanes, the issue is assigned to an institution for "…control, nurturing, and encouragement" (p. 86). Too, as the issue fades from the public agenda, Baumgartner and Jones state that the policy monopoly will be set up and decisions will become routine.

This wave of enthusiasm is also called a "Downsian mobilization" based on an article written by Anthony Downs entitled "Up and Down with Ecology" (cited in Baumgartner & Jones, 1993). Downs (1972) claims that the attention given by the American public to domestic issues rarely lasts, even if it is critically important. Based on this belief, he proposes an "issue-attention cycle" (IAC) in which a problem becomes

prominent and then fades from the center of attention (p. 38). He describes the IAC as consisting of five stages:

1. *Pre-problem stage* – an undesirable condition exists, but it has not yet gained the public's attention.
2. *Alarmed discovery and euphoric enthusiasm* – the public becomes aware of the problem and enthusiastic about the ability of society to solve it.
3. *Realizing the cost of significant progress* – the public becomes aware of the high costs of solving the problem and that the existing arrangement is providing benefits to someone.
4. *Gradual decline of intense public interest* – as the difficulties involved in solving the problem become more widely known, some people become discouraged, some people feel threatened, and some people become bored.
5. *Post-problem stage* – the issue has been replaced as the center of attention; it lingers between the realm of lesser attention to occasional recurrences of interest.

Baumgartner and Jones (1993) agree that some issues follow the IAC, but they argue that others remain on the agenda for long periods of time. Peters and Hogwood (cited in Baumgartner & Jones) studied Downs's theory and concluded that public attention may fade but the result may be an institution that remains in place. Indeed, Downs (1972) states that the new institutions, programs, and policies established to solve the problem may have an impact even after the public loses interest.

Baumgartner and Jones (1993) believe that Downs's IAC may be correct when problems do not have a feasible solution, but when a solution is evident through the government, public attention may lead to the enactment of new programs and the growth

of new institutions. The Downsian mobilization, then, is based on enthusiasm and the expectation that the government can solve the identified problem.

Policy monopolies established during a Downsian mobilization enjoy success due to structure-induced equilibrium, which is a reliance on certain political institutions' ability to stay in power (Baumgartner & Jones, 1993). The concept of structure-induced equilibrium has been introduced by Kenneth Shepsle (Dion, 1992). Dion considers that structure-induced equilibrium exists under an institution when there is no other alternative that can be admitted in the structure that can defeat the current policy position.

Opponents, however, desire to gain agenda access despite the structure-induced equilibrium. Jones (1994) defines agenda access as a serial shift, which is change from parallel (incremental) to serial (nonincremental) processing of issues. Baumgartner and Jones argue that agenda access can be achieved through the wave of criticism, which is an attack on existing images and institutions (Parsons, 1995). Boeckelman (1997) argues that the destruction of policy monopolies and policy change begins with shifts in image and venue. Movement from parallel processing to serial processing can then occur.

A change in intensity of interest is most often associated with the destruction of policy monopolies; the previously uninterested, including the public, policymakers, government agencies, and private interests, become involved (Baumgartner & Jones, 1993). The most powerful strategy to adjust intensity is to enlarge or limit the scope of conflict. Political actors attempt to control the conflict by manipulating the prevailing

image of the issue and by seeking the most favorable venue for the consideration of their issue (Baumgartner & Jones, 1991).

The associated wave of criticism is referred to as a "Schattschneider mobilization" and is based on Schattschneider's theory of conflict expansion (Eustis, 2000). Schattschneider (1960) states that the universal language of conflict can be found at the root of all politics. The audience, according to Schattschneider, determines the outcome of the conflict. He proposes two propositions that directly relate to the punctuated equilibrium model. The first proposition is that a conflict's outcome is based on the extent the audience becomes involved and the scope of it contagion. The second proposition is that the scope of conflict is the most important strategy of politics. Indeed, he says that every change in scope changes the conflict's equation. While opponents will attempt to expand the scope of conflict, proponents of the status quo will attempt to contain the conflict, and Schattschneider says the best place to control conflict is before it starts.

A Schattschneider mobilization is aided by a positive feedback mechanism. This is indicated by a growing number of actors in opposition to the status quo (Baumgartner & Jones, 2002). Baumgartner and Jones characterize this as "a self-reinforcing process that accentuates rather than counterbalances a trend" (p. 13). During the positive feedback process, small adjustments can build upon one another leading to major changes; escalation, bandwagons, slippery slopes, and waves are terms used in political science to describe these occurrences (Baumgartner & Jones, 1993). A positive feedback mechanism is characterized by dramatic, nonincremental changes and is reminiscent of chaos theory. In *Managing Chaos and Complexity in Government*, Kiel

coined the phrase the “butterfly effect” (1994, p. 6) to describe how small changes can lead to dramatic effects.

Baumgartner and Jones (2002) describe two processes that generally lead to the start of a positive feedback mechanism. The first one is “mimicking”, which is based on the fact that people act based on the behavior of others. People seek to “go with a winner” (p. 16), and therefore their actions are contingent upon the behaviors of others.

Gladwell (2002) describes a similar process in his book entitled *The Tipping Point*. He refers to the concept of a positive feedback mechanism as an epidemic, which he says is an unexpected change. Small changes can lead to an epidemic, and an epidemic can happen rapidly. Gladwell considers that an important component of an epidemic is the people who cause it, which he calls the Law of the Few. A small group of key people can cause an issue to “tip,” which leads to dramatic, unexpected change.

The second process described by Baumgartner and Jones (2002) that leads to a positive feedback mechanism is attention shifting. This occurs because people process information in a serial manner. In other words, they only focus on certain aspects of an issue at one time.

Herbert Simon notes that people are “boundedly rational”, referring to the way people must process information serially (as cited in Jones, 1994, p. 13). When making decisions on complex and multidimensional issues, people may be forced to focus on some aspects of an issue as opposed to others (Baumgartner & Jones, 2002). Shifts in the focus of attention, then, from one aspect to another can cause a change in outcome (Jones). Jones points out that preferences may be slow to change, but attentiveness to preferences can shift quickly.

Based on the concept of attentiveness, an effective political strategy is to alter the views of the actors involved by manipulating the allocation of attention (Baumgartner & Jones, 1993). This may occur without a change in the underlying facts or new evidence surrounding the issue. Opponents, based on this knowledge, may attempt to focus attention on highly emotional aspects of the issue that are favorable to their cause. As attention shifts and choices change, the possibility of a positive feedback mechanism occurring is aided by the concept of mimicking. A shift in attention can create the expectation of successful change, which can lead to other actors becoming interested in the issue (Baumgartner & Jones, 2002).

The punctuated equilibrium model is based on the concept of positive feedback related to changes in image and venue. Changes in rhetoric will likely lead to a change in venue; the change in venue, in turn, facilitates additional changes in rhetoric. Baumgartner and Jones state,

> With each change in venue comes an increased attention to a new image, leading to further changes in venue, as more and more groups within the political system become aware of the question. Thus a slight change in either can build on itself, amplifying over time and leading eventually to important changes in policy outcomes. The interactions of image and venue may produce a self-reinforcing system characterized by positive feedback (1993, p. 37).

The concepts of negative and positive feedback are critical to understanding the American political system. The point in which the system changes from negative to positive feedback is critical (Baumgartner & Jones, 1993). Stability is then "punctuated" by periods of rapid change (Jones, Baumgartner, & Talbert, 1993, p. 669). This study

will seek to determine if the passenger facility charge (PFC) issue is marked by a change from negative to positive feedback based on changes in image and venue as proposed by Baumgartner and Jones.

## Criticisms of the Model

While this model has received much acclaim, it has also been subject to some criticism and suggestions for refining the theory. Perhaps the most stinging critique has been written by Michael Howlett (1997), who tested the punctuated equilibrium theory by performing time series analyses on the issues of nuclear energy and acid rain appearing on the government and the public agendas in Canada. He also tested Downs's issue attention cycle, but found little support for either theory.

Howlett (1997) points out that Baumgartner and Jones rely heavily on qualitative as opposed to quantitative data because they fear statistical problems related to trend, heteroscedasticity, and autocorrelation, but he claims these problems can be overcome. He also argues that "issue mentions" will provide better data as they would allow one to test if any regular cyclical pattern of issue mentions exists (p. 24). Baumgartner and Jones claim that a punctuated equilibrium is chaotic as opposed to cyclical, but Howlett's analysis revealed some evidence of a cyclical pattern. This author does admit in his conclusion, however, that a qualitative database may produce better results since some nuances of the model may escape a quantitative analysis.

Soroka (1999) has written a rebuttal to Howlett's critique, claiming that Howlett's analysis suffers from two fatal flaws. The first is that Howlett misinterprets Baumgartner and Jones's use of the word "cycles", which Howlett interprets as having

regular intervals; Baumgartner and Jones use the term to mean periodic variations from an equilibrium. Howlett's dataset is the second flaw. Soroka argues that Baumgartner and Jones use issue definition during or following a period of increased attention as a sign of a policy shift, but Howlett's use of "issue mentions" does not provide for the opportunity to perform the type of content analysis necessary to discern changes in issue definition. Soroka argues that purely quantitative data can provide an outcome, but it is not the same story told by Baumgartner and Jones. Baumgartner and Jones, however, do use data intermittently with the qualitative information to provide a basis for their conclusions.

John (2003) offers some questions to consider about the model. The most crucial question, according to John, is whether the model can inform as to what kind of policies emerge or just the number of them? Jones, however, says that the model is explanatory as opposed to descriptive.

Boeckelman (1997) has tested the punctuated equilibrium model using state economic development as a "test case" of the theory related to issue definition. Specifically, this study tests efforts to redefine economic development from supply-side approaches to demand side approaches. Boeckelman offers four reasons why the model may not apply in his study: 1) issue redefinition may be less important for policy change at the state level, 2) patterns of internal political competition may produce an environment not conducive to issue redefinition at the state level even when competition plays a minor role, 3) media attention dynamics may be different at the state level, and 4) the nature of the issue, as opposed to the level of government, may make the image of businesses benefiting from tax breaks hard to change.

Other questions are offered by Mezey and Cohen (2001) who ask how common are the Downsian and Schattschneider mobilizations? They point out that a mobilization may not lead to policy change and that policy change can happen without a mobilization. Mezey and Cohen also question Baumgartner and Jones's rationale for choosing their cases. They argue that there appears to be no rationale for them and that their model would be stronger if they had attempted to incorporate some policy typologies such as the ones offered by Theodore J. Lowi and James Q. Wilson. In a similar fashion, Sharp (1994) notes that there is an established tradition that suggests the character of the policy conflict and the incentives to expand conflict depend upon the type of public policy.

Another refinement to the model has been suggested by Pralle (2003). Her study of the Canadian Forest Advocacy focuses on the concept of venue shopping, which refers to the actions of opponents who seek a decision setting where they can oppose the status quo and present alternatives. Venue shopping is, of course, one of the two main components of Baumgartner and Jones's model. Pralle's study supports the concept of venue shopping, but she presents a more complicated view of the process. Based on her study, she offers three observations: 1) venue shopping can be more experimental than deliberate, 2) groups choose venues to meet organizational needs as well as to pursue policy goals, and 3) policy learning leads to a refinement of venue choice. She concludes by stating that groups make strategic decisions that are governed by information, ideology, organizational contexts, and learning.

As mentioned above, Baumgartner and Jones have stated that they encourage comments on their model. Indeed, they say that they welcome scholarly conversations that will improve the theory (Baumgartner & Jones, 2002). Based on the recognition it

has received, however, it serves as a good basis for discussing policy change, especially since the theory is grounded in much scholarly theory, as will be discussed in the remaining sections of this chapter.

## The Importance of Image

Clearly, the image of an issue is a critical component of the punctuated equilibrium model. Baumgartner and Jones (1993) define policy image as the way a policy is understood. To understand how stability and policy change alternates as predicted by Baumgartner and Jones, one must appreciate the process by which issues are defined. Hunt (2002) considers that opportunities for change are created when a policy problem is successfully redefined.

The above discussion on agenda setting argues that it is important for an issue to be defined as a problem for it to obtain agenda access, which is consistent with Hunt's statement. Stone (1989) says, furthermore, that a bad condition does not become a problem until it is viewed as something that is subject to human control. Best asserts that an issue will not attract the interest of policymakers until it is labeled as a "social problem" (Andress, n.d., p. 7).

The image of an issue is significant for Baumgartner and Jones (Howlett, 1997), but the concept of image as a basis for the punctuated equilibrium model is rich in scholarly research. This is partly because, as Parsons (1995) says, politics arise because we do not all have the same perceptions of problems. The root cause of politics, then, is the consistent conflict over the cause of problems and the proper solutions that should be

implemented (Rochefort & Cobb, 1994). Indeed, Edelman (1988) states that politics does not exist where there is a consensus about a problem's facts, meaning, and solution.

An essential part of the policy process, then, is problem definition (Portz, 2001). How a problem is defined is a crucial aspect for a successful attempt to gain agenda access and, of course, desired policy change based on the punctuated equilibrium model. For this reason, political actors have incentives to manipulate images for their benefit (Baumgartner & Jones, 1991). This section reviews the literature that describes how this is attempted through problem definition, redefinition, framing, common problem definition techniques, and the use of symbols in politics such as language.

Rochefort and Cobb refer to the process of characterizing problems in the political arena as "problem definition" (1994, p. 4). Stone (1989) describes problem definition as the process of image making by assigning cause, blame, and responsibility; she says that political actors will deliberately attempt to portray problems in a way that is favorable to their cause in an attempt to secure support for their efforts. Along these same lines, Hogwood and Gunn posit that problems are defined based on their causes and perceived impacts (as cited in Tarry, 2001, p. 572). Problem definitions are not objective statements; a definition is an expression of position and interest in a problem (Portz, 1996). The definition that attracts the largest and most intense support is likely to win (Elder & Cobb, 1983).

Along with problem definition, issue redefinition can also be used as an effective means to win support (Rochefort & Cobb, 1994). Redefinition is an attempt to gain the support of previously unsympathetic actors, and it depends upon the invention of a new

point of view (Riker, 1986). Indeed, Eustis (2000) claims that support for an issue can often be obtained through the redefinition of an existing problem.

Strongly related to the concepts of problem definition and redefinition is framing. Framing can be defined as a communication tool designed to connect with the public's values and beliefs (Andress, n.d.). Political actors use framing in an attempt to trigger related value dimensions to the position being advocated (Terkildsen, Schnell, & Ling, 1998). Advocates of an issue will advance a frame that represents the values of the people they wish to persuade (Andress). Jennings (1999) presents an example of competing frames based on values from the issue of abortion. Pro-choice forces frame the issue based on a woman's right to choose, while the pro-life advocates frame the perception of rights from the perspective of the fetus.

Framing, then, along with problem definition, can be critically important to gaining public support. Stone (1989) argues that these efforts are based on the social constructionist school of thought. Morgan says that the social constructionist view states that the images and ideas people believe to be true will impact how "their realities unfold" adding, "…people *do* make and shape their world and have the ability to do so anew" (1997, p. 275).

Stone (1989) agrees with this position, claiming that peoples' understanding of reality is influenced by ideas. Too, political actors must understand that multiple realities exist because people have different situations and purposes (Edelman, 1988). Northcutt offers a good summary of the social construction of reality:

> individuals, groups and societies tend to place interpretations upon reality – interpretations which may or may not be true in an absolute sense. The

> definitions, explanations and assertions are constructed to help us make sense of those things and events that we experience and to help us decide how to respond to those experiences. In the face of uncertainty and ambiguity, these social constructions themselves are frequently based on 'fashionable' and therefore changeable assumptions and value judgments. (quoted in Rochefort & Cobb, 1994, pp. 5-6)

The key to problem definition and framing, therefore, is to strategically use techniques that will allow people to view issues in a different light. Riker (1986) uses the term heresthetic to refer to a political strategy, arguing that the fundamental heresthetical method is to present a new alternative that will divide the existing majority.

Rochefort and Cobb (1994) offer several methods commonly used to strategically define a problem and, therefore, to divide the majority and gain acceptance. Reviewing a few of these provides examples of the ways problems can be defined to increase their salience:

- *Causality* – the question of culpability, Rochefort and Cobb argue, is the most important aspect of problem definition. A key distinction that must be made is whether the cause is impersonal or if it can be blamed on an individual. The authors use the example of poverty; liberals typically focus on the problems of the economic and cultural systems while conservatives generally blame the problem on the lack of effort.
- *Severity* – how serious a problem is perceived to be will influence how much attention it will receive.

- *Incidence* – the frequency or the prevalence of a problem is important. Also, the problem's change over time is important. Is the problem, for example, perceived to be remaining stable, growing, or declining?
- *Proximity* – a problem that "hits close to home" will help gain attention.
- *Crisis* – problems presented as crises will often receive attention when they are presented as severe and corrective action is overdue. The authors state, however, that the word "crisis" is one of the most used terms in the political environment.
- *Problem populations* – the group identified with the problem will affect the attention it receives. The prominent question is whether the group is deserving or undeserving of assistance. How a group is perceived, then, will affect whether any action is taken.
- *Solutions* – Rochefort and Cobb argue that a problem definition extends to the quality of the solution proposed. Solution availability is an essential concern. In addition, solutions must be acceptable and affordable.

Techniques such as those proposed above help political actors meet the intent of problem definition, which is to explain, describe, recommend, and persuade (Rochefort & Cobb, 1994).

Portz (1996) offers three criteria he feels are important for a problem to be successfully defined that are similar to those advanced by Rochefort and Cobb (1994). The first criterion is problem visibility, which means the definition must obtain and maintain the attention of policymakers; Schattschneider says it is important for an issue to have "the capacity to blot out other issues" (as quoted in Portz, p. 375). Political

sponsorship is Portz's second criterion for a successful problem definition. He argues that an issue needs a political sponsor to guide it through the process. The third criterion is for the issue to have a viable solution. According to Portz, problem definitions that have all three of these characteristics have a good chance of receiving recognition and action by policymakers.

Cobb and Elder (1972) propose a list of five items that they argue will assist in defining a problem to gain wide acceptance and expand the scope of conflict:

- *Concreteness* – an issue ambiguously defined is more likely to receive wider acceptance.
- *Social significance* – an issue defined to have a broad social significance is more likely to receive wider acceptance.
- *Temporal relevance* – an issue defined to have a long temporal relevance is more likely to receive wider acceptance.
- *Complexity* – an issue that is not defined in complex terms is more likely to receive wider acceptance.
- *Categorical precedence* – an issue defined as not having precedence is more likely to receive wider acceptance.

Defining an issue based on these characteristics, Cobb and Elder state, will increase the chance of conflict expansion.

Stone (1989) proposes the technique of causal stories as another way defining problems based on the need to assign blame as discussed above. She offers a typology of four causal stories: mechanical cause, intentional cause, accidental cause, and inadvertent cause. The strongest argument is that someone intentionally caused the

problem followed by mechanical or inadvertent causation. Opponents, however, will attempt to show that the cause is accidental or is actually the fault of someone else. A competition, then, develops between opposing sides as each attempts to advance a causal story that is beneficial to their cause.

Symbols also are commonly used in problem definition. Elder and Cobb (1983) define a symbol as an object to which people attach a meaning, value, or significance; examples include words, gestures, people, places, and things. Symbols, then, can be attached to a problem to help harmonize motivations, expectations, and values. Edelman expresses the same concept thus: "Political symbols bring out in concentrated form those particular meanings and emotions which the members of a group create and reinforce in each other" (1964, p. 11).

Elder and Cobb (1983), like Stone, believe that individuals socially construct their realities; symbols, therefore, become the way people relate to others and their environment. Edelman (1964), says that people will respond to current, conspicuous symbols as opposed to facts; symbols are a more powerful motivator than direct knowledge of issues. In recognition of this fact, Lasswell refers to politicians and policymakers as "symbol specialists" (quoted in Parsons, 1995, p. 178).

Sapir distinguishes between two types of symbols: factual and emotive (as cited in Cobb & Elder, 1972). Factual referents are based on facts such as statistics, while emotive bases appeal to one's emotions (Cobb & Elder). According to Sapir, most of the political language used is emotive (as cited in Cobb & Elder). Similarly, Edelman (1964) distinguishes between referential and condensation symbols. Referential symbols refer to tangible items, and condensation symbols refer to emotions (cited in Parsons,

1995). Edelman adds that controversial and important political acts are related to condensation symbols.

The power of symbols to appeal to emotions is an important fact for political actors to recognize. Symbols must be used if a political mobilization is to succeed (Elder & Cobb, 1983). A commonly used symbol is language. In fact, rhetoric, the art of words and persuasion, was taught to young men during the classical times as evidenced by the many Greek and Roman authors who have written about the subject (Parsons, 1995). The importance of language is also recognized today. Elder and Cobb, for instance, state that "communication is central to politics"(1983, p. 9), while Edelman considers that political differences present the opportunity for opponents to use language and actions strategically. Indeed, he argues that "political language *is* political reality" (1988, p. 104).

Rochefort and Cobb (1995) consider that language can be the method by which symbols are used to provide legitimacy to a problem definition; language is the tool opponents use when struggling over competing alternatives of reality. Observing which types of symbols and language are being employed can provide insights into the policy process.

An example of problem definition from the aviation industry may be instructive on how effective it can be in agenda setting. Tarry (2001) discusses the role of problem definition and conflict expansion in the case of tort reform in the general aviation industry. The number of small airplanes produced in the United States fell from 13,286 in 1978 to 1,833 in 1983; the small airplane manufacturing industry claims that this decrease was primarily due to frivolous lawsuits. The industry attempted for many years

to gain relief in the form of liability exposure through Congress, but was successfully opposed by the Association of Trial Lawyers of America (ATLA). ATLA, meanwhile, argued its actions protected pilots.

The manufacturing industry initially attempted to focus attention on the frivolous nature of the lawsuits, reminding the public of aviation's role in the American culture and warning of the negative effects that the lack of small aircraft could have on the nation's transportation system, economy, and national security. These efforts, however, did not resonate with a general public that is unlikely to support an industry that primarily caters to people who can afford private airplanes (Tarry, 2001).

Because the issue was not gaining momentum, the industry changed tactics. It redefined the problem in a way that appealed to the members of the Aircraft Owners and Pilots Association (AOPA), potential beneficiaries of ATLA lawsuits (Tarry, 2001). The issue became protection of general aviation, which is considered "a way of life" by the AOPA. By defining the issue in terms of a "product liability crisis," the industry was able to gain the AOPA's support. This separated potential plaintiffs from the ATLA, which made it difficult for the ATLA to claim it was protecting pilots as opposed to its own economic interests. Because of this change in definition, the *General Aviation Revitalization Act* was passed in 1994.

Defining a problem's image is crucial to the political process. Lustig has stated, "it is an old truth of politics that power is revealed not by those who have the ability to provide answers but by those who frame the original questions" (quoted in Portz, 1994, p. 45). Schattschneider says, "the definition of alternatives is the supreme instrument of

power" (1960, p. 68). Consequently, political actors will use these problem definition techniques to change an issue's image.

An image change can lead to an attention shift, as discussed by Baumgartner and Jones. Riker (1986) presents an effective example of image change by shifting attention. Senator Magnuson, along with some other northwestern Senators, opposed the shipment of nerve gas from Okinawa, Japan, to the northwest United States for storage or detoxification during the Vietnam War. Magnuson feared that arguments against the plan based on safety would not be enough to stop the shipment. He therefore shifted attention from the parochial, safety aspects of the shipment to the issue of the relationship between the Senate and the President by arguing that the plan was the President's attempt to avoid consulting with the Senate about Okinawa and the peace treaty with Japan. By framing the issue in terms of the Senate's relationship with the President, Magnuson was able to achieve his goal of stopping the shipment.

Political actors can clearly use the techniques and methods of problem definition to affect an issue's image. This change in image is a necessary component of the punctuated equilibrium model; as discussed earlier, image changes can lead to dramatic policy shifts through the process of positive feedback associated with changes in venues.

## The Importance of Venues

The concept of venues is the second important feature of the punctuated equilibrium model. Baumgartner and Jones (1993) refer to venues as the institutions and groups in society that have the authority to make decisions about an issue. A policy

venue can also be monopolistic or shared. These institutional structures work to sustain policy equilibrium (Parsons, 1995).

The importance of institutions in policymaking, however, has tended to be ignored by modern political scientists (Parsons, 1995). Rawls defines an institution as a public system of rules (cited in Dion, 1992, p. 463). These institutions and their rules provide the framework for political conflicts (Parsons). Kingdon (1995) notes that institutions provide important constraints on policymaking. Finally, Parsons says that the impact of institutions must be considered to understand the process of policy formulation and problem definition.

March and Olsen go so far as to argue that institutions frame reality (cited in Parsons, 1995). Baumgartner and Jones (1991) agree that venues and images are closely related. Venue changes may lead to image shifts and vice versa, which can cause the positive feedback mechanism predicted by the punctuated equilibrium model. It is important to understand, too, that different venues may accept or reject different images of an issue; indeed, the many different venues in policymaking can allow different policy images to exist at one time (Baumgartner & Jones, 1993).

Since images can differ, the question of which venue has authority over an issue is important. Images and venues coevolve over time (Baumgartner, Jones, & MacLeod, 2000), but as discussed above, policy venues may change over time (Baumgartner & Jones, 1993). Image change is less likely when the venue is tightly controlled; a venue change, however, can significantly alter an issue's image (Baumgartner & Jones, 1991). This results in the positive feedback mechanism predicted by Baumgartner and Jones.

Baumgartner and Jones (1991) discuss an example of this positive feedback mechanism. Environmental groups, after suffering unfavorable decisions in the executive branch, appealed to a previously uninvolved group in Congress, who gave them a favorable hearing. These efforts lead to the passage of the *National Environmental Protection Act* of 1969 that gave environmental proponents greater access to the courts and the regulatory process. The law also legitimized rhetorical symbols favorable to the environmental groups, which increased public attention and caused a change in image.

Venues, then, have become the primary arena for issue development, and issues are subject to conflicting interpretations as with other political matters (Plein, 1994). The number and types of available venues can be far reaching. Venues include agencies of the federal government, the private market, and the many local and state governments (Baumgartner & Jones, 1991). Again, the way an image is understood determines the venue to which it is assigned; but venue assignments are subject to change over time (Baumgartner & Jones, 1993).

This interaction between venue and image is crucial for venue shopping, which Pralle (2003) defines as searching for a decision setting that offers the best opportunity for success. Baumgartner and Jones (1993) claim that this process relies on a dual strategy of manipulating image and searching for a favorable venue and that it is built on Schattschneider's concept of conflict expansion. As the conflict expands into new venues, policy change will often follow if new problem definitions are accepted (Pralle).

Opportunities for changing venues have increased in past decades (Pralle, 2003). The PFC issue considered in this study, however, essentially began with a ruling by the

United States Supreme Court, and Congress is the main venue for the PFC issue conflict. As explained in Chapter 3, the Supreme Court ruled in 1972 that reasonable charges can be imposed on passengers for using the airport. Congress, in response to the ruling, passed a law in 1973 that banned PFCs. It should be helpful, then, to briefly review a scholarly study on the Supreme Court and focus on literature that discusses Congress as a venue.

Flemming, Bohte, and Wood (1997) contend the Supreme Court may be an effective venue in focusing attention on issues and identifying problems. Rulings that rearrange political benefits and influence often expand the scope of conflict and bring other venues into the battle. Flemming et al. studied four rulings concerning school desegregation, flag-burning, religious education in public schools, and prayer in public schools and found that the decisions significantly expanded the scope of conflict. They conclude by arguing the Supreme Court has the ability to introduce new or rediscovered social problems or policy solutions into the national debate; the conflict expansion and the response by interest groups, Congress, and other political actors can thus create a positive feedback mechanism.

Clearly, there are many venues to which political actors can appeal. Baumgartner and Jones (1993), though, focus on Congressional activity as an indication of venue change; they argue that Congressional activity can be more accurately and easily measured than other venues such as the federal executive branch agencies and state and local venues. Following their methodology, venue change in this study is indicated by changes in Congressional activity. Reviewing some of the literature

relevant to Congressional hearings and related activities, therefore, should prove instructive.

Jones and Baumgartner call Congressional hearings a "front end" component of the policymaking process (2004, p. 7). The policymaking process through the Congressional committee process, however, is not simple. The existing, accepted view of committees has been that they are stable, which allows them to establish "fiefdoms" (Talbert, Jones, & Baumgartner, 1995). Congressional committees, however, compete for control over new issues and for ongoing authority in their existing jurisdictions (Baumgartner et al., 2000). As a result, committee jurisdictions are constantly changing (Jones et al., 1993).

King defines jurisdiction as "property rights over issues" (1997, p. 1). The competition for this jurisdiction is important since many of the powers attributed to a committee are dependent upon its ability to maintain control (Shipan, 1996). The committee that has jurisdiction can have a large impact on policy output (King, 1994). The battle for jurisdiction over issues, then, can be hotly contested. Indeed, a top aide to former House Speaker Tom Foley says that turf wars, claiming jurisdictionally ambiguous issues, are "the hottest game in town" (King, 1997, p. 13). Another committee staff director says, "Jurisdiction boils down to whether you'll have a seat at the table when important decisions are being made. If you're not at the table, you're a nobody" (King, 1994, p. 48).

King (1997) distinguishes between two types of committee jurisdictions, statutory and common law, defining statutory jurisdiction as formal, written legislative rules that are voted on by the full House or Senate. The rules of a preceding Congress

are adopted with minor and infrequent changes (King, 1994). Common law jurisdictions, conversely, are a product of the process whereby jurisdictionally ambiguous bills are referred to committees (King, 1997). Bills must be referred to a committee, or committees, within 24 hours (King, 1994). This process is crucial as they establish the precedents of common law jurisdiction (King, 1997).

King (1994) argues that with few exceptions, most scholars have acted as if statutory jurisdiction, or the written rules, is the only source of jurisdiction. Common law jurisdictions have been mostly ignored by political scientists, but King (1997) argues that this is where one can find the Congressional activity. As an example of a jurisdictionally ambiguous bill, King (1997) asks if ambulance safety should be considered in the Transportation Committee or the Health Committee; the answer, of course, depends upon which committee one has a seat on.

Claiming rights to a new issue, then, is one way of establishing committee jurisdiction. King says that "the real action is over unclaimed territory, over the resolution of jurisdictional ambiguities" (1994, p. 50). Key actors in these decisions are the House and Senate parliamentarians who make the committee referral decisions (King, 1994). Parliamentarians make referrals based on a decision rule termed the "weight of the bill," which basically means that bills are referred to committees that have established expertise in a similar area (King, 1997, p. 6). This is similar to the legal concept of the "weight of the evidence" in which courts rule on civil cases (King, 1997, p. 98).

Based on the concept of the weight of the evidence, political actors will attempt to sway the parliamentarians by the language used in the bill and by citing past referral

precedents (King, 1997). Bills may be cleverly written after consulting with the parliamentarians on how they may be referred based on specific language used in the bill (Talbert et al., 1995). King (1997) says, though, that the most common strategy is to argue the bill is not ambiguous at all; under this scenario, political actors will attempt to show that the jurisdiction of an issue should be granted to their committee based on referral precedents. Under this scenario, "the rich get richer and the poor get the same old bills" (King, 1994, p. 54).

Another strategy is to establish expertise by holding hearings on a bill before it is introduced (King, 1997). These nonreferral hearings assist committees in establishing a "track record," which could help increase the probability of receiving a referral and help justify future jurisdictional claims (Hardin, 2002). This and other types of strategies are employed in an effort to anticipate the reaction of the parliamentarians and obtain the desired referral (King).

King (1994) offers an interesting example of how the House Commerce Committee expanded jurisdiction to include general health issues. The committee was awarded jurisdiction over trade markets and shipping rights, which led to referrals of bills relating to navigation safety including quarantine issues at seaports. This eventually led to the creation of the Marine Hospital Service to oversee quarantines of immigrants. These hospitals were then established along heavily traveled rivers to assist with the perils of steamboat travel. When yellow fever and cholera became epidemics, the hospitals were the only federal agencies in a position to assist. The Commerce Committee's jurisdiction, therefore, had greatly expanded by the end of the 1800s.

The other way to expand jurisdiction is to take it away from another committee (King, 1997). Indeed, some committees employ staffers as so-called "border cops" who are responsible for protecting turf and looking for new jurisdictional areas in which to expand (King, 1994). Committees believe they must protect their jurisdiction because the loss of control of even a minor issue could set a trend for future losses (Shipan, 1996). Committee jurisdictions are constantly in flux, so one should not assume that they are fixed (Jones et al., 1993).

Talbert et al. (1995) argue that conflict expansion and issue redefinition are central to jurisdictional changes. They distinguish between two types of committee hearings: legislative and nonlegislative. Legislative hearings are held on referred bills, while nonlegislative hearings include all the others such as investigative and oversight. As discussed above, strict rules play a role in assigning jurisdiction over an issue to a committee, but committees are granted much more freedom to hold nonlegislative hearings.

Nonlegislative hearings are an important part of efforts to gain jurisdiction because there are few limitations, for example, on what issues a committee can investigate (Talbert et al., 1995). Jones et al. (1993) state that oversight hearings are one of the methods used by committees to change the jurisdiction of an issue. Overall, the two main reasons for holding nonlegislative hearings are to justify future claims, similar to the issue discussed above, and to force rival committees to act on issues that they may wish to otherwise avoid (Talbert et al.).

Nonlegislative hearings may be used to show other political actors that an issue has several dimensions and that the committee holding the hearings may have some

jurisdictional claim (Talbert et al., 1995). This is related to the focus of attention issue discussed in the above section on image. Indeed, different committees can claim new jurisdictional areas when an issue becomes understood in new ways.

Talbert et al. (1995) offer an instructive example of how a committee affected aviation policy by holding nonlegislative hearings. Senator Edward Kennedy was Chairman of the Administrative Practices and Procedure Subcommittee (Ad Prac) of the Judiciary Committee. The committee had little legislative clout when he assumed the chairmanship, but it had a broad mandate for administrative oversight and investigation. Based on this and with the help of Harvard Law Professor Stephen Breyer, the subcommittee held oversight hearings on the deregulation of the airline industry, which eventually lead to the passage of the *Airline Deregulation Act* of 1978.

Senator Kennedy and the Ad Prac Subcommittee's investigation of the Civil Aeronautics Board, however, involved gaining jurisdiction from the Commerce Committee and its Subcommittee on Aviation both of which objected to Kennedy's plans to hold hearings (Talbert et al., 1995). Based on a letter from Senator Magnuson and Senator Cannon stating, "the issues which have been raised by your staff are properly within the jurisdiction of the Committee on Commerce" (Talbert et al., p. 385), Senator Kennedy delayed the hearings. At the same time, the Judiciary Subcommittee continued its plans to fully investigate the issue and the effort established the subcommittee as the authority on the issue; its claims to more jurisdiction was then formally established.

Talbert et al. (1995) argue that the purpose of hearings is to frame a debate from the perspective of the committee holding the hearing. Most committees, in fact, can be

categorized as more likely to be favorable or unfavorable towards an issue (Jones et al., 1993). To assist with the framing process, committees will control the hearing to promote their favored problem definition (Talbert et al.).

A common way to advance a problem definition through the hearing process is by carefully selecting the witnesses who will appear before the committee. Senator Kennedy, for instance, strategically selected and reviewed each witness to ensure that the points he wanted to emphasize were discussed during the hearings. Committees do not seek or receive complete information (Talbert et al., 1995). They like to hear from their allies as opposed to their opponents (Jones et al., 1993).

Committees may also use a government agency to help frame an issue. Bimber (1996) discusses how committees have attempted to frame issues through the Office of Technology Assessment (OTA). The request for an OTA study could indicate a policy intention to other committees, which often causes them to position themselves to influence the outcome of the report. A committee staffer has stated that her committee would provide add-on requests to the OTA "in order to frame the questions" (p. 63). Another committee staffer has said, "you have to have the ability to shape the study to fit the needs of the committee – framing the nature of the report is the issue" (p. 63).

Jurisdiction, again, is the focal point. OTA reports were requested for two reasons: to receive actual assistance and jurisdictional concerns (Bimber, 1996). One committee staffer says, "You don't want … another committee working with OTA on an issue in your jurisdiction" (p. 63). Eventually, the OTA began to inform potentially interested committees about their intent to conduct research and even solicited comments on how to frame its studies.

Since jurisdictions are crucially important, it begs the question whether other committee members will readily vote for a policy that violates other's turf or will they vote to protect recognized jurisdictions. The results of two studies appear to be somewhat mixed. Shipan (1996) has found that jurisdictional concerns in the Senate matter to the committee members whose turf has been violated but not to others who might have been expected to defend the system's integrity. A study by Larue and Rothenberg (1992) resulted in a slightly different finding. They concluded that members who are at the margin will take jurisdictional and institutional issues into consideration; in other words, those who do not feel strongly compelled to vote for or against an issue will consider jurisdictional issues when casting their ballot.

From this discussion, one can begin to gain an appreciation for the importance of venues in the policy making process and the role they play in the punctuated equilibrium model. New issues and new ways of thinking about old issues may lead to different venues, such as Congressional committees, to exert jurisdictional authority (Baumgartner et al. 2000). A structural-induced equilibrium can collapse quickly if the "previously indifferent" become interested and engaged in the policy making process (Jones et al., 1993, p. 660). Image and venues, it is argued, interact to produce a change in policy through the conflict expansion process.

## The Role of Policy Entrepreneurs

The image and venue changes postulated by the punctuated equilibrium model do not often happen without the assistance of interested political actors. Indeed, policymakers will strategically attempt to manipulate the image of an issue and the

venue that exerts jurisdiction over it (Baumgartner & Jones, 1993). Baumgartner and Jones refer to those who attempt to change existing policy arrangements as "policy entrepreneurs" (p. 4).

Policy entrepreneurs have the ability to employ a dual strategy in their efforts to change policies: one approach is to control image and the other is to adjust the policymakers involved by seeking alternate venues that will be favorable to their cause (Baumgartner & Jones, 1991). Their actions are an attempt to begin a positive feedback mechanism in which small adjustments can lead to dramatic policy change (MacLeod, 2002). Riker says that one method is to strategically link an issue to a topic that will gain wide acceptance (cited in Baumgartner & Jones, 1994).

Policy entrepreneurs, consequently, will attempt to redefine issues in a way that is favorable to their position (Baumgartner & Jones, 1994). Policy entrepreneurs can destabilize existing policy arrangements through the issue redefinition process (Baumgartner et al., 2000). Congress is a critical venue for issue agenda setting and issue definition (Plein, 1994), and policy entrepreneurs are important for redefining issues and ushering them through the policy process (Jones, 1994).

According to the punctuated equilibrium model, policy entrepreneurs are also instrumental in attempting to change policy venues. Larue and Rothenberg (1992) state that actors will attempt to overcome constraints by convincing another committee to expand its jurisdiction. To do this, policy entrepreneurs will claim that a jurisdictionally ambiguous issue is proximate to a committee's established domain (King, 1994). A successful challenge in another venue may result in policy change due to a venue shift

(Hunt, 2002). In sum, Baumgartner and Jones (1993) claim that policy entrepreneurs will strategically manipulate policy image in their search for a favorable venue.

A significant amount of literature reinforces Baumgartner and Jones's claims of the importance of policy entrepreneurs. Reviewing a portion of this foundation should help delineate the crucial role policy entrepreneurs play in the policy making process suggested by the punctuated equilibrium model.

Schneider and Teske define an entrepreneur as someone who changes "the direction and flow of politics" (1992, p. 737). These authors attempt to show links between entrepreneurs in both economics and politics. The economic literature on entrepreneurs, for example, states that they will take advantage of newly discovered or newly created opportunities in an effort to gain profits; successful entrepreneurs will then move the market toward disequilibrium and then to a new, favorable market arrangement.

Schumpeter's economic entrepreneur is contrasted by Schneider and Teske (1992) to Riker's heresthetician, who is defined as an entrepreneurial political leader that seeks new alternatives that will gain the acceptance of others. Mintrom (1997) concurs with this comparison; he says that policy entrepreneurs are to the policy process as economic entrepreneurs are to the marketplace. Mintrom also argues that the link between the actions of policy entrepreneurs and the agenda setting process has rarely been the focus of attention. Schneider and Teske suggest that the outcome of both types of entrepreneurs resembles a punctuated equilibrium.

In political science, there are several related definitions of policy entrepreneurs. Mintrom defines a policy entrepreneur as a political actor who seeks to "initiate dynamic

policy change" (1997, p. 739). Similarly, Mintrom and Vergari define them as those "who seek to promote policy innovations" (1998, p. 130). Policy entrepreneurs are also known as political actors who care about issues and government actions (Krutz, Fleisher, & Bond, 1998). They are individuals willing to invest resources in exchange for future policies that they desire (Kingdon, 1995).

Policy entrepreneurs originate from various backgrounds and organizations. Krutz, Fleisher, and Bond (1998) state that policy entrepreneurs may come from interest groups or from the intellectual community. Jones (1994) adds to the list, noting that they are often political leaders, but can also be leaders of corporations or citizen groups. Kingdon summarizes the various sources of policy entrepreneurs thus: "they might be elected officials, career civil servants, lobbyists, academics, or journalists. No one type of participant dominates the pool of entrepreneurs" (1995, p. 204).

Similar to Riker's thoughts, Mintrom (1997) says that policy entrepreneurs must develop strategies for presenting ideas in order to be successful. They must be able to convince others of the merits of their ideas (Mintrom & Vergari, 1998). Mintrom and Vergari argue that there are three main goals of policy entrepreneurs. One is to convince others that their solution is technically feasible. Secondly, policy entrepreneurs must show that they are credible and trustworthy. Lastly, it is important for policy entrepreneurs to be "sensitive" to the needs of others when presenting their arguments. The better policy entrepreneurs understand the concerns of key decision makers, the better chance they will have of framing their favored solution in a way that will be successful.

A strategy that policy entrepreneurs use in an effort to successfully frame an issue is to spend time "networking;" in other words, contacts with policymakers can help policy entrepreneurs determine which arguments will be successful in gaining support for their ideas (Mintrom, 1997). Effective policy entrepreneurs must also, as mentioned above, develop a credible reputation among policymakers and establish a coalition to support them. Mintrom states, however, that the success of policy entrepreneurs will be impacted by the situation in which they are operating; context matters.

Schneider and Teske also discuss how helpful a coalition can be for a policy entrepreneur. They state that a policy entrepreneur, whom they term as public sector entrepreneur, is likely "to need a collective *group* foundation to survive and prosper in the political marketplace" (1992, p. 741). The use of rhetoric, the manipulation of policy goals, and the distribution of incentives are necessary to identify and mobilize an effective coalition.

Kingdon (1995) agrees that policy entrepreneurs are central to the policymaking process. He says that the chances of an issue rising on the agenda are improved if it is defined as a problem; therefore, policy entrepreneurs will attempt to define their favored issue as a problem. As a part of their efforts, they will stress indicators that highlight their issue. Policy entrepreneurs will also attempt to develop symbols that will enhance their efforts by capturing the personal attention of policymakers.

Concurrently, policy entrepreneurs may promote their favored solution over time through what Kingdon calls a "softening-up process" (1995, pp. 127-128). This involves writing papers, giving testimony, holding hearings, getting press coverage, and meeting

with people. Through their efforts, solutions are coupled to problems, problems are coupled to political forces, and political forces are coupled to proposals.

King (1997) focuses specifically on the methods used by policy entrepreneurs to impact Congressional jurisdictions. He promotes four strategies used by policy entrepreneurs to compete with one another based on anticipating how the parliamentarian will grant jurisdiction:

- *Amend public laws* – this is the preferred way to expand jurisdiction. It involves attaching an amendment to a public law. The parliamentarian will award jurisdiction of an ambiguous amendment to the committee that has jurisdiction over the law being amended as long as it is germane. Policy entrepreneurs, then, will seek old public laws that can be broadly interpreted in favorable committees.
- *Cite referral precedents* – as mentioned in the above section discussing venues, common law jurisdiction is based on past referrals. Policy entrepreneurs, consequently, will keep detailed notes on committee activities. They will interpret referral precedents in way favorable to their cause, craft language that maximizes their opportunities, and write letters to the Speaker of the House citing favorable referral precedents.
- *Invest in gaining expertise* – policy entrepreneurs may conduct oversight or investigatory hearings to explore the possibility of expanding jurisdiction. On the other hand, they may avoid holding hearings to gain the advantage of surprise. In addition, committees may hire staff members with the desired expertise they seek.

- *Argue for sequential or additional initial referrals* – multiple referral bills help committees protect their jurisdiction from other policy entrepreneurs. A multiple referral, however, may allow a committee jurisdiction on their part of the bill. A sequential referral occurs when a committee requests that a bill be rereferred after the first committee. King says, though, that in most instances, the committees will informally negotiate the bill's contents.

Since the parliamentarian's guiding principle is the "weight of the bill," policy entrepreneurs must use these, and other, strategies to expand their jurisdiction.

Policy entrepreneurs can be motivated by different factors. One motivation cited for policy entrepreneurs is the "profits" they receive from the introduction of new ideas or policies. John (2003) points out, however, that policy entrepreneurs care about the kind of world in which they live in addition to advancing their own interests. Jones (1994) states that they are motivated by the need for recognition as opposed to only the rewards from the policy itself. Kingdon (1995) sums up the above motivations and slightly expands the list, saying that policy entrepreneurs are motivated by a genuine concern about certain problems, a self-serving purpose, a promotion of policy values, and a desire to participate in the policy process.

Regardless of the motivation, policy entrepreneurs play a key role in the policymaking process. Redford (1960), for example, in his study on Congressional activity on civil aviation in 1957-1958, noted the influence that a few individuals had over policy issues. The combined actions of policy entrepreneurs, therefore, can be an important component of the positive feedback mechanism that can lead to dramatic change (Baumgartner & Jones, 1993).

## The Role of Interest Groups

The study of interest groups is another central component of Baumgartner and Jones's punctuated equilibrium model (Eustis, 2000). Baumgartner and Jones (1993) contend that the way interests are organized and mobilized is an important source of policy change. Policy communities surrounding various policy issues have changed based on the mobilization of different interests. The authors argue that some policy communities have more internal conflict than others, and those that suffer from more conflict are likely to be involved in broad political debates.

It is their contention that changes in the "mobilization of interests" can help one understand shifts in public responses to issues (Baumgartner & Jones, 1993, p. 176). Indeed, Baumgartner and Jones show in their work that changes in the number and types of interests groups involved correspond with shifts in image and venue (Smith, 1995). Changes in interest group activity over time increase the likelihood of certain issues making it to the public agenda due to the Schattschneider mobilization process (Baumgartner & Jones).

The study of interest groups and their appeal has a long history. A desire to associate with others that have common interests is the foundation for a group's existence. The desire for people to form groups has been recognized in political science since the early twentieth century. Barnard, for example, has promoted the idea that individuals are only capable of functioning in conjunction with others; they are driven to act, which causes them to associate to achieve a purpose (Fry, 1989). Truman, agreeing with Barnard's basic assumption, says that man is a "social animal" with a desire to associate with others (1951, p. 14).

Truman says that groups become known as “interest groups” (1951, p. 33) when they make claims for the establishment, maintenance, or enhancement of their beliefs and accepted forms of behavior on others. He defines a “political interest group” (p. 37) as one that makes these claims through a government institution.

Browne’s (1998) definition of an interest group is similar to the one offered by Truman. Browne considers that “interest groups” are “organized interests” (p. 2) and goes on to say that interest groups have three characteristics:

1. They are a voluntary association of joiners,
2. They share a common characteristic that defines the organization’s reason for existence, and
3. They all have a public policy focus centered around the group’s purpose.

Based on the third characteristic, Browne’s definition of an interest group includes Truman’s “political interest groups.” Browne argues, in fact, that public policy issues are the reasons why members join an organization; interest groups, consequently, would not exist without a focus on policy issues.

Interest groups, therefore, are formed to pursue public policy issues. This will inevitably involve them in politics, which Browne says “is about influencing and doing all the other things necessary to affect how society allocates its values and other things of benefit” (1998, p. 17). Baumgartner and Jones express similar sentiments, saying “Interest groups play an important role in formulating questions, affecting public opinion, and defining the terms of the debate” (1993, p. 190). It may be constructive, then, to briefly review some of the ways interest groups attempt to influence policy outcomes in a way that is favorable to them.

Using money to gain influence in the political arena has been long recognized. President Lincoln, for example, referred to it during the Civil War when he said, "As a result of the war, corporations have become enthroned, and an era of corruption in high places will follow" (quoted in Dye, 2001, p. 72). U.S. Senator Mark Hanna stated in 1895, "There are two things that are important in politics. The first is money and I can't remember what the second one is" (quoted in Dye, p. 65). Whether or not money leads to corruption can be debated, but its use in the political arena is unquestionable.

Browne (1998) suggests that gaining access or entry to a policymaker is one way that interest groups attempt to influence the policymaking process. He states that elections are prime opportunities to gain access and that a favorite tactic is donating to campaigns through the use of a political action committee (PAC). Bran Van Dam (personal communication, February 4, 2004), Staff Vice President, American Association of Airport Executive/Airports Council – North America (AAAE/ACI-NA) Legislative Affairs, agrees, saying that PACs can be a powerful tool because they give interests access to different audiences.

The Center for Responsive Politics (CRP) defines a PAC as a "political committee organized for the purpose of raising and spending money to elect and defeat candidates" (Center for Responsive Politics [CRP], n.d.). The CRP says that most PACs represent business, labor, and ideological interests. Currently, they can give $5,000 to a candidate committee per election. They can give up to $15,000 annually to any national party committee, and they can give $5,000 annually to any other PAC (CRP).

To benefit from these campaign contributions, Dye (2001) argues that candidates go through what can be considered an interview process. If the candidates do not share

the same views and values as the donors, they will not receive the needed funds; in addition, the elite must be convinced the candidate can win before an investment is made in them (Dye). Along these same lines, the CRP says that PACs are investors that "keep careful tabs on the performance of the people they invest in" (2002, p.6).

Smith (1995) asserts, though, that recent studies have shown that campaign contributions may have less influence on voting behavior than once thought. Hall and Wayman (1990) also dispute the belief that money "buys" votes. They suggest that a policymaker's voting behavior is constrained by other factors such as constituency, party leadership, past votes, and the desire to avoid the appearance of impropriety. Policymakers, though, purposely allocate their staff, time and other legislative resources to pursue goals and interests. The authors argue, then, that donations serve to mobilize supporters and demobilize opponents. These latter views may be more consistent with the conflict expansion issues crucial to the punctuated equilibrium model.

A second common tactic employed by interests groups is to hire a lobbyist to work on their behalf. The *Lobbying Disclosure Act* of 1995 defines a lobbyist as any

> individual who is employed or retained by a client for financial or other compensation for services, which include more than one lobbying contact, and spends 20 percent or more of the time engaged in lobbying activities for that client over a 6-month period. (United States General Accounting Office [USGAO], 1996, p. 2)

Browne (1998) defines a lobbyist as an advocate, whether professional or volunteer, who works on the behalf of organized interests.

Using a lobbyist is important, but it is also critical to select the correct lobbyist. Browne (1998) says that one approach is to hire a widely known and respected multiclient firm; this can provide immediate access to key policymakers. A related, common approach is to hire someone with government experience. Brad Van Dam (personal communication, February 4, 2004), who worked for Senator Tom Daschle for 10 years, says this is prevalent in Washington. Former government employees are valuable because they know the system and how the process works. According to Van Dam, this hiring method can also work in reverse.

Public Citizen critically refers to this common hiring practice as the "revolving door" (2001, p. 2). Yoeman and Hogan (2002) state that more than one half of the airline industry's 200 lobbyists formerly worked on Capitol Hill or in the executive branch; lobbyists in this group include 10 former members of Congress, two former transportation secretaries, 15 former White House aides, and three former high ranking FAA personnel. Former Senators such as Dale Bumpers, Wendell Ford, and Bob Packwood are on the list, along with James Burnley IV and William Coleman, Jr., both of whom are former transportation secretaries, and former Federal Aviation Administration Administrator David Hinson (Public Citizen).

The use of the "revolving door" is not limited to the airline industry and other interest groups also follow this practice. As mentioned above, Brad Van Dam, a lobbyist for AAAE, is a former staff member for Senator Daschle. Other examples include:

- Chip Barclay, President, American Association of Airport Executives [AAAE] – previous experience with a federal agency and as a staff member on Capitol Hill (AAAE, 2003a);

- Tom Zoeller, Vice President, Regulatory Affairs Staff, AAAE – former Chief of Staff to FAA Administrator Jane Garvey as well as legislative counsel and advisor to Senator Wendell Ford (AAAE, 2003b);
- Patricia Hahn, General Counsel and Senior Vice President, Legal and Regulatory Affairs, Airports Council International-North America [ACI-NA] – worked for the Civil Aeronautics Board and the Interstate Commerce Commission; also served as Minority Counsel to the Aviation Subcommittee of the Senate Committee on Commerce, Science and Transportation (Airports Council International-North America [ACI-NA], n.d.); and
- James Coyne, President, National Air Transportation Association [NATA] – former Congressman, Special Assistant to President Reagan, and Director of the Office of Private Sector Initiatives (NATA, n.d.).

Using the "revolving door," then, can be an effective tactic, but interests have also learned they must occasionally work together to be effective. Forming coalitions, therefore, is another commonly used tactic. Browne (1998, p. 146) says that coalitions form when several diverse groups or institutions informally agree to work together on a specific issue. They can include adversaries, but tend to be short term, and are inherently unstable because of the need to reach agreement on the public policy issue being considered. Berry (1989) agrees. He notes that most coalitions are ad hoc arrangements that exist for the specific purpose of addressing an issue and disband when it is resolved or the members feel that the effort is no longer useful.

A key factor is the resources that can be shared by a coalition, which include finances, contacts, and their constituency base (Berry, 1989). Coalitions can be

successful in targeting a single issue, encouraging each participant to incorporate something it wants into the bill, and getting the members to stay in agreement (Browne, 1998). Coalition members, though, do not want the coalition itself to gain too much publicity; they desire the credit to be shared with the individual members (Berry).

Because of the numbers and types of different constituency bases that can become involved, coalitions can generate much political noise and consensus (Browne, 1998). Berry (1989) states that the coalition's access to policymakers is extended and broadened by the constituency each member brings to the group. Browne quotes a policymaker: "Coalitions, especially big ones, create an importance and urgency when there's otherwise chaos and a sense of reluctance to act" (p. 151).

Hojnacki (1997) adds that interest groups will often find it advantageous to join forces to show a united front when their positions are strongly opposed. Coalitions provide a way for interest groups to expand the terms of the debate. Browne (1998) agrees, stating that disadvantaged groups may make extensive use of coalitions in an effort to expand the scope of conflict.

An important tactic for interest groups and coalitions is to mobilize the constituency of each of the members. Interest groups, understanding this, often use their constituency, or membership, when working on an issue. A strong, active, and mobilized membership can be an effective tool. Browne and Paik (1993) argue that personal contact with a member of Congress's constituency leads directly to the member's involvement with an issue. This involvement begins a cycle in which a member of Congress has more contact with the constituency, which then leads to more demands and more initiatives. Browne (1998) points out that constituents get a

policymaker's attention because they are the "homefolks." Constituents are also local voters who, if they have the community's respect, can lead to a policymaker's defeat. Indeed, Browne labels constituents confidants as well as voters and notes that this can translate into pressure for an issue.

Interests can use their membership base in much the same way. Stigler (1971) has argued that delivering votes is one way that interests must be prepared to pay when seeking rents related to regulation. Understanding that the ability to deliver a large number of voters can persuade policymakers, interests with this advantage often publicize it.

Several other related techniques can directly affect image and venue. Terkildsen, Schnell, and Ling (1998) contend that an interest group's success depends upon its ability to expand or contain the debate surrounding an issue and point out that symbols are used by interest groups in this effort to define the terms of the debate and to increase voter awareness. Elder and Cobb (1983) agree, arguing that symbols are used by disadvantaged groups in an effort to attract allies by redefining the issue; advantaged groups, on the other hand, will use symbols to prevent a successful redefinition of an issue.

A final tactic employed by interest groups is testifying at Congressional hearings. Interest groups consider hearings an important venue for providing information and expressing their point of view (Hardin, 2002). According to Heitshusen's (2000) review of House committee hearings, the reforms that occurred after the 93rd Congress have impacted the volume of interest group testimony; she says interest groups have testified nearly two-and-a-half times more in the post-reform Congresses as compared to the

earlier ones. Testifying at hearings is crucial because important actions occur in Congressional committees, and interest groups play important roles in these committee decisions (Kollman, 1997). Indeed, Schlozman and Tierney have stated that 99 % of the interest groups actively involved in lobbying Congress testify at hearings (cited in Hardin, 2002).

The above discussed tactics can be effective, but some authors argue that the impact of interest groups is governed by context. Haider-Markel (1999) suggests, for example, that interest group influence on voting behavior occurs at the margins. Voting, he argues, is mostly determined by constituency opinion, ideological beliefs, and partisanship. Similarly, Smith (1995) states that the policymaking context in which an issue is being considered is important. Ciglar and Loomis assert that interest groups will attempt to change the context to one that is favorable to them (cited in Smith).

Regardless of any limitations, interest groups are clearly an integral part of the policymaking process. The tactics they use can change a policy's image or venue. The punctuated equilibrium model predicts that a change in one, if successful, will lead to a change in the other which produces a positive feedback mechanism. Indeed, Baumgartner and Jones argue that the creation of new images and the changing of venues can be influenced by interest groups (Smith, 1995).

## The Role of the Media

Along with policy entrepreneurs and interest groups, the media plays an important role in the punctuated equilibrium model. The media interacts with other components of the model to reinforce tendencies present in other parts of the

policymaking system (Baumgartner & Jones, 1993). One of the functions of the media is to direct attention from one aspect of an issue to another and from one topic to another. As discussed in the earlier section on image, the ability to shift attention to different aspects of an issue can cause policy change by initiating a positive feedback mechanism.

Baumgartner and Jones (1993) suggest that one of the media's characteristics that allows it to play an important role in the policymaking process is its attraction to conflict and competition. Conflict among specialists is inherently attractive, and journalists tend to frame debates as conflicts in an effort to generate additional interest. Negative press coverage of an issue may increase as the controversy increases, which can stimulate a public response that is not favorable to the status quo. Indeed, Baumgartner and Jones (1991) argue that any increase in attention, whether positive or negative, causes a decrease in public acceptance.

This fascination with conflict and competition can make the media knowing or unknowing allies of those who wish to expand the scope of conflict (Baumgartner & Jones, 1993). Policymakers, understanding this characteristic of the media, will often make reporters allies. Those who seek to expand the scope of conflict will court media attention in an attempt to get their views reported. Hilgartner and Bosk write, "Indeed, an active attempt to influence events in other arenas is the rule, rather than the exception. Congressional aides, for example, routinely attempt to generate and shape media coverage of their employer's activities" (quoted in Baumgartner & Jones, p. 107).

Along with political actors, the media's actions and mode of operation inherently serve to help expand the scope of conflict as well. Baumgartner and Jones (1993) state,

for example, that the media imitate one another, which can cause an issue to quickly spread once it becomes a topic of interest. The tone of the stories, as they spread from one journalist to another, tends to change since different journalists will focus on different aspects of an issue based on their personal interests.

In addition, the media are businesses that must sell; therefore, the stories they present must be interesting (Baumgartner & Jones, 1993). This is related to the media's interest in conflict and competition. The media, then, has a tendency to amplify and cover an issue more intensely than would otherwise be expected. This leads to a positive feedback mechanism as one media outlet will respond based on the actions of another.

Baumgartner and Jones are not, of course, the first scholars to study the effects of the media on policymaking. One of the reasons some scholars consider the media an important object of study is that media coverage is often viewed as an indicator of public interest in an issue. Flemming, Bohte, and Wood refer to media attention to an issue as a "surrogate indicator" (1997, p. 1227) of what the public feels is important, and Woolley (2000) lists two additional authors who have similar thoughts: measuring media output also measures "public concern" (Walker, 1977) and measures "public awareness" (Wood & Anderson, 1993).

A second reason offered by scholars to emphasize the importance of media attention is its influence on policymakers. Epstein and Segal (2000), for instance, argue that measuring media coverage also provides an indication of issue salience for political actors. Media coverage of an issue increases the importance of an issue in the public's evaluation of policymakers (Edwards & Woods, 1999). Kingdon (1995) offers a good

summary when he says that the media clearly affects the public's agenda and policymakers' attention to issues.

A factor impacting the media's influence on the public is that it is "the most direct link that most people have to politics" (Elder & Cobb, 1983, p. 12); most of the public will monitor political events through media coverage. Page and Shapiro have argued that the public's education on an issue is related to the amount and duration of media coverage it receives (cited in Edwards & Wood, 1999). Along these same lines, McCombs and Shaw assert that the more attention the media gives an issue, the more the public will feel it is high on the agenda (cited in Parsons, 1995). The importance the public places on an issue is mostly determined by the media (Wood & Peake, 1998). Lippmann refers to this as "the spotlight function of the press" (as quoted in Shaw, 1995, p. 233).

The media can influence public concern about an issue by providing new information and/or by presenting the information in certain ways (Jennings, 1999). Gandy, Kopp, Hands, Frazer, and Phillips (1997) write that the media is an important source of information that the public uses to form impressions that serve as the basis for support or opposition to an issue. Also, public beliefs about causal effects are sensitive to the way they are portrayed in the media (Stone, 1989). In addition, the public's opinion on institutions such as Congress can be influenced by the media (Patterson & Caldeira, 1990). The media's ability to raise the prominence of issues in the public's view allows it to assist in setting the national agenda (Caldeira, 1987).

Some scholars argue, however, that the impact the media has on the public is not unconstrained. Yagade and Dozier contend that the media is a "weak change force"

(1990, pp. 3-4) because other factors such as interpersonal communication links, issue obtrusiveness, and issue abstractness govern the media's affects. An obtrusive issue is defined as one that is directly experienced by the public, while an abstract issue is one that is harder for the public to comprehend. The media's effects on an obtrusive issue are reduced by direct experiences, and the media's effects on an abstract issue are lessened since the public finds it hard to identify with something they do not understand.

Zucker (1978) agrees with Yagade and Dozier that issue obtrusiveness is important; the less direct experience with an issue, the more likely is the public to rely on the news media for information and interpretation. Zucker, however, presents another dimension when he notes that duration is also important. After being prominent for a few years, he argues that the media's influence will decrease since most people will have determined their position on the issue. It is important to note, however, that he states attitudes can change based on new information.

As previously mentioned, the media can also have an impact on policymakers. Baumgartner and Jones (1993) say that the media provides a way for policymakers to monitor the "public mood" and the other actors involved in the policymaking process. Cook writes, in fact,

> Members of Congress, both backbencher and leader alike, are faced with the inevitable difficulty of getting their 534 colleagues to concentrate on a particular agenda and come together to pass coherent legislation. Consequently, they will try to find mechanisms through the media to gain focus in a dispersed, coequal institution. (as quoted in Eustis, 2000, p. 172)

The media, because of its potential wide ranging influence on the public and political actors, plays an important role in the policymaking process. Indeed, Carpenter asserts "the media are an independent agenda-setting force" (2002, p. 494).

Political actors such as policy entrepreneurs and interest groups, then, will attempt to use the media to influence policymaking. Woolley (2000) says that changing beliefs, expectations, or information concerning essential political actors is crucial to the policymaking process; mobilizing support for these changes is contingent upon generating favorable media coverage. Baumgartner and Jones (1994) contend that policies change when social understandings of issues change as different groups bring alternative aspects of an issue to the media's attention. Finally, Edelman says, "the experienced political world hinges on what interest groups can induce the media to report and what experiences those reports displace" (1988, p. 102).

Cobb and Elder (1972) state the media and symbols are the two key mechanisms used by groups to expand the scope of conflict to a wider audience. This expansion of conflict, as previously mentioned, is an important part of the policymaking process and a key component of the punctuated equilibrium model. An interest group's success, therefore, is contingent upon its ability to expand or contain the conflict related to an issue (Terkildsen et al., 1998).

Krutz, Fleischer, and Bond (1998), for instance, in discussing opposition to presidential appointees, state that one strategy used by opponents is to expand the scope of conflict through increased media coverage. Carpenter (2002) offers another interesting example. In examining the approval time of drugs by the Federal Drug Administration, he found that approval time decreases when advocates and the media

provide greater coverage of a disease and its sufferers. A third example involves the U.S. Supreme Court, which is, of course, another government venue. Flemming et al. (1997) discuss how groups litigating before the U.S. Supreme Court have attempted to expand conflict and receive attention by appealing to the media.

Terkildsen et al. (1998), however, argue that the media does more than just report what is provided to them by interest groups. These authors state that interest groups cannot be assured the media will report their full message, place the message in a favorable context, or not substantially alter the message. Professional norms, personal values, technical factors, and marketplace constraints may influence what is actually reported. They write, "In conclusion, our results support the argument that the media are more than a mirror on which public policy players illuminate their message; rather, the media are the uncredited directors of policy dramas" (p. 59). Similarly, Cook goes so far as to say, "journalists are political actors" (as quoted in Eustis, 2000, p. 167).

Caldeira (1987) contends that an agreement among scholars on the effect of the media in politics does not exist. To Baumgartner and Jones, the answer to this question may not matter. This is especially true with regard to public opinion. They argue that mass mobilizations and public opinion reactions are not a factor in policymaking since they occur after many important decisions have been made (Baumgartner & Jones, 1993).

Baumgartner and Jones (1993) also state that media attention may precede or follow shifts in attention by government agencies. What is important according to them, however, is the role the media plays in the positive feedback mechanism that leads to policy change. The media performs this important function by helping to link all other

venues together. A change in one, therefore, will affect the other, which reinforces the pattern of positive feedback and, consequently, the punctuated equilibrium process.

## Conclusion

The main tenets of the agenda setting model proposed by Baumgartner and Jones are clearly supported in the literature. Issues must be defined as problems that should be addressed by the government, which is directly related to the image component of the punctuated equilibrium model. Venues, the second critical component of the model, provide the structure policymakers use to consider issues and provide an important forum for portraying the various images related to an issue. As proposed by the model, these two components interact to produce a positive feedback mechanism that leads to policy change. A shift in image, for example, may lead to a change in venue and vice versa.

Changes in image and venue often occur due to the efforts of policy entrepreneurs and interest groups. Both attempt to control image and venue. Some policy entrepreneurs and interest groups may, for instance, exert efforts to expand the scope of conflict while opponents may attempt to minimize conflict expansion. As discussed in this chapter, different techniques can be used such as problem definition and nonreferral hearings.

The media also plays a crucial role in this process. Scholars may disagree on the impact of the media in agenda setting, but policy entrepreneurs and interest groups use the media to help promote the image they desire as well as to promote desirable venue changes.

Policy entrepreneurs, interest groups, and the media, then, are all key actors in the punctuated equilibrium model. They are the catalysts that produce the shifts in image and venue that initiate the positive feedback mechanism predicted by the model. This study will reveals whether or not this occurred in the passage of the PFC program, and thus whether the model is supported in this instance.

The next chapter provides important historical information about PFCs, discusses how the program works, and offers some perspectives on the program that may be helpful to understand before reviewing the results of the study.

# CHAPTER THREE

# PFC HISTORY AND PROGRAM INFORMATION

Before evaluating the punctuated equilibrium model, a review of the federal government's historical involvement in airport funding and the history of the PFC program, along with an overview of how the program works, will help place the current program in perspective. In addition, an understanding of the impact the program has on airports, airlines, and passengers will usefully highlight the importance of this study.

## Federal Funding History

A brief review of the history of federal funding for airports will provide a basic framework for examining and understanding some of the political issues related to the PFC program. Federal funding of airports has only been available for about the last 70 years. The first federal funds used in airport development occurred in the 1930s under the Civil Works Administration, the Federal Emergency Relief Administration, and the Works Progress Administration (Mischo, 1993). Although these funds were used for airport construction, no formal program devoted to airport development yet existed. In 1938, the *Civil Aeronautics Act* authorized the use of federal funds for the construction of airports (Wells, 2000). These funds, however, were available only if the administrator

certified “that such landing area was reasonably necessary for use in air commerce or in the interest of national defense” (Wells, 2000, p. 9).

Except for these limited funds, the federal government considered airports a local responsibility. Like oceans and river ports, the federal role was confined to maintaining the navigable airways connecting the airports (Wells, 1992). This role was expanded in 1939 when war broke out in Europe. Congress appropriated $40 million for Development of Landing Areas for National Defense (Wells, 2000).

The federal government established the first official grant program for airports with the passage of the *Federal Airport Act* of 1946 (Gesell, 1999). Wells (2000) notes that this act was passed in recognition of the fact that small communities needed airports to assist them in developing their social and economic structure. In addition, following World War II, Congress came to recognize that an adequate system of airports was a matter of national concern (Quilty, 1999). The Act, therefore, required the development of a National Airport Plan (Gesell, 1999).

Congress initially appropriated $500 million dollars for airport aid over a seven-year period (Gesell, 1999). Local communities had to match grants on a 50/50 basis (Wells, 1992). The use of the funds was limited to constructing air operations facilities such as runways and taxiways. Landside development such as the construction of terminal buildings was prohibited (Gesell, 1999). During the life of program (1946-1969), $1.2 billion was invested in federal aid to airports; all of these funds were drawn from the general treasury (Wells, 2000).

Aviation growth in the 1960s began to cause excessive air delays and congestion on the ground in the parking areas and the terminal buildings. This led to the passage of

the *Airport and Airway Development Act* of 1970 (Wells, 1992). This Act established the Airport and Airway Trust Fund to be funded by a tax on airline tickets, on freight waybills, on each gallon of aviation gasoline and jet fuel sold, and on tires and tubes used on aircraft, as well as an international departure fee (Gesell, 1999). The federal share of projects was increased to as much as 90% and allowed for expanded use of funds on landside projects such as terminals and various planning projects (Gesell, 1999). Between 1971 and 1980, approximately $4.1 billion was invested in airport planning and development projects (Wells, 1992).

The grant program that exists today, the Airport Improvement Program (AIP), was established with the passage of the *Airport and Airway Improvement Act* of 1982 (Wells, 2000). The 90/10 funding share remained intact, along with the same general funding sources for the trust fund (Gesell, 1999). Some additional projects were made eligible for funding such as those for noise abatement and land compatibility planning (Wells, 2000).

## PFC History

Even with the passage of the *Airport and Airway Development Act* of 1970, airports recognized the need for additional funding. An opportunity for expanded use of passenger facility charges, or PFCs, came in 1972 when the Supreme Court of the United States ruled in *Evansville-Vanderburgh Airport Authority District et al. v. Delta Airlines, Inc., et al.* (1972) that tolls charged to enplaning and deplaning passengers were constitutional (Wells, 2000). This case was decided by the Supreme Court in conjunction with a related case, *Northeast Airlines, Inc., et al. v. New Hampshire*

*Aeronautics Commission et al.* (*Evansville-Vanderburgh Airport Authority District et al. v. Delta Airlines, Inc., et al.,* 1972). The Supreme Court voted 7 to 1 to reverse the ruling of the Indiana Supreme Court, which had ruled against the implementation of PFCs, and to uphold the ruling of the New Hampshire Supreme Court, which had ruled in favor of implementing PFCs.

In writing the Supreme Court's opinion, Justice Brennan outlined six reasons the court found the charges to be constitutional:

- The charges are designed only to make users pay a reasonable amount to defray the costs of constructing and maintaining the facilities and can be constitutionally imposed on interstate and domestic users,
- The charges do not discriminate against interstate travel and commerce,
- The charges reflect a fair approximation of the use of the facilities,
- The charges have not been shown to be excessive compared to the costs of providing the facilities,
- The charges are not in conflict with any federal policies regarding national uniform regulation of air transportation, and
- There is no suggestion that the charges do not advance the constitutionally permissible objective of having interstate commerce bear a fair share of the costs incurred in constructing and maintaining the airports (*Evansville-Vanderburgh Airport Authority District et al. v. Delta Airlines, Inc., et al.,* 1972).

This ruling eventually led 58 airports in the United States to begin imposing a "head tax." The term "passenger facility charge" was developed by airport groups in the 1970s

to neutralize negative connotations with the term “head tax” (Thompson Crenshaw, 1984).

According to a report written by Thompson Crenshaw (1984), Aviation/Management Consultants to the Department of Transportation, several approaches were used by airports in 1972 to collect the PFC. Thirty-one of the airports charged the airlines with the responsibility of collecting the money and typically allowed each airline to retain 6% of the amount collected to cover administrative costs. In all but one case only enplaning passengers were charged; Philadelphia originally charged both enplaning and deplaning passengers but later only charged enplaning passengers. The most common charge was $1.00 per enplaning passenger, but the PFC ranged from $0.50 to $3.00. In several cases, passengers were offered the option of not paying by signing a “refusal form.”

The report explains the main methods used for collecting and remitting the PFC to the airport. If the airline collected the fee, two common ways were employed. One was to send in the money on a regular basis to the airport; the second was for the airport to send a bill the airlines based on their traffic count. Airports typically collected the PFC by setting up a booth at which the passenger was given a receipt of some type after the fee was paid (Thompson Crenshaw, 1984).

In 1973, Congress stopped the collection of a PFC by including the *Anti-Head Tax Act* in the passage of the *Airport Development Acceleration Act* (Quilty, 1999). The Federal Aviation Administration (FAA) believed that allowing communities to charge a PFC was double taxation on consumers since they were already paying taxes on their airline ticket, which went into the Airport and Airway Trust Fund (Quilty, 1999).

The Thompson Crenshaw (1984) report outlines two reasons why the PFC was not as well received in the United States as it has been oversees (135 countries in 1982). First, the airlines resisted the PFC. They gave passengers the "refusal slips," which allowed passengers to avoid paying the tax. This led to many airports setting up their own collection booths. Consequently, queuing problems developed that inconvenienced passengers. Second, Philadelphia did not retain all of the funds earned on the airport; some of the revenue was sent to the municipal authorities downtown for nonairport use leading to additional resistance to the PFC. Congressional hearings on the PFC, leading up to the 1973 Act, indicated that the greatest element preventing widespread acceptance of the PFC was the airlines' attitude and strategy of noncompliance with the collection process (Thompson Crenshaw, 1984).

Thoughts on the subject of PFCs began to change, however, in the late 1970s and early 1980s. Before the establishment of the Airport Improvement Program (AIP) in 1982, a debate began on whether or not to "defederalize" the nation's major air carrier airports (Wells, 2000). Supporters of defederalization argued that the federal government was over involved in airport financing and that the large airports did not need federal assistance because they were capable of financing their own capital projects (Wells, 1992). Opponents said, however, that the large airports provided most of the passenger services and had the greatest congestion and delay problems. They also pointed out that these airports provided approximately three-quarters of the money supporting the Airport and Airway Trust Fund (Wells, 2000). Some of the proponents stated that the large airports could charge a PFC to make up for the loss of federal funds (Wells, 1992).

In an effort to study the defederalization issue, the Congressional Budget Office (CB0) studied the economics of the largest air carrier airports in 1984 (Gesell, 1999). The intent of the study was to determine whether federal funding for civilian airports should continue or be adjusted. The results indicated that 71 airports that were serving 90% of all commercial passengers were capable of being self-sufficient because of their ability to issue bonds (Gesell, 1999).

Along with the defederalization debate, a funding shortfall in airport capital needs was being recognized. In June 1990, the projected airport development needs were on average in excess of $6 billion per year; the fiscal year 1991 AIP Allocation, however, was only $1.5 billion (United States General Accounting Office [USGAO], 1990a). There was also an estimated backlog of $7 billion in unfunded projects (USGAO). Too, even though there was a surplus in the trust fund, it was not being spent (Cunningham, 1992). The revenue was counted as general government revenue and was being used to make the deficit appear smaller (Cunningham, 1992).

These issues lead to the approval of PFCs in the *Aviation Safety and Capacity Expansion Act* of 1990 (ASCEA). In support of the PFC, James L. Oberstar, D-MN, said, “Read my lips. No new revenues, no new airports, no new infrastructure” (Millsap, 1990, p. 2).

## PFC Program

As outlined by Wells (2000), the ASCEA, which was passed on November 5, 1990, contains the following important provisions:

- The airport can collect a PFC of $1, $2, or $3.

- The airlines will collect the PFC. [One of the two main reasons cited by the Thompson Crenshaw Report for PFC failure was inconsistencies in the collection process. This provision standardizes the process.].
- The PFC is limited to no more than two charges on each leg of a trip (i.e., no more than $6 on each leg; $12 per round trip).
- The PFC must be spent on the airport levying the charge by the same body that imposes it. [This provision, which counters the second of the two reasons cited by the Thompson Crenshaw Report for the earlier PFC failure, ensures that the funds are invested in the airport.]
- The legislation requires that AIP funds apportioned to a large or medium hub airport be reduced if a PFC is imposed. Apportionment grants, as explained in more detail later, are AIP grant funds given to the airport based on the number of enplanements. The reduction is 50% of the projected PFC revenues but not to exceed 50% of the earned apportionment (Wells, 2000). It is worth noting that this reduction in apportionment funding is made even if the PFCs are not used on AIP eligible projects. [This provision was enacted in response to the double taxation issue that led to the 1973 Supreme Court ruling (Quilty, 1999).]

Congress mandated that the FAA develop the rules governing the use of PFCs within 180 days. This resulted in the development of Federal Aviation Regulation (FAR) Part 158 (Meyer, 1996).

PFC revenues are recognized by the FAA to be local money (Federal Aviation Administration [FAA], 1991). FAR Part 158, however, requires that airports obtain approval before using the money to ensure PFCs are invested on eligible projects (FAA,

1991). Three broad objectives for the use of these funds in furthering airport development have been established by the Act (FAA, 1991). First, they can be used for preserving or enhancing airports' safety, security, or capacity. Second, they can be used for reducing noise. Finally, they can be used for enhancing airline competition (USGAO, 1999).

In addition to the above, PFC revenue can be used to furnish the matching share of an AIP project, to supplement an AIP project, to fund an eligible AIP project, and to pay debt service and financing costs (FAA, 2001). Examples of eligible projects include noise compatibility projects; gates and related areas for the movement of passengers and baggage; access projects on airport property; construction, repair, or improvement of areas of an airport used for aircraft operations; and actions necessary to mitigate a project's effects to ensure compliance with environmental regulations (Quilty, 1999).

Since the passage of the ASCEA in 1990, changes have been made to the program. One of the most significant occurred in 2000 with the passage of the *Wendell H. Ford Aviation Investment and Reform Act for the 21st Century* (AIR 21). This act allows for the collection of a PFC at the $4 and $4.50 levels under certain conditions such as the expectation that the funds for the project will not be available from AIP (FAA, 2001). In addition, if the revenue is to be used for the terminal or surface transportation, the airport must show that adequate provisions for financing airside needs have been made (FAA, 2001).

Airports cannot, however, arbitrarily impose a PFC. They must submit an application to the FAA for review and approval. Three key items that must be included in the application are the project's eligibility to be funded with PFC revenues, the PFC

objectives that will be met by the project, and the justification for the project (FAA, 2001). Before submitting an application to the FAA, however, the airport must conduct a consultation meeting with all domestic and foreign airlines using the airport except for ones that may be exempted from collecting PFCs; airports may exempt air carriers that enplane 1% or less of the airport's total annual enplanements (FAA, 2001).

FAA Order 5500.1 outlines the application process, including the required timelines and the key issues considered by the FAA:

- The above consultation meeting must be held 30 to 45 days after written notice to the airlines.
- The airlines have 30 days to respond after the consultation meeting. If an airline expresses disagreement with the project, the airport must explain to the FAA why the project should proceed. The validity of any disagreements and the airport's rationale will be reviewed by the FAA. Public disagreement, although rare during the consultation process, must be considered as well. Generally, the FAA will analyze comments and responses based on the project's objective, eligibility, and justification. The airport must include a summary of the consultation process in the application.
- The airport may submit the application to the FAA after the 30 day comment period. Upon receipt of the application, the FAA has 120 days to render its decision.
- The first step by the FAA is to determine whether the application is substantially complete. This step must be completed in 30 days. If the application is not substantially complete, the airport has 15 days to notify the FAA that it wishes to

supplement the application or withdraw it from consideration. The 120 day review period starts over when the FAA receives supplemental information.

- The application is advertised in the Federal Register once the application is determined to be substantially complete. Comments are accepted for 30 days. Unexpected controversy is rare, and comments made during the consultation period are typically resubmitted.
- The authority to approve or disapprove an application is given to the Administrator of the FAA. This authority may be delegated to the Associate Administrator for Airports, who may then delegate it to the FAA Regional Airports Division Managers. Any delegation of authority, however, is based on certain criteria. Generally, the approval or disapproval of multimodal projects and ones that involve significant policy precedent; significant legal issues; significant controversy; or significant noise, access, or revenue diversion issues, are made by the Administrator.
- The FAA's decision is final. Any party with a substantial interest in the decision may appeal to the United States Court of Appeals for the District of Columbia or the court of the appeals for the United States circuit where they live or have a principal place of business.

FAR Part 158 provides two application options (FAA, 1991). Under the first option, an airport may apply for authority to "impose" a PFC while completing the required studies and plans; an application to "use" the PFC funds may then be submitted when all the plans and necessary approvals have been obtained (FAA, 1991). The airport has up to three years after the charge effective date, which is the date airlines

must begin collecting PFCs, to submit an application to use the revenue (FAA, 2001). A two year extension can be granted if the delay in using the funds is caused by valid reasons (FAA, 2001). Since there is a risk that the project may be abandoned or disapproved, the airport must include eligible alternative uses of PFCs to cover at least five years of collections or the value of the "impose" only project, whichever is less (FAA, 2001).

"Impose and use" is the second PFC application option (FAA, 1991). This application can be submitted if the airport is ready to implement a project using PFC revenue; implementation must began within two years of project approval (FAA, 1991). Project implementation is defined as the issuance of a notice to proceed to a contractor for construction projects, the commencement of work for non-construction projects other than land acquisition, and the commencement of the title search or execution of contract or agreement for land acquisition projects (FAA, 2001).

The length of time PFCs can be collected will vary by project. FAR Part 158 states that the duration of collections continues until the total PFCs collected plus interest equals the allowable cost of the approved project (FAA, 1991). PFC authority can also be terminated if the funds are used on unapproved projects, the airport does not comply with the PFC assurances, or the airport does not make sufficient progress toward implementation of an approved project (FAA, 2001). Before terminating PFC authority, however, the FAA will attempt to informally resolve the violation; if this is not successful, a formal termination procedure will begin (FAA, 2001).

Once approval is given, the airport provides notification to the airlines at least 60 days prior to the collection start date (FAA, 2001). The airlines then remit the PFC

revenues to the airport on a monthly basis (Meyer, 1996). Airports must provide quarterly reports to the airlines collecting PFCs; a copy of the report is also sent to the FAA Airports office (FAA, 2001). Data in the report include key information such as the estimated or actual project implementation and completion dates, the total PFC revenue received, interest earned, and the amount of PFCs expended on each approved project (FAA, 2001).

## Effects on Airports

Airports have been affected in many ways by the ability to implement a PFC. These include additional revenue, grant changes caused by the PFC program, assistance to small airports, impacts on airport bonds, and additional control over the development of the airport.

### *Added Revenues and Grant Changes*

One of the most obvious impacts on airports is the increased revenue due to their ability to charge a PFC. Approximately $44.1 billion in PFC collections had been approved as of February 29, 2004 (FAA, 2004a). In comparison, nearly $22 billion were approved by the FAA in 1996 (USGAO, 1999). The actual amount collected from calendar year 1992 through calendar year 2003 was $14.8 billion (FAA, 2004a).

Three hundred forty-one locations have been approved for collection of PFCs, which includes 86 of the top 100 airports (FAA, 2004a). Figure 1 categorizes the approved locations by size and shows the number of approved locations compared to total number of airports in each category. The FAA (2004c) defines a large hub as an airport that enplanes 1% or more of the annual passenger boardings, a medium hub as an

airport that enplanes at least 0.25% but less than 1% of the annual passenger boardings, and a small hub as an airport that enplanes at least 0.05% but less than 0.25% of the 194 annual passenger boardings. A nonhub airport enplanes at least 10,000 passengers but less than 0.05% of the annual total; a commercial service airport enplanes at least 2,500 annual passengers (FAA, 2004c).

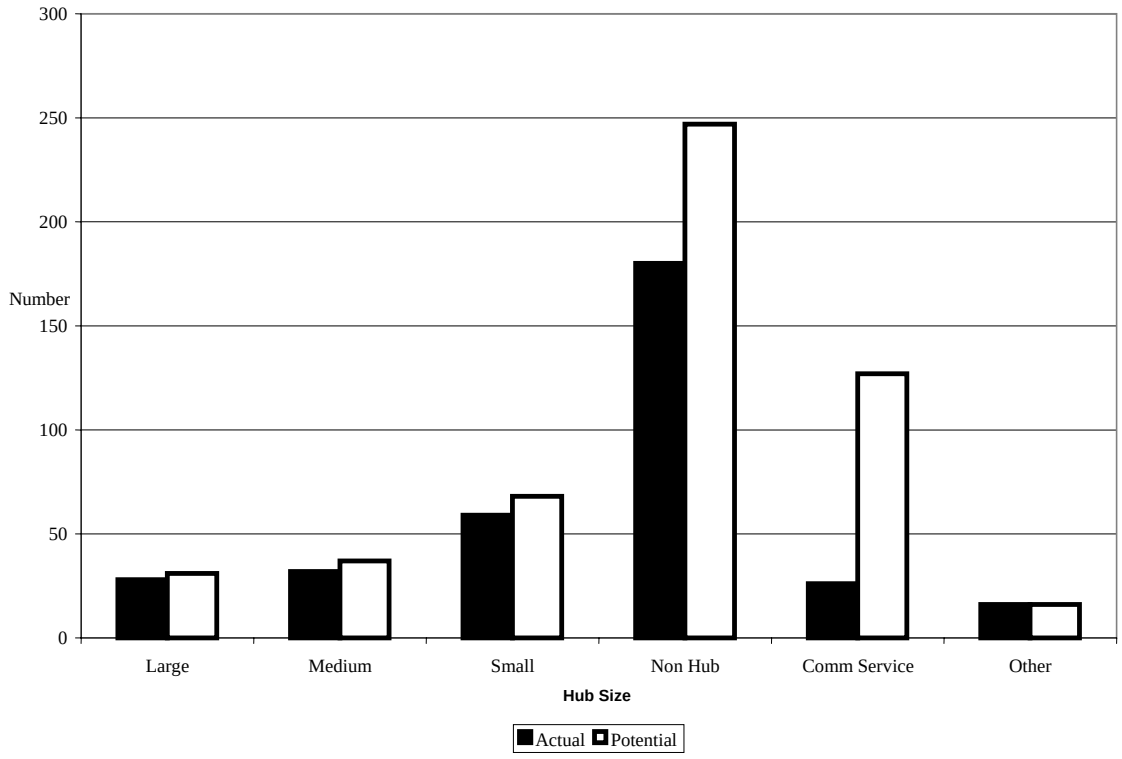


Figure 1. PFC Applications per Hub Size.
Source: "PFC Applications per Hub Size As of February 29, 2004" Retrieved March 28, 2004, from http://www.faa.gov/arp/financial/pfc/reports/hub204.cfm#data.

The $44.1 billion PFC expenditures mentioned above can be shown in five broad categories, which are airside, landside, noise, access, and interest (FAA, 2004b). A sixth and unique category, the Denver International Airport (DIA), also exists (FAA, 2004b).

Joe Hebert (personal communication, March 23, 2004), who works for the FAA's Financial Analysis and PFC Branch, indicates that DIA has only one code, which is "construct new airport." Hebert says that the construction of DIA coincided with the start of the PFC program and was one of the first locations approved for collections. According to Hebert, the FAA has evolved away from this type of coding.

Figure 2 shows the percentage PFC funds approved to be invested excluding DIA, and Figure 3 shows the percentage use of approved PFC funds including DIA. The "interest" cost in Figures 2 and 3 represents the interest paid on PFC backed bonds.

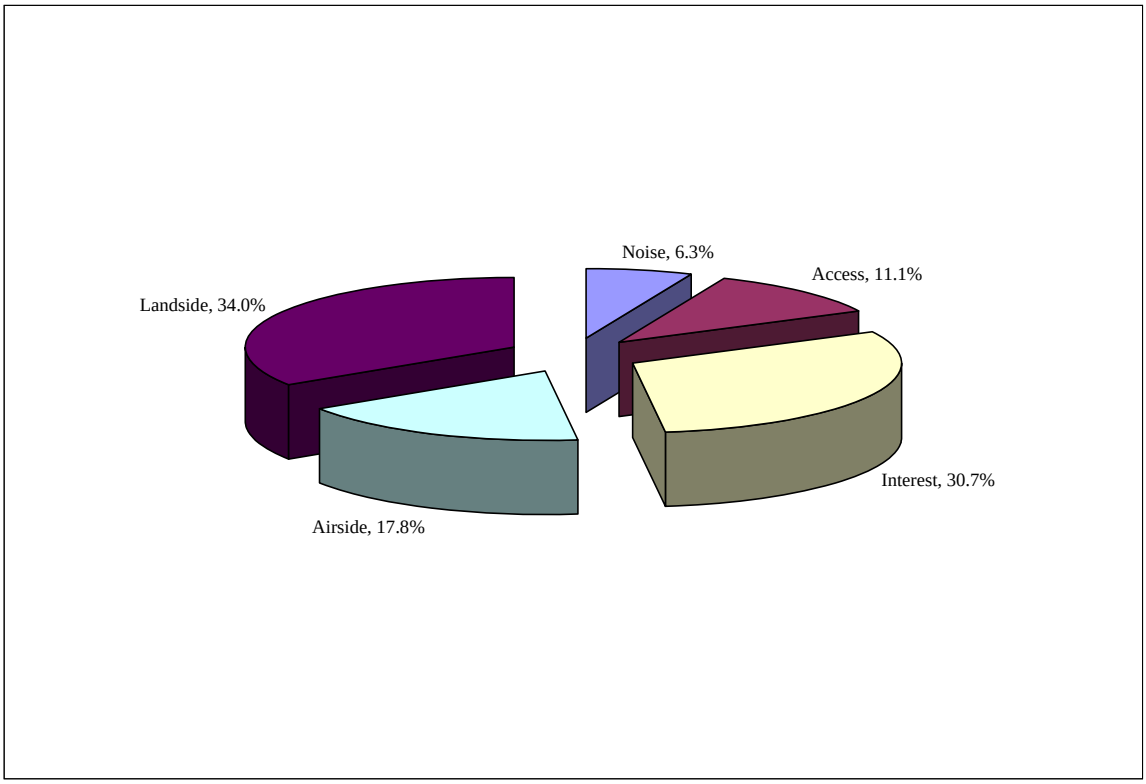


Figure 2. Distribution of PFC Funding Excluding DIA.

Source: "Distribution of PFC Funding without New Denver As of February 29, 2004." Retrieved March 29, 2004, from http://www.faa.gov/arp/financial/pfc/reports/nodenver204.cfm.

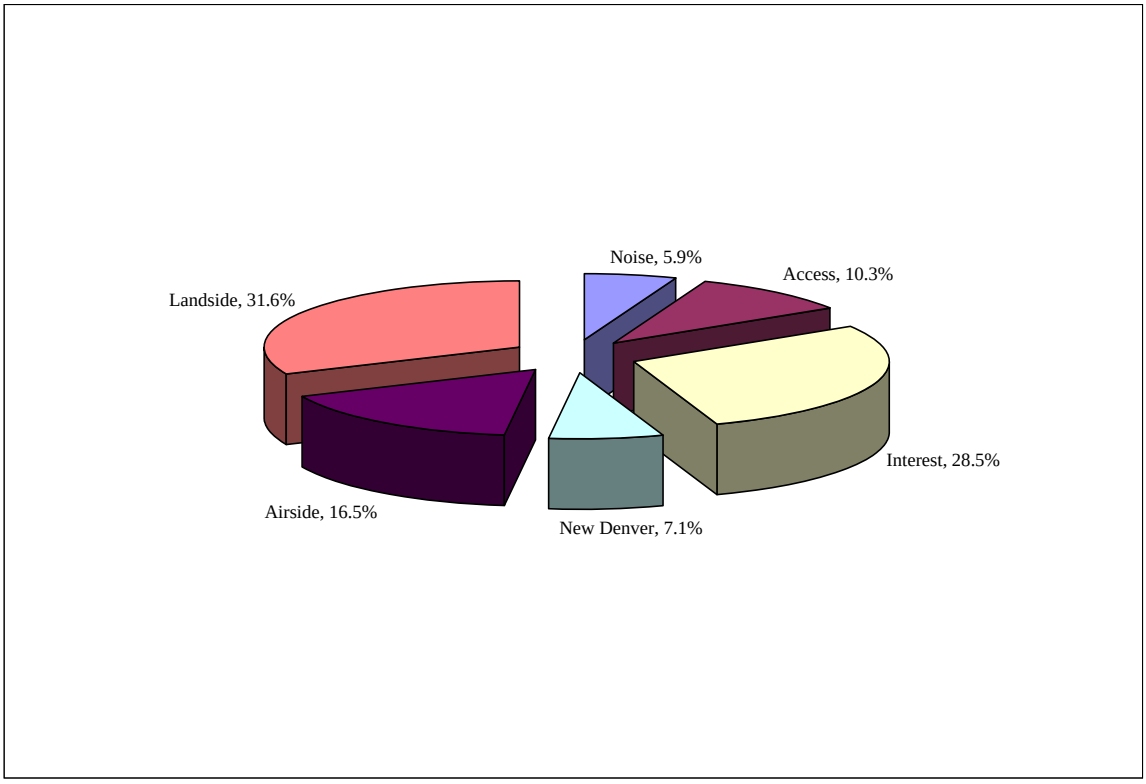


Figure 3. Distribution of PFC Funding Including DIA ($3.1 billion for initial construction of New Denver includes over $1.8 billion in interest costs).
Source: "Distribution of PFC Funding with New Denver." Retrieved March 29, 2004, from http://www.faa.gov/arp/financial/pfc/reports/denver204.cfm.

AIP grants awarded by the FAA are categorized as either entitlement (apportionment) or discretionary funds (Quilty, 1999). Statutory provisions dictate the apportionment by formula to specific airports or types of airports. The amounts are discussed in the Airport Improvement Program Handbook (FAA, 2004c, pp. 8-10):

- Primary Airports (greater than 10,000 annual enplanements) – the amount is based on the annual number of enplanements ($7.80 for the first 50,000; $5.20 for the next 50,000; $2.60 for the next 400,000; $0.65 for the next 500,000; and $0.50 for each enplanements over one million). If AIP is equal to or greater than $3.2 billion, the apportionment is doubled.

- Cargo Service Airports – 3% of AIP is apportioned to be shared by cargo service airports.
- States/Insular Areas – 18.5% of AIP is apportioned to be used within states and insular areas by nonprimary commercial service airports, general aviation airports, and reliever airports if AIP is less than $3.2 billion. If AIP is $3.2 billion or more, 20% is apportioned. The FAA, though, retains the authority to determine which airports receive the funding if the state does not participate in the State Block Grant Program. Under the State Block Grant Program, Wells (2000) says that states administer the funds and determine which airports receive the grants. Nonprimary commercial service, reliever, and general aviation airports are included in the program; but primary commercial service airports continue to be administered by the FAA (Wells, 2000).
- Nonprimary Airports – if AIP is equal to or greater than $3.2 billion, nonprimary airports are apportioned 20% of their five year capital needs or $150,000, whichever is less.
- Alaska Supplemental Funds – certain Alaskan airports are apportioned funds to ensure they receive at least as much funding as they were apportioned in fiscal year 1980.

The funds remaining after the various apportionments are available for discretionary grants.

There are two types of discretionary grants: “set asides” and the funds remaining after the apportionments and set asides are accommodated. The first type of discretionary grants, the set asides, fall into three basic categories. Thirty-four percent

of the discretionary fund is reserved for noise compatibility planning and construction projects, 4% is reserved for the Military Airports Program, and 0.66% is reserved for reliever airports if AIP is $3.2 billion or greater (FAA, 2004c).

The second type of discretionary grants are funded out of the monies remaining after the set asides are allocated. Seventy-five percent of these funds are preserved for capacity, safety, security, and noise compatibility projects at primary and reliever airports; the remaining 25% is known as "pure" discretionary, which means it is available for any eligible project at any airport. Regardless of the size of AIP, a minimum of $148 million plus an amount equal to payments for letters of intent issued before January 1, 1996, must be made available as discretionary funds (FAA, 2004c).

According to FAR Part 158, medium and large hub airports that impose a PFC of $3 or less must return AIP apportionment grant funds equal to 50% of the projected PFC revenues up to 50% of the amount of money that they would have received per the apportionment formula. Medium and large hub airports that levy a PFC of more than $3 must reduce the apportionment grant funds by 75% of the projected PFC revenues up to a reduction of 75% of the monies that would have been received through the apportionment formula (United States Department of Transportation [USDOT], 2000).

*Small Airport Assistance*

One of the objectives of the PFC program is to give small airports additional grant funds that they may not be able to generate by imposing a PFC or may not be eligible to impose (USGAO, 1999). These additional monies are made available through the Small Airport Fund created by the PFC Program. An airport is considered small and eligible for these grants funds if it meets one of four criteria: 1) nonhub/other

commercial service airport with 2,500 to 10,000 annual enplanements; 2) general aviation airport; 3) small hub, or primary airport, with 0.05% to 0.25% of the total annual United States enplanements; and 4) inclusion in the State Block Grant Program (USGAO, 2002).

The apportionment monies that are returned by the medium and large hub airports are used to meet this objective of funding small airports. The funds are divided between the Small Airport Fund and the AIP discretionary fund; the former receives 87.5% and the latter, 12.5%. One-seventh of the Small Airport Fund revenues, or 12.5% of the total PFC reduced apportionment funds, must be spent at small hub primary airports. The balance of the remaining funds is divided into two categories: 1) one-third of the remaining Small Airport Fund revenues, or 25% of the total PFC reduced apportionment funds, is distributed to general aviation and reliever airports; and 2) two-thirds of the remaining Small Airport Fund revenues, or 50% of the total PFC reduced apportionment funds, is distributed to nonhub commercial service airports (FAA, 2004c).

These funds have greatly assisted small airports. Between 1996 and 1999, small airports benefited from a 56% increase in AIP grant funds from $769 million in 1996 to $1.2 billion in 1999 (USGAO, 2002). AIP grants for large airports, on the other hand, increased from $596 million in 1996 to $739 million in 1999, which is a 24% increase (USGAO, 2002). Both large and small airports, therefore, have benefited from PFC revenues. Medium and large airports have benefited directly from the PFC income and some continued amount of AIP monies while small airports have benefited from

imposing a PFC, where eligible, and the increased AIP monies available from the Small Airport Fund.

*Ability to Issue Bonds*

Not only do airports benefit directly from the additional revenues, they also benefit from their increased ability to issue bonds. One of the reasons argued by supporters of defederalization, as discussed above, is that large airports have the ability to issue bonds. The ability to use PFC revenues for the payment of debt service or financing costs of eligible airport development bonds was included in the ASCEA. These revenues provide a "double-barreled" effect when combined with general airport revenue (Quilty, 1999).

The ability to issue bonds backed only by PFCs, though, was limited in the early 1990s because of the FAA's ability to terminate PFC authorization under certain conditions. The Little Rock, Arkansas Airport Authority in 1996 became the first airport to issue short-term revenue bonds backed solely by PFCs (Quilty, 1999). The authority was successful mainly because of strong legal language allowing for rapid defeasance, a positive track record of compliance with federal rules governing the collection of PFCs, debt service coverage (of approximately two times) in the past, and a consistently strong PFC collection rate of approximately 90% (Arthur, 1999).

Following the success at Little Rock, the City of Chicago advanced even further the ability of airports to issue PFC-backed bonds the same year. Chicago's was the first major bond issue, approximately $204 million, to be backed exclusively by PFC revenues. This was made possible because of a landmark FAA Record of Decision (ROD) providing enhanced bondholder security through a guaranteed PFC cash flow

sufficient to pay the debt service, even in the event of an airport violation of the ASCEA (Knorr & Rakestraw, 1998).

Before this ROD, bond investors were uneasy about long-term debt backed solely by PFCs. This led the FAA to make two changes related to PFCs and bonds: 1) If a violation occurs, the FAA can reduce the airport's authority to collect PFCs to an amount necessary to pay off the bond; and 2) If a violation occurs and the FAA reduces an airport's PFC authority, the airport must accelerate the bond payments (Quilty, 1999).

Two other risks exist with PFC-backed bonds. One is associated with airline bankruptcy or service changes, and the second arises when an airport does not implement the identified projects within a specified number of years and the PFC authorization is revoked (Quilty, 1999). This first risk became evident in September of 2001 when Moody's Investors Services placed the credit ratings of six PFC-backed bonds on its watch list. The downgrades were made because of possible passenger declines after the terrorist attacks, and there was also fear that airports would not be given preferential treatment in case of a bankruptcy since the funds are unlikely to be treated as trust funds. In this case, airports may be unable to get the PFC funds collected by the airlines as they would be held up in the bankruptcy proceedings (Sanchez, 2001).

The ability of airports to issue PFC-backed bonds varies from airport to airport. Moody's has listed 10 airport indicators that it considers when evaluating a PFC-backed bond:

1. Type of airport – hub vs. origin and destination. Hubs are considered riskier depending upon the financial strength of the airline and forecasted passenger growth.

2. Projected trends for the airport's service area and forecasted enplanements.
3. PFC revenue concentrations by the airlines.
4. Frequency of PFC remittances by the airlines and the airport's audit procedures.
5. Deal structure considering issues such as reserve funds and covenants.
6. Assumptions for PFC collections.
7. Types of projects being funded.
8. Airport's history of documenting PFC disputes with airlines.
9. Airport's history of PFC violations.
10. Airport's history of "pushing the envelope" with FAA regulations (Arthur, 1999).

*Construction Controls*

In addition to the financial benefits of the PFC program, airports also benefit by having more control over which projects are constructed at the airport. Some airport-airline agreements were signed before airline deregulation in 1978; during this time, the Civil Aeronautics Board controlled airline route structures. An airport's main concern in this period centered on securing a long term commitment from airlines in order to be able to build the necessary capacity needed to provide air service to the local community (USGAO, 1990b).

Because of this need for funding, two major types of agreements have developed that give airlines control over the major projects constructed at airports (USGAO, 1990a). These agreements are negotiated at each airport, but they have the same effect from one airport to another. The first agreement is the majority-in-interest (MII)

agreement. An MII gives the airlines performing the majority of operations at an airport the right to review, defer, or even veto airport projects. The airlines state they should have this authority since they are committing themselves to paying much of the cost of new construction (Meyer, 1996). A second a type of agreement is called residual funding. Under this arrangement, the airlines agree to pay sufficient fees to cover all of the airport's expenses that are not covered by other revenues. The airlines, in return, receive the right to approve airport decisions that would increase airport expenses (USGAO, 1990a).

Deregulation, however, has allowed airlines to change routes and fares at their discretion. In this environment, airports need the ability to add capacity in order to foster competition (USGAO, 1990b). MIIs and residual agreements were major discussion points during the initial PFC debates before passage of the ASCEA. It was feared that MIIs could prevent airports from using PFC funds effectively, and if PFC funds were counted as revenue, it would reduce airline fees under the residual agreements. The airport, then, would not experience any increase in revenues since airline fees would be reduced by the amount of PFCs collected (USGAO, 1990a).

Congress addressed the above issues in the ASCEA to ensure that MIIs and residual agreements will not prevent the effective use of PFC funds. The ASCEA states that incumbent airline approval of PFC projects is not required. With respect to residual agreements, the Act exempts PFC funds from being considered as airport revenues; therefore, airports levying a PFC do not have to reduce airline revenues, giving the airports additional funds that can be used without airline approval (USGAO, 1990b). In 1991, Jay Frank, Chicago's Commissioner of Aviation, summed up the impact of the

Act in this regard when he said, “On average it [PFC] gives airports a substantial revenue source they did not have before. It also equalizes the playing field between the airports and the airlines [for project control]” (quoted in Meyer, 1996, p. 8).

## Effects on Airlines

As one may expect, airlines opposed the PFC both when it was implemented in 1990 and when the amount an airport can charge was increased in 2000. The effects on airlines center around their fears of decreased revenues, administrative issues, and their ability to participate in deciding what projects are constructed on airports.

Before the PFC level was raised with the passage of AIR 21, a 1999 General Accounting Office report identified two factors that could cause an airline’s revenues to decrease with a PFC increase. One is the reduction in ticket sales, and the second the extent in which airlines absorb the increased amount (USGAO, 1999).

The 1999 USGAO study estimated the elasticity of demand by dividing ticket sales into three categories: 1) distance – short haul (less than 500 miles) versus long haul (more than 500 miles); 2) airport size – large airports (large and medium hubs) as the origin and destination versus small airports as the origin and destination; and 3) airlines – regular-fare airlines versus low-fare airlines. Too, the USGAO used estimates provided by the Air Transport Association (ATA) that state 47% of trips are for business purposes while 53% are for nonbusiness purposes.

Based on increasing the amount of PFC that can be levied by $1 (AIR 21 allows up to a $1.50 increase to a total of $4.50), the USGAO (1999) estimates that passenger levels would be reduced by a low of 0.5% to a high of 1.8% with a midrange estimate of

0.85%. Using the midrange estimate, less than 1% of the passengers would be impacted by the PFC increase. The effects of the increase would be greater for nonbusiness travelers, low-fare airlines, large airports, and travelers on short flights. For example, the degree of price sensitivity is typically greater (more elastic) for nonbusiness than for business travelers and greater on short routes for which automobile travel is a feasible alternative. Low-fare airlines are projected to have a larger decrease in passengers because the effective price increase is greater for them than regular-fare airlines. In referring to the potential PFC increase and its potential impacts on travelers, Thomas Chapman, legislative council for Southwest Airlines, has said, "When you're talking about our price-sensitive, low-fare customers, that adds up" (quoted in Ingersoll, 1999, p. A-24). Finally, small airports are expected to experience a smaller decrease in passengers because their fares are typically higher than at larger airports making the effective price increase less (USGAO, 1999).

Any projected decreases in traffic, however, may not mean the airlines would suffer losses. The USGAO (1999) predicted that the forecasted growth in passenger enplanements, approximately 3.4% per year, would overcome any loss in revenue. In addition, the report states that airlines will benefit in the long term as airport improvements in passenger safety and comfort could stimulate more demand for air travel. Finally, it reported that airline costs should go down as a result of the decline in passengers; therefore, the extent of the loss of profits will depend upon how much costs decline with the revenues.

The second factor that could cause airline costs to rise is the incidence of the increased PFC. To remain competitive in a certain market, for example, the airline may

elect to absorb the entire PFC increase and not pass any of it on to the passenger (USGAO, 1999). Northwest Airlines, for instance, elected in the early 1990s to pay the PFC rather than risk being at a competitive disadvantage on routes where its competitors may have hubs that do not impose a PFC (McDowell, 1993). Elliot Selden, Vice President of Government Affairs for Northwest, said, "Having to absorb that tax costs us $20 to $25 million a year" (quoted in McDowell, 1993, p. 2).

By using the midrange scenario in the report discussed above, the USGAO (1999) estimates that airlines would pass on the full increase to the business travelers as their demand is more inelastic but only 50% of the increase to nonbusiness travelers whose demand in more elastic. Based on these assumptions, the USGAO predicts that airlines would receive approximately 0.6% less revenue than before the PFC increase.

As mentioned, the burden of collecting the PFC is on the airlines. PFCs collected are to be remitted to the airport on a monthly basis (USGAO, 1999). The airlines are responsible for the funds from time of collection until remittance to the airport. They must also provide the airport quarterly reports showing the total amounts collected and refunded as well as any amount withheld by the carrier as collection compensation (FAA, 2002). Also, airlines collecting PFCs from at least 50,000 passengers must hire an independent public accountant to perform an annual audit of its PFC accounts (FAA, 2002).

Airlines are compensated for their administrative costs associated with PFCs. The first compensation proposals suggested that interest earned ("float") on the PFCs would be sufficient payment (FAA, 1991). Airports and airlines, recognizing that "float" by itself would not be adequate, submitted joint comments in favor of additional

funding (Meyer, 1996). The "joint submission" from the American Association of Airport Executives (AAAE), the Air Transport Association (ATA), and the Airport Operators Council (AOC), could not agree upon or recommend an appropriate compensation level (FAA, 1991).

To assist with the initial startup costs, the airlines were allowed to retain $0.12 per PFC remitted until June 28, 1994 (FAA, 1991). The amount they were allowed to keep then dropped to $0.08 of each PFC remitted, and they were allowed to earn interest on the money until it was remitted to the airport (USGAO, 1999). As of May 1, 2004, the amount of compensation airlines are allowed to keep is $0.11 per PFC remitted (DOT, 2004).

As discussed above, airports have benefited by having more control in deciding what is built on the airport. Airlines, on the other hand, do not like losing this control. Northwest lobbyist Elliot Selden said, "I think the main area of concern for airlines" is the "absence of any control" over "what gets built" with the PFC dollars (quoted in Ingersoll, 1999, p. A-24).

The USGAO (1999) report referenced above states that airlines should benefit in the long run from airport improvements. Many airlines, though, do not feel that all of the improvements are necessary. James E. Landry, president of ATA, has criticized airports for what he calls the "the field of dreams" argument: if expansion occurs, "the airlines will flock to the airport" (quoted in McDowell, 1993, p. A1). Another airline executive stated that airports are displaying a "Taj Mahal complex" (McDowell, 1993, p. A1). "The airport community's needs assessment is a hodgepodge of wishful thinking, surveys which have never been open to the public and extrapolations," said Edward A.

Merlis, Senior Vice President of Legislative and International Affairs for ATA (Merlis, 1998, p. 62). Merlis summed up the airlines' general thoughts on PFC projects when he said, "All PFC funded projects should have a clear, aviation need and cost-benefit justification in order to be approved" (p. 62).

To assist with alleviating some of these concerns, airports that wish to impose a PFC of $4 or $4.50 must comply with stricter rules such as the previously mentioned requirement that terminal or ground transportation projects may not be constructed using these funds unless adequate provisions have been made for financing the airside needs of the airport (FAA, 2001).

## Effects on Passengers

Clearly, all of the issues discussed above will affect passengers; the funding, depending upon incidence, comes from the passengers and the improvements are ultimately made for the passengers' benefit. The efficiency and equity of PFCs, however, should also be reviewed as well.

The three main ways of financing capital projects on airports are AIP grants, tax-exempt bonds, and PFCs. Each of them has different efficiency and equity effects. A USGAO report published in March 1998 discusses these issues (USGAO, 1998):

*Efficiency:*

- AIP Grants – airport users are the primary funding source and beneficiaries. The connection, however, between the payments and benefits is loose since the funds are deposited in the aviation trust fund and redistributed among

airports of different sizes rather than retained in the same proportion as generated by each airport.

- Tax-exempt bonds – direct airport users bear much of the cost; but nonusers also bear some direct cost through the tax-exempt subsidy, while benefiting only indirectly. There may be less connection between those who pay and those who benefit under this financial mechanism than any of the others.
- PFCs – there is a strong connection between who pays and who benefits because the airport retains the PFC funds generated.

*Equity:*

- AIP Grants – only the direct beneficiaries pay the costs. Also, the disbursement of the aviation trust fund monies results in some redistribution from large to small airports. In addition, those who pay higher ticket costs pay a higher dollar amount in tax than those who purchase lower priced tickets (ad valorem tax).
- Tax-exempt bonds – all airport users pay for the cost of the bond through the revenues collected by the airport. All taxpayers, however, who may or may not benefit from the airport, pay to help support the bonds through an estimated $560 million in foregone tax revenues annually.
- PFCs – not all beneficiaries pay, e.g., some classes of carriers and passengers are exempted from paying PFCs. Too, airports collecting PFCs must return a portion of their AIP apportionment revenues to benefit smaller airports.

The USGAO report states that while a single financial mechanism may be more or less efficient or equitable than another, collectively the mechanisms may produce

more or less efficiency or equity than any one approach. The general public and individual communities may benefit even if they do not use the airport; for example, the airport may stimulate economic development activities that would not otherwise exist. In sum, the report says that it is not known whether payments made by users and nonusers match the benefits that each group receives from the airport (USGAO, 1998).

One can easily see that this topic is rich with opportunities for various types of studies related to the impacts of the PFC program. These range from studying the impacts, if any, on passenger demand to efficiency and equity issues to federalism. The scope of this study, however, is limited to evaluating Baumgartner and Jones's punctuated equilibrium model to Congressional approval of PFCs. Specific aspects of the PFC program history particularly relevant to such an evaluation include but are not limited to the competing interests of airlines and airports over time related to potential changes in image and venue.

# CHAPTER FOUR

# METHODOLOGY

Baumgartner and Jones (1993) argue that shifts in image and venue interact to produce dramatic changes in policy. This study seeks to determine if changes in image and venue, as predicted by the punctuated equilibrium model, are evident over time in the PFC issue. In addition to these research objectives, this work also reviews the actions of policy entrepreneurs and interest groups that may have led to any shifts in image and/or venue that did occur. Baumgartner and Jones believe these actors are crucial ingredients to the agenda setting process.

In order to accurately and fairly test Baumgartner and Jones's model, their methodology is followed. Slight modifications, based on scholarly literature, are incorporated when it is felt that adjustments to the authors' methodology will enhance the study. This chapter, therefore, discusses the methodology used to test the model. Three separate sections focus on venue, image, and policy entrepreneurs and interest groups. In each section there is a discussion of the methodology used by Baumgartner and Jones, scholarly works that critique the methodology, and the methodology used in this study.

## Image Methodology

Image is one of the two main tenets of the punctuated equilibrium model. For the model to be applicable to the PFC issue, changes in image must be evident. It is necessary, then, to determine if the image of PFCs changes over time. This is done using quantitative and qualitative methods.

Baumgartner and Jones (1993) state that most policy changes happen during times of increased attention to an issue. Media coverage can be used as an indication of heightened attention. In fact, a change in policy can be expected when there is increased media attention to an issue. Issues and ideas can be spread quickly since media outlets tend to mimic one another.

To measure media attention to an issue, the authors focus on the *Readers Guide to Periodical Literature* (the *Guide*) and the *New York Times Index* (the *Index*) (Baumgartner & Jones, 1993. Baumgartner and Jones state that the *Guide* is the broadest index of popular periodicals, while The *New York Times* provides better coverage of government and business news. They argue, however, that media attention trends follow a similar pattern, regardless of the index used. Indeed, Baumgartner and Jones have found that the relative levels of coverage in the *Guide* and the *Index* follow "identical patterns over time" (p. 258). For longitudinal studies, the authors are confident that the *Guide* and the *Index* provide reliable information.

The authors argue that one can determine whether an issue is a topic of interest by simply counting the number of articles listed in these sources each year (Baumgartner & Jones, 1993). To locate articles relevant to the issue being studied, Baumgartner and

Jones developed an initial list of keywords and then pursued references to other topics that may have been indicated in the sources by phrases such as “See also”.

In addition to counting the annual number of articles appearing in the *Guide* and the *Index*, Baumgartner and Jones (1993) also coded the tone of the articles as being positive or negative. The rule used by the authors is whether an industry leader would be happy (positive tone) or unhappy (negative tone) to see the title of the article. A policy change, according to the authors, is likely to occur when tone begins to rapidly change. Based on the specific issue being studied, further breakdowns in tone have been performed by the authors.

Other scholars have also discovered the value of using the media to study political science issues. Woolley (2000) states that media counts have been used extensively and should probably be used more in studies regarding public policy issues. He notes that mobilizing support often depends on obtaining favorable media coverage, which can change the beliefs of key actors; media accounts provide information on these efforts over time. Flemming, Wood, and Bohte (1999), for instance, use print media coverage to measure systemic attention to the issues in their study of shifts in attention among the three branches of government and interactions between the institutional and systemic agendas.

The *Guide* and the *Index* are two commonly used sources for information on media coverage (Woolley, 2000). For example, Flemming et al. (1997), employ the *Guide* in their study of the Supreme Court’s influence. They argue that the *Guide* provides a large variety of general interest and specialized publications with an aggregated readership much larger than any one newspaper. Because of the size and

diversity of markets served through the publications in the *Guide*, these authors believe that it is more representative of the systemic agenda than a narrower source. Other examples of studies using the *Guide* include Sharp (1994) and Flemming et al. (1999).

The *Index* has also been used by other scholars. In their study of presidential nominations, Krutz, Fleisher, and Bond (1998) used the number of stories in the *New York Times* (the *Times*) as their measure of media coverage. Epstein and Segal (2000) also selected the *Times* to measure issue salience, arguing that it is least likely to contain regional bias since it is national in orientation. Epstein and Segal further explain that measures using the *Times* can be transported to other fields of study. Patterson and Caldeira agree that the *Times* can be used as a "reasonable estimate of the public salience of Congress, its minions, and its members" (1990, p. 34). While admitting that only a small portion of the public reads the newspaper, they contend that a large proportion of opinion leaders read it and that its coverage is widely diffused.

Caldeira (1987) agrees that coverage in the *Times* is diffused. He boldly says, "reports in the New York Times undoubtedly diffuse throughout the nation in a 'two-step flow' of information" (1987, p. 1143). He also states that coverage in the *Times* is consistent with other data sources and that the number of stories in the *Times* about the Supreme Court during his study period, the first six months of 1937, strongly correlates with the number of stories found in the *Guide*.

Althaus, Edy, and Phalen believe that the *Index* is a "uniquely powerful resource" (2001, p. 708) since it is the oldest American newspaper index, and its abstracts contain more details than other indices. These authors suggest, however, that researchers must use care when substituting proxy data such as entries from the *Index* for

full text stories out of the *Times*. They also argue that some potential biases exist in the *Index,* which are summarized below:

- Omitted Stories – nearly all of the stories in the *Times* are indexed but some material, such as letters not on the editorial page, are not. Before, 1997, for example, the *Index* did not even include most letters to the editor.
- Changes in Subject Headings – guidelines, based on a list of subjects called a thesaurus, are used to index articles from the *Times*, and they have changed over time. The thesaurus, for example, was rewritten in 1983. This resulted in work being assigned by newspaper section instead of topic specialty; indexers, therefore, have become generalists instead of specialists. Because of this, articles may be indexed under different headings before and after 1983. Pursuing an inflexible set of headings may not reveal these types of indexing changes.
- Procedures for Writing *Index* Entries – indexers attempt to identify key actors, places, and events and offer a balanced view. Index writers are trained to concentrate on the first few paragraphs of a story and briefly review the rest of the article. This worked well when journalists summarized the most important facts in the first paragraph of a story. Writing styles now, however, are moving toward a narrative style in which basic information may not be included until later paragraphs. Key ideas that may appear later in the story, consequently, may not be included in the index entry.
- Procedures for Ensuring Consistency in *Index* Entries – guidelines are provided to help ensure consistency when indexing articles. Changes in

> systems and personnel, however, lead to indexing inconsistencies. Inconsistencies may also exist between online and print versions of the *Index*. One of the main differences is subject headings. Differences may also exist in the amount of detail provided. Online versions often have more repetition of details since the abstract is viewed in isolation. Also, abstracts online are seldom altered. Abstracts in print versions of the *Index*, though, are edited for publication in bi-monthly, quarterly, and annual editions. To keep the size of the document manageable, abstracts are edited. Because of these issues, the authors recommend that researchers use caution when combining data from more than one version of the *Index*.

Even with the above in mind, Althaus et al. contend that the *Index* can be a reasonable proxy for capturing broad, longitudinal changes in full text content when there are many data points. When the data points are few, however, the *Index* is an inconsistent proxy.

Woolley (2000) suggests that researchers should use multiple indexing sources to offset potential biases in the *Index*. A change in index practices, a change in problem definition, or a dramatic event can affect the volume of articles. Strategies for overcoming these potential effects include attempting to include all possible index entries related to an issue and developing coding rules for identifying relevant articles independent of the categories provided in an index. Woolley also cautions that the composition of publications appearing in the *Guide* have changed over time. He suggests two ways to overcome this issue. One is to develop a list of publications or publication types to provide continuity over time, and the second is to seek a relative proportion between circulation of the publications studied and total circulation of

publications. According to Woolley, the last major change of publications in the *Guide* was in 1968. This issue, consequently, should not be a concern regarding the study of PFCs.

Woolley (2000) and Baumgartner and Jones (1993) disagree on at least one issue. Woolley states that media counts based on indexes should be deflated and reported as a ratio of the total number of articles indexed or the total number of index pages. He contends that variations in the *Guide* and in the *Index* over time affect the number of entries. For example, Woolley indicates that the number of publications in the *Guide* has ranged from 67 in 1900 to 205 in 1989. Similarly, the number of pages in the *Index* ranges from 164 to 3356.

Baumgartner and Jones (1993) agree that the media's capacity has increased, but they disagree that it can be used as a rival explanation for their findings. Secular changes, they argue, cannot explain the rapid changes they found in their studies. They contend that the absolute numbers are an important indicator of agenda access and, therefore, dispute the need to standardize their measures.

*Methodology to Assess Image Used in This Study*

Based on Baumgartner and Jones's methodology, and in consideration of the literature discussed above, this study uses data from the *Guide* and the *Index*. Using both data sources should provide sufficient data to accurately measure the media's attention to the issue.

The study period is 1974 to 1990. This will address the period from the time of the Congressional ban on PFCs, or head taxes, in 1973 until Congress voted to reverse its position on PFCs in 1990. The year 1990 is a key date, since Baumgartner and

Jones's model predicts that the interest in the issue, indicated by an increase in the number of articles, will precede a policy change. Changes to the PFC program since 1990 have been incremental adjustments.

An initial list of keywords is used to begin the search for articles about PFCs. An effort has been made to be as comprehensive as possible to address the different ways that articles may be indexed and to address the index changes that may have occurred over time. In addition, new keywords were added based on the results of searches that suggest additional headings that may have PFC related articles. The list of keywords used is provided in Chapter 5.

Media coverage from the *Times* relating to the PFC issue is found using the print version of the *Index*. An online version, which is found in the *Expanded Academic ASAP* database, exists, but it only contains articles back to, and including, 1980. This limitation on the number of online articles would require using the print version of the *Index* for articles appearing in the *Times* from 1974 through 1979.

Recognizing the caution offered by Althaus et al. (2001) regarding the use of two different versions of the *Index*, an analysis was performed to determine if it is feasible to use both versions in this dissertation. The online and print versions were compared for consistency using the years 1982, 1987, and 1990. These three years are expected to enjoy high media coverage regarding airport funding (Gesell, 1999): 1982 is the year Congress passed the *Airport and Airway Development Act*; 1987 is the year Congress passed the *Airport and Airway Safety and Capacity Expansion Act*; and 1990 is the year Congress passed the *Aviation Safety and Capacity Expansion Act*, which allowed airports to impose PFCs. The results of this study revealed inconsistencies in the two

databases, which therefore led to some lack of confidence in mixing the two versions of the *Index*.

Based on the inconsistencies found between the versions, the print version was considered to be the most reliable version of the *Index* for this study. In addition, the print version contains abstracts, which provide the reader with a quick synopsis of the article that is useful for determining whether it may be relevant to the study. The online version through *Expanded Academic ASAP* does not contain abstracts; the researcher has to then rely on the title of the article. Another online source for the *Index, LexisNexis Academic,* contains links to articles from 1980 and forward but no abstracts. Reading the articles is not as efficient as reading an abstract. This is consistent with Woolley (2000) who found that in some cases using the print version of a source may be more efficient than using the online version.

Similar to the *Index*, two different databases had to be used to locate articles in the *Guide* online. The *Readers' Guide Retrospective* online database covers articles appearing in the *Guide* from 1890 through 1982. Articles in the *Guide* from 1983-1990 had to be found using another online database or using the print version. Based on the data discovered regarding the *Index*, this research chose to use the print version of the *Guide*.

Full text articles were used since it is worth the time required to obtain the full text copies to help ensure accurate coding. Indeed, using full text articles avoided the issues of using proxy data discussed by Althaus et al. (2001). Since the abstracts were readily available, however, they were also coded to gauge how the tones of the full text articles and abstracts compare.

The articles about PFCs found in the *Index* and the *Guide* were coded in two different ways. First, the number of articles per year about PFCs was identified. This quantitative effort revealed whether increased media coverage actually portends a change in policy, as predicted by Baumgartner and Jones.

The second way they were coded was a qualitative method. Full text copies of the articles were coded as positive or negative. This was accomplished by following Baumgartner and Jones's methodology of asking whether an industry representative would be happy or unhappy with the article. In this study, the question was asked from the perspective of an airline executive who is opposed to PFCs. The question, of course, could also be asked from an airport manager's perspective. Coding the articles from an airline executive's perspective, however, meant that any changes in tone went from positive to negative, which is consistent with the direction of the tone changes in Baumgartner and Jones's work. Similar coding procedures were applied separately to the abstracts. The dates used for this analysis were 1974 through the Congressional approval of PFCs in 1990, since Baumgartner and Jones contend that change in tone leads to a policy shift. The model may not be applicable if the change in tone occurs after a shift in policy.

An outside reader was used in this study to independently code the tone of the articles in an effort to guard against bias. The outside reader, Dr. Randy Johnson, is currently an Assistant Professor of Aviation in the Aviation Management and Logistics Department of Auburn University's College of Business.

It should be noted that the perspective of the airline executive was assumed to remain consistantly against the approval of PFCs throughout the study period. The

airline executive would, for example, find articles negative that portray PFCs in a favorable light, discuss support for the approval of PFCs, and/or announce a bill allowing PFCs is being supported or a hearing on the subject is scheduled. In addition to using an outside reader, the outcomes of the tone coding were compared to the other results of this work to check for inconsistencies in the study's conclusions.

An additional qualitative effort was employed in this study that was not completed by Baumgartner and Jones. Primary and secondary data sources were reviewed for changes in problem definition that may indicate a change in image. Changes in the way PFCs are viewed by key actors (for example, a head tax versus a charge or user's fee) may affect attentiveness to the issue, which could lead to an image shift and the beginning of a positive feedback process. For this analysis, data were reviewed from 1972, which is when the Supreme Court ruled head taxes constitutional, through the passage of the Act allowing PFCs in 1990. This time frame gives a broad view of how problem definition type issues related to PFCs may have changed over time.

Quantitative and qualitative data, therefore, were used to identify any changes in image. Increased media coverage may be a harbinger of policy change along with a change in tone from positive to negative. Also, changes in image may be evident by the way key actors refer to PFCs; a shift in the way PFCs are defined, for example, could indicate an important change in image.

## Venue Methodology

A change in venue is the second crucial component of the punctuated equilibrium model. For a positive feedback mechanism to occur, changes in image and venue must be evident. These two components, according to the model, interact to punctuate the existing equilibrium and produce policy change.

Baumgartner and Jones (1993) use Congressional activity to measure venue change, which they state can be easily and accurately tracked. Federal executive branch activity is another venue considered by these authors, but they suggest that attempting to measure this activity produces some difficulties. They argue that federal agency participation varies by issue, and many sources related to this activity are not easily accessible for long time periods. State and local venues, they contend, are even more problematic; standardized and systematic information needed for consistent, longitudinal studies are not available.

Congressional activity is traced by Baumgartner and Jones (1993) in three ways: 1) the *levels of attention* are measured by coding the number of hearings per year, 2) the *tone of attention* is measured by coding whether the hearing is positive or negative, and 3) the *venue of attention* is measured by coding which committee or subcommittee is holding the hearing. They use CD-ROM and print versions of the *Congressional Information Service* (*CIS*) reports for data on Congressional activity. Baumgartner and Jones state that both versions are identical, but the CD-ROM version makes it easier to perform keyword searches.

Baumgartner and Jones (1993) first developed a list of keywords that they used to search for Congressional activity. Once the hearings were discovered, they coded the

year of the hearing, the name of the committee or subcommittee holding the hearing, and a brief summary of the hearing. The authors state that most of the hearings were homogeneous; that is, the topics discussed could be clearly coded as either favorable or unfavorable to the industry. Baumgartner and Jones, therefore, found that they could simply use the abstract of the hearing to code it as positive, negative, or neutral to the industry.

Similar and complementary techniques have been used in other studies and by other scholars. Jones et al. (1993), Talbert et al. (1995), and Hardin (2002), for example, all code the name of the committee or subcommittee holding the hearing in their respective studies. Talbert et al. and Hardin take the coding a step further and distinguish between referral and nonreferral hearings. Hardin also codes the topic of the hearings; similarly, Baumgartner et al. (2000) code the title of the hearing. Coding the tone of hearings with the *CIS* abstract has also been employed in other studies (for example, Jones et al., 1993).

Other related techniques have been used by scholars to measure Congressional activity. Flemming et al. (1999), for instance, used keyword searches of *CIS* data to measure Congressional attention to an issue by coding the number of hearing days devoted to the issue. This technique has also been used in studies by Carpenter (2002), Edwards and Wood (1999), and King (1994). King also codes the number of pages of hearings printed on the issue being considered.

Krutz, Fleisher, and Bond (1998) code the tone of a hearing and conflict expansion by determining the ratio of negative witnesses to positive witnesses. They track this ratio over time in their study of presidential nominations. A ratio greater than

1.0, which means there are more negative than positive witnesses, indicates greater controversy. The role that witnesses play in setting the tone in Congressional hearings has been noted in other studies such as Hardin (2002); Jones et al. (1993); and Talbert et al. (1995).

Scholars have used sources other than *CIS* to track Congressional attention. In her study on universal service in the telecommunications industry, Eustis (2000) uses three sources of data: *CIS Annual* (the print version of *CIS*), THOMAS, and LEXIS-NEXIS *CIS Congressional Universe*. THOMAS is an internet system started in January 1995 at the direction of the 104th Congress to provide free legislative information to the public (Eustis). This online database contains a summary of bills and status information from the 93rd Congress (1973) to the present. LEXIS-NEXIS *CIS Congressional Universe* is similar to THOMAS, but this database allows for more precise searching. Bill tracking information and legislative history information also are provided in this online database.

Baumgartner and Jones (2002) contend, though, that keyword searches, which is a common form of analysis, may reveal inconsistent results due to changes in vocabulary and index practices. They state that THOMAS, for example, has a vocabulary of over 7,000 terms; a search for a keyword may reveal many instances when a word is mentioned, but it may not be relevant to the researcher's study. The authors refer to this as "overcategorization" (p. 41).

In an effort to assist researchers studying longitudinal changes in policy issues, Baumgartner and Jones (2002) have developed the Policy Agendas Project (PAP). The PAP contains data on all Congressional hearings, all laws, all articles in the

*Congressional Quarterly Almanac*, a sample of articles in the *Index*, and the entire federal budget since the end of World War II. The PAP, according to the authors, solves the problems of inconsistency by providing a careful, consistent coding of topics over time.

The PAP (Baumgartner & Jones, 2002) contains 27 major topic categories and 226 subtopics in its coding system. These codes have been developed through an interactive process that involves proposing an initial set of categories, coding Congressional hearings to only one of the topics, and modifying the categories until intercoder reliabilities is achieved at the 95% level for the major topics and 90% for the subtopics. Temporal consistency, then, is the goal of the project.

Congressional hearing data in the PAP go back to 1947 (Baumgartner & Jones, 2002). The PAP contains over 67,000 entries. The source of the data is the annual *CIS* publication. Data coded in the PAP include identification information such as the *CIS* numbers, date, committees and subcommittees involved; topic codes; and a short summary. The data on Congressional hearings also include variables to indicate whether the hearing covers a proposed bill or is fact-finding, whether it considers an administration proposal, whether it considers appropriation issues, and whether it mentions the creation of a new agency. The PAP also codes the number of days the hearing lasted and the number of sessions in the hearing. Baumgartner and Jones explain that they offer this data so other scholars can explore additional issues as well as criticize or amend their theory.

*Methodology to Assess Venues Used in This Study*

This study used Baumgartner and Jones's (1993) original methodology to study Congressional attention to the PFC issue. The methodology, however, was supplemented with some techniques used in other studies and by other scholars.

Following Baumgartner and Jones, Congressional hearings from 1974 up to and including 1990 were coded four ways: the total number of hearings per year, the tone of the hearing based on the full text of the hearing, the name of the committee or subcommittee holding the hearing, and the type of hearing (referral or nonreferral). An increase in the number of hearings, a change in tone, and a change in the committee or subcommittees holding hearings are measures of Congressional attention to the PFC issue. A change in the number of nonreferral hearings may also indicate a change, or attempted change, in jurisdiction and/or policy image.

An inter-coder reliability test WAs not used in this study for coding the tone of congressional hearings. Detailed notes, though, were taken on the full text of the hearings as opposed to using the abstracts alone in an effort to code tone consistently and without bias. Coding was accomplished by assuming that an airline executive would be opposed to PFCs; the hearing, then, was coded from the perspective of an airline executive who does not want the item on the agenda. The airline executive would find, for example, the hearing negative if positive statements about PFCs are made by policymakers, aviation industry officials, and/or consumer groups. The coding results were then compared with the study's other results.

Congressional hearing data come from three different sources: LEXIS-NEXIS *CIS Congressional Universe* (*Congressional Universe*), THOMAS, and Baumgartner

and Jones's PAP. For *Congressional Universe* and THOMAS, keyword searches were used to locate relevant hearings. These keywords are presented in Chapter 5. Searches were conducted for each Congress beginning with the 2nd session of the 93rd Congress (1974) and continuing through the 2nd session of the 101st Congress (1990). Using a combination of these three sources helped to ensure that all hearings related to PFCs were located and included in the study. Employing only one data source might have led to a hearing being overlooked and omitted.

Baumgartner and Jones's (1993) methodology of using stock market data was not used in this study. They believe that stock market data are important since investors can be influenced by government actions. On the other hand, they also state that the value of stock market data is limited because there are generally no sets of publicly owned companies whose stocks can be traced and directly tied to policy issues. Airlines went through many changes in the period directly after they were deregulated by Congress in 1978. Gesell (1999) outlines four phases that the airlines went through during this period: 1) expansion (1978 – 1985) – the industry grew from 30 airlines in 1978 to 105 in 1985; 2) consolidation (1986 - 1988) – the industry experienced 11 mergers and 16 buyouts resulting in 61 airlines at the end of 1988; 3) concentration (1988) – the industry's four largest carriers accounted for 60.4% of domestic traffic, which was up from 52.5% in 1978; and 4) globalization (1987) – the industry, beginning in late 1987, began entering into alliances with foreign carriers.

Based on this information, it was felt that historical validity could prove problematic. It would be difficult, for example, to determine if changes in stock prices were the result of government actions or the industry adjusting to the free market system.

In addition, Congressional venue change, due to its role in a possible positive feedback mechanism, was one of the two critical components of the punctuated equilibrium model.

## Policy Entrepreneur and Interest Group Methodology

As discussed in Chapter 2, the punctuated equilibrium model predicts that policy entrepreneurs and interest groups play crucial roles in changing image and venue. Documenting any activities by these political actors that may lead to the beginning of a positive feedback mechanism was therefore important to this study. Unlike researching image and venue changes, studying the actions of policy entrepreneurs and interest groups is heavily qualitative in nature.

In an effort to be successful, policy entrepreneurs will attempt to manipulate both the image other political actors have of an issue and the rules and institutions involved in policymaking (Baumgartner & Jones, 1993). The actions of policy entrepreneurs, according to Baumgartner and Jones, have typically been researched through detailed case studies of the efforts of political players to manipulate the policymaking process.

Baumgartner and Jones (1993) discuss the actions of policy entrepreneurs along the lines of a case study. They focus on how policy entrepreneurs work to change a policy's image, for example, by defining an issue in a way favorable to their cause, offering attractive symbols, and influencing media coverage. These actors may be industry leaders, government officials, elected officials, or any other key persons involved in the policymaking process.

Baumgartner and Jones (1993) have offered some quantitative evidence, however, depending upon the issue being reviewed. In their study of policy change relating to nuclear power, they researched the actions of government officials by noting changes over time in the number of nuclear inspections. The change in the regulatory environment closely paralleled shifts in Congressional activity. Both of these actions led the tone toward the industry to change from positive to negative.

Interest groups have been studied in a similar way by Baumgartner and Jones (1993). As with policy entrepreneurs, qualitative data are used to highlight the attempts of interest groups to change image and venue over time. They use published documents that discuss the activities of interest groups relevant to the issue being researched.

The authors do, however, use quantitative data to indicate changes in interest groups over the time period under consideration, using the *Encyclopedia of Associations* and a survey of interest groups performed by Jack Walker in 1985 (Baumgartner & Jones, 1993, p. 54). Shifts in the interest group system indicate important longitudinal changes in the policymaking environment.

Data from the *Encyclopedia of Associations* (the *Encyclopedia*) is a key feature of Baumgartner and Jones's study of the environmental movement. The authors state, "The *Encyclopedia* is the most complete reference book on interest groups available, listing associations of all types in the United States" (1993, p. 266). Although it is updated annually, they used data from the *Encyclopedia* in 10 year increments. For each edition, they coded the interest group's name, creation date, membership size, membership type (whether it is individuals, corporations, state chapters, or has no membership), staff size, and area of activity.

In a study on interest group alliances, Hojnacki (1997) used a combination of sources to measure interest group activity. She first used the *Congressional Quarterly Weekly Report* to identify groups who have stated that their legislative interests were within the issue areas under consideration. Next, Hojnacki used the *CIS* to identify interest groups that testified or submitted written testimony at relevant hearings. Interest groups were also discovered through articles appearing in the *Congressional Quarterly Weekly Report*, *National Journal*, and *The Legal Times*. Finally, she located interest groups from searching relevant subject or policy headings in the *Washington Representative*, *Congressional Quarterly's Washington Information Directory*, and the *National Trade and Professional Associations of the United States*.

Eustis (2000) attempted to follow Baumgartner and Jones's methodology of employing the *Encyclopedia* by using its online version, *Associations Unlimited*. She found it of limited value, however, since her study period was only 10 years. In addition, most of the interest groups relevant to her work did not report staff or membership size; therefore, it proved difficult to measure whether any growth in resources occurred over the time period being studied.

Because of this limitation, Eustis (2000) used other methods to identify interest group activity. She tracked interest group activity through articles appearing in major news publications such as the *New York Times*, *Washington Post*, *Wall Street Journal*, and LEXIS-NEXIS *Academic Universe-Legislative News*. She also used data from a list of respondents to a 1991 U. S. Department of Commerce's National Telecommunications and Information Administration Notice of Inquiry and from a list of stakeholders developed by the National Information Infrastructure.

*Methodology to Assess Policy Entrepreneurial and Interest Group Activity Used in This Study*

This dissertation used a qualitative approach to measure the activities of policy entrepreneurs. By carefully reviewing the primary and secondary data sources used to test for image and venue changes, the relevant actions of policy entrepreneurs were identified. These actions may be related, for instance, to efforts to change an image and/or venue as well as efforts to influence the media.

Quantitative and qualitative data, however, were used to measure interest group activities. The primary and secondary data sources are helpful in determining interest group activities. These data sources were reviewed to note any actions by interest groups that may have assisted in changing a policy's image and/or venue. Efforts to offer new problem definitions and symbols, for example, were noted.

Following the methods of Hojnacki and other scholars, this work reviewed interest group activity at Congressional hearings. In addition, hearings were reviewed to determine if the list of interest groups testifying changed over time. As discussed in Chapter 2, committees often like to hear from interest groups and others that are favorable to the committee's position on an issue. The interest groups invited to participate in a hearing, then, can signify a shift in image and help change the tone of a debate.

The *Encyclopedia of Associations* (*Encyclopedia*) was searched in two year increments to note any changes in interest group resources. The years 1974 and 1982, though, were not readily available, and the *National Trade and Professional Associations of the United States* (*NTPA*) was used as a substitute source for annual

budget data. Since airlines and airports were generally on opposite sides of the PFC debate, interest group resources pertaining to both groups were studied and compared. Specifically, the study coded the interest group's name, creation date, membership size, membership type (individuals, corporations, state chapters, or if it has no membership), staff size, and annual budget.

Interest group activity, then, was coded in three ways. The first way was by identifying any interest group activity from reading primary and secondary data. Secondly, coding methods noted which groups testified at Congressional hearings and counted the number of appearances per year. Finally, the *Encyclopedia of Associations* and the *NTPA* were used to measure changing resources over time.

## Methodological Summary

The methodology described above was intended to provide an accurate test of the punctuated equilibrium model. The methodology was also designed to identify any changes in image and venue and any activities by policy entrepreneurs and interest groups that may have played a role in any image and/or venue changes. Table 1 summarizes the methodology used in this study.

Based on the understanding of the theory's scholarly foundation provided in Chapter 2 and the background of the PFC program offered in Chapter 3, the remainder of this study applies the methodology discussed in this chapter. The results of the study of image and venue changes are presented in Chapter 5, and the actions of any policy entrepreneurs and/or interest groups that helped with any of these changes are discussed in Chapter 6. The final chapter offers conclusions based on these outcomes by focusing

on the degree to which the Baumgartner and Jones model applies to the PFC policy area and offers any suggested modifications to the model based on the results of this study.

Table 1. Summary of the Methodology Used in this Study

| Unit of Analysis | Data Source | Qualitative Analysis | Quantitative Analysis |
|---|---|---|---|
| Image | The *Guide*<br>The *Index*<br>Primary and secondary data (e.g., government reports, industry publications, textbooks, and media reports) | Code the tone of articles as positive or negative<br>Code any image shifts due to changes in problem definition over time | Code the number of articles per year relating the PFCs |
| Venue | LEXIS-NEXIS CIS *Congressional Universe*<br>THOMAS<br>Policy Agendas Project | Code the tone of Congressional Hearings | Code the total number of hearings per year<br>Code the name of the committee or subcommittee holding the meeting<br>Code the type of hearing (referral or nonreferral) |
| Policy Entrepreneur(s) | Primary and secondary data | Code evident actions to change image and/or venue | Not applicable |
| Interest Groups | *Encyclopedia of Associations*<br>*NTPA*<br>Congressional hearings regarding PFCs<br>Primary and secondary data | Code evident actions to change image and/or venue | Code the interest groups that testify, as well as the number of annual appearances<br>Code resource changes over time |

# CHAPTER FIVE

# IMAGE AND VENUE RESULTS

Changes in image and venue are crucial components of the punctuated equilibrium model. As previously stated, changes in image and venue must occur for the Baumgartner and Jones model to be valid in this study. This chapter analyzes the qualitative and quantitative data regarding image and venue. The results reveal the answers to the questions relative to Research Objectives 1 & 2.

## Image

Baumgartner and Jones (1993) argue that a change in tone/image is necessary for a policy change to occur as shifts in the way an issue is defined leads to a venue change. Indeed, the authors state that the key to understanding the fluctuations between stability and change is studying how issues are defined for policy consideration.

This section reviews the qualitative and quantitative issues regarding the image of passenger facility charges (PFCs) over time. First, a summary of the instances PFCs have been proposed for Congressional action is reviewed. A review of the major images of PFCs when the Congressional prohibition was passed in 1973 is presented along with the context in which PFCs have been discussed during the study period (1974-1990). In

addition, a quantitative analysis of the image issues based on the number of articles per year is presented followed by a qualitative analysis of any noted changes in tone.

*Congressional Action Regarding PFCs*

Chapter 3 discussed the fact that PFCs were ruled constitutional in 1972 by the U.S. Supreme Court. Congress prohibited them, however, in 1973. Neither the House nor the Senate during this time viewed passenger facility charges as either desirable or needed by airports. As a matter of interest, the term PFC was not used during this period; both the Senate and the House referred to the charges as "head taxes."

In 1972, prior to the 1973 ban, the Senate's Committee on Commerce, for example, passed S.3755, which prohibited head taxes in an effort to ensure uniform taxation and to ensure that head taxes would not interfere with interstate commerce and the growth of the air transportation system (United States Senate Report No. [S. Rep. No.] 92-1005, 1972, p. 5). The Committee said the prohibition was necessary to prevent an inequitable and potentially chaotic burden of taxation, a double taxation of airline passengers, an increase in the cost of air travel, and a higher rate of taxation for short haul passengers since their fares were lower and head taxes do not vary per the price of the ticket.

The House of Representative's Committee on Interstate and Foreign Commerce's report on the passage of H.R. 6388 discusses the prohibition of head taxes (United States House of Representatives Report No. [H. Rep. No.] 93-157, 1973). One of the purposes of banning head taxes outlined in the bill was to ensure airline passengers are not subject to different taxes in multiple jurisdictions. Too, the Committee considered head taxes

discriminatory and burdensome to passengers, which in turn might constrain the growth of air transportation.

In addition, policymakers who opposed head taxes, or PFCs, noted that Congress had acted to fund necessary airport and airway improvements just three years earlier. As mentioned in Chapter 3, Congress passed the *Airport and Airway Development Act* of 1970 and the *Airport and Airway Revenue Act* of 1970 to establish an aviation trust fund, which was funded from various user fees such as a tax on airline tickets (Wells & Young, 2004). The Senate's Committee on Commerce believed that a national system of taxation was in place that prevented the need for local head taxes (S. Rep. No. 92-1005, 1972). Similarly, the House's Committee on Interstate and Foreign Commerce stated that the ban on head taxes ensured a uniform taxing system (H. Rep. No. 93-157, 1973). The House Committee believed that the aviation trust fund was established in 1970 for the purpose of meeting the funding demands of state and local governments.

Another issue raised by opponents of PFCs was the fact that Philadelphia used some of the revenues collected from passengers for nonairport purposes. Thompson Crenshaw (1984), as mentioned in Chapter 3, says this is one of the main arguments used to secure passage of the PFC ban.

Terms such as discriminatory, burdensome, and inequitable were used to describe PFCs, or head taxes, leading up to the Congressional prohibition against them. These definitions, along with the fact that Congress believed it had already solved the airport funding problem in 1970 and the use of revenues for nonairport purposes by the City of Philadelphia, helped lead to the PFC ban.

It did not take long, however, before the issue of allowing airports to levy a PFC was raised again in Congress. In 1975, the Ford Administration proposed allowing airports to levy a "charge on passenger enplanements" in H.R. 5017. Airports would have to meet certain conditions regarding the amount of the charge, the method of collection, and the expenditure of the revenues. William Coleman, Secretary of the Department of Transportation, argued that the creation of uniform conditions would prevent the head taxes from being a burden on passengers. The revenues, he stated, would help airports fund their matching share of federal grants (*To Extend and Modify*, 1975).

Representatives of the American Association of Airport Executives (AAAE) and the Airport Operators Council International (AOCI) supported the administration's proposal (*To Extend and Modify*, 1975). The airport representatives felt that the monies should be used to support operating expenses more than capital needs. Mr. Kent George, Manager of the Natrona County International Airport in Casper Wyoming, suggested that "user fee" or "passenger fee" are better terms than "tax" (p. 357).

The Air Transportation Association (ATA), on the other hand, argued against head taxes. The ATA, which is an interest group representing airlines, stated that they were banned in 1973 recognizing the need to maintain a uniform taxing system, the fact that head taxes were an annoyance for passengers, and the fact that they were not needed because of the aviation trust fund (*To Extend and Modify*, 1975). The association argued that because Congress understood the difficulties that some airports had in funding their matching share, it raised the federal participation from 50% to 75% except for the largest hub airports.

A majority of the members of the Subcommittee on Aviation of the House Public Works and Transportation Committee supported a continuation of the federal system of funding capital improvements (Shumann, 1975). The administration bill, therefore, was not reported out of the committee.

PFCs were once again considered by Congress in 1977. This time the proposal for PFCs came from within Congress. Congressman Glenn Anderson (D-CA), Chairman of the Subcommittee on Aviation of the Committee on Public Works and Transportation, introduced a bill, H.R. 4539, that would allow airports to impose a $2 head tax with 75% of the money to be used for implementing noise compatibility programs ("Airport Operator Noise Plans," 1977). The proposed bill referred to the fee as "…a tax, fee, head charge, or other charge not to exceed $2, directly or indirectly on any person traveling in air transportation" (*Airport and Aircraft Noise,* 1977, p. XIII). Revenues not used for noise compatibility purposes could be used for other projects eligible for federal funding under the grant program.

This proposal to use PFCs to fund noise programs was not well received. Even AOCI opposed the measure; the airport organization proposed forming a revolving loan fund instead of levying a PFC. Its statement submitted to the Committee indicated the AOCI membership, as in past years, was divided over the concept of a PFC (*Airport and Aircraft Noise*, 1977).

During the hearing on his bill, Congressman Anderson stated that the head tax proposal was put in the bill to provide a "carrot" to encourage local communities to act properly with regard to noise issues; he conceded, however, that "practically everybody" objected to the idea (*Airport and Aircraft Noise*, 1977, p. 372). To emphasize the head

tax's defeat, Congressman Snyder (R-KY) later stated, "That head tax is deader than that gasoline tax, and that is in bad shape" (p. 461).

PFCs were presented briefly in 1978 at a nonreferral hearing of the Subcommittee on Aviation of the Committee on Public Works and Transportation. The purpose of the hearing was to discuss proposals to extend and amend the *Airport and Airway Development Act* of 1970. A "passenger enplanement tax" (*Airport and Airway*, 1978, pp. 72-73) was listed as a potential indirect charge for recovering costs associated with delivering service at publicly-available facilities.

During the hearing John Nammack, Executive Vice President for the National Association of State Aviation Officials (NASAO), presented a document called *Working Papers Nos. 1 and 2*, a joint collaboration between 11 top ranking DOT-FAA officials and 12 state aviation officials (*Airport and Airway*, 1978). One of the recommendations made was that the PFC prohibition be lifted for airports not participating in the federal grant program. The revenues could be used without restrictions as long as they were used for aviation purposes.

AOCI stated during the 1978 hearing that it had submitted a survey to airports in preparation for the reauthorization hearings to be held in 1979 (*Airport and Airway*, 1978). One of the questions read, "Any [larger] airport could permanently opt out of ADAP program eligibility and automatically be authorized to impose a local $2 'head tax' for financing airport development without Federal dollars or control." Respondents were to answer on a scale from 1-5 with 1 meaning "Strongly Oppose" and 5 meaning "Strongly Support" (p. 288). Donald Reilly, Executive Vice President of AOCI, stated, however, that the association supported a general user fee philosophy that one should

pay a proportion of the value of a benefit received from the government that is not shared by the general taxpayer (p. 296).

In early 1979, the Civil Aeronautics Board (CAB) began a series of hearings around the country to explore ways to fund local participation in the essential air service (EAS) program ("Per Capita Tax Studied," 1979). EAS is federal program that started after the *Airline Deregulation Act* of 1978 to ensure continued air service for smaller communities that might otherwise lose their service (Wells & Young, 2004). One of the options discussed at meetings held in Washington, Seattle, and Minneapolis was the use of a per capita tax to finance local participation in the subsidy program. Elizabeth Bailey, a CAB Member, said the per capita tax could be a financial solution for communities that do not have an adequate tax base to support the EAS program ("Per Capita Tax Studied"). The concept does not appear to have ever been considered by Congress.

The Congressional deliberations of 1978, however, led directly to a series of hearings regarding PFCs starting in 1979. Although PFCs were not proposed by legislation in 1979, a bill introduced by Senator Howard Cannon (D-NV) began a debate over the issue that would last until 1982.

On the heels of the *Airline Deregulation Act* of 1978, Senator Cannon introduced a bill, S. 1648, which would "defederalize" the nation's 72 largest airports by removing them from the federal grant program. The bill also decreased the airline ticket tax from 8% to 2% (Holsendolph, 1979). Cannon, who served as the Chairman of the Committee on Commerce, Science, and Transportation and its Subcommittee on Aviation, stated that the larger airports could increase their fees to get the funds needed for capital

improvements; he considered this a more efficient system than having the federal government act as a "middle man" on capital projects ("Bill Would Alter," 1979). Cannon also argued that additional revenues were not needed because the aviation trust fund had a surplus of $3 billion (*Airport and Airways System*, 1979).

In the same year, a Carter Administration bill, S. 1548, did not defederalize airports, and it kept the ticket tax at 8% (*Airport and Airways System*, 1979). Langhorne Bond, FAA Administrator, noted the Administration was concerned about the ability of airports to be self supporting. He said their preliminary analysis showed that airports enplaning over 1% of the total number of annual enplanements, about 25 airports, could be self sustaining (p. 141). The bill introduced by Cannon, however, would defederalize airports that serviced 0.25% or more of the total number of annual enplanements at all air carrier airports, which would be 72 airports.

AAAE and AOCI representatives expressed concerns over the defederalization proposal. AAAE, for example, said that renegotiating leases with airlines would be difficult and that agreements with airlines varied from airport to airport (*Airport and Airways System*, 1979). AOCI stated that it surveyed its members and concluded that airports could not simply renegotiate agreement with airlines as suggested in the bill.

As an alternative, Donald Reilly, Executive Vice President of AOCI, suggested that airports be given the ability to voluntarily opt out of the federal grant program and be authorized to impose a PFC ("Airport Operators Seeking," 1979). Reilly said an amendment could be added to the bill to ensure that the method of collection is reasonable and not burdensome, the PFC would not exceed $2, the revenues only would be used for airport purposes, and the PFC imposed only after consultation with airport

users (*Airport and Airways System*, 1979). John Solomon, Director of McCarran International Airport and representing AAAE, also argued that defederalization should not occur without the removal of the PFC ban; he said a PFC would not be a burden as it was in the early 1970s because of a proposed reduction in the ticket tax from 8% to 2%.

The Air Transportation Association (ATA) supported Cannon's defederalization proposal since it reduced the ticket tax and did not authorize a PFC. Other benefits cited by the organization included the benefits to smaller airports since they would not have to compete with larger airports for federal grants and the expenditure of the trust fund surplus (*Airport and Airways System*, 1979). The association also believed that the "red tape" associated with federal funds would decrease, which would allow airports to expedite needed projects. In addition, the ATA's airline members would be able to increase their fares to cover the increased airport fees since the ticket tax would be significantly reduced. ATA acknowledged that renegotiations would be difficult, but the association believed agreements could be reached based on the public interest. The ATA, however, indicated some openness to a PFC by saying that if the airlines were to support a PFC, it would have to be uniform, reasonable, and collected funds used only on the airport (*Reauthorization of the Airport*, 1979).

The Senate's Commerce committee approved the bill on October 25, 1979; all members present voted "yea" except for Senator Ford (D-KY), who voted "present" (S. Rep. No. 96-415, 1979). By early 1980, though, Senator Cannon said he was "not unwilling" to consider adding some type of PFC to his bill if it prevented past abuses. According to airport executives, a declining economy made it more difficult to successfully renegotiate with the airlines and recover lost federal monies ("Cannon

Willing to Discuss Head Tax," 1980). The Senate passed a bill to defederalize the 72 airports without including the ability to impose a PFC. Instead, an amendment was added to the bill that instructed the General Accounting Office and the Department of Transportation to study the need for PFCs ("Senate Votes to End Aid at 72 Airports," 1980). The bill was adopted by the Senate with a voice vote on February 5, 1980 (Thomas, n.d.a.).

The House of Representatives during this period favored a renewal of the existing grant program as opposed to the Senate's defederalization proposal. Consistent with this philosophy, Congressman Anderson (D-CA), along with three cosponsors, filed H.R. 6721, which proposed federal funding levels for airports with the goals of ensuring safety, decreasing congestion, and operating with as little environmental impact as possible (*Airport and Airway Development Act*, 1980, p. 1). H.R. 6721 passed the Committee in the spring of 1980 ("House Panel Votes," 1980).

The authorization for the Airport Development Aid Program (ADAP), which is the federal funding program, expired, however, on September 30, 1980, partly due to the continued opposition of Senator Cannon to the House's bill. A division among airports is to blame as well. Airports generally supported a continuation of the current grant program, but some of the smaller airports believed they would receive more federal dollars if the largest 72 airports were defederalized. With the expiration of ADAP, the ticket tax automatically dropped from 8% to 5% ("Airport Aid Delay Until 1981 Expected," 1980). In general, airlines and the ATA supported the ticket tax reduction.

A new bill, S. 508, was introduced in the Senate by Nancy Kassebaum (R-KS), Chair of the Subcommittee on Aviation of the Committee on Commerce, Science, and

Transportation, in February 1981 (S. Rep. No. 97-97, 1981, p. 2). The bill was very similar to S. 1648, which had not been considered by the House of Representatives before the end of the 96th Congress (S. Rep. No. 97-97, pp. 1-2). In fact, Senator Cannon was one of the bill's cosponsors (*Airport and Airway***,** 1981). S. 508 would make airports enplaning 0.5% or more of the total enplanements in calendar year 1979 ineligible for federal grants after September 30, 1981; airports enplaning 0.25% of the total enplanements in 1979 would become ineligible for federal assistance after September 30, 1982. This would make 40 airports ineligible the first year and 29 the second year. In addition, other airports could voluntarily choose to become defederalized with a 60 day notice to the Secretary of Transportation.

Kassebaum's bill directed the Secretary of Transportation and the Comptroller General to perform separate studies in an effort to determine the ability of airports to replace the lost federal funds. The bill specifically directed the studies to consider whether airports should be given the ability to levy "a tax, fee, or head charge" (*Airport and Airway*, 1981). The bill was later amended, however, to allow airports that are ineligible for federal assistance to charge a limited PFC (S. Rep. No. 97-97, 1981).

S. 508 continued the same policy goals of S. 1648. A portion of the policy statement in the bill reads:

> certain airports which have the ability to finance their capital and operating needs without Federal assistance should no longer receive Federal assistance under this Act; such airports can replace the moneys they otherwise would have received as Federal assistance under this Act by renegotiating rates and charges paid by air carriers for the use of such airports (*Airport and Airway***,** 1981, p. 5).

The Committee favorably reported the bill under a written order on May 15, 1981 (Thomas, n.d.b). The written report accompanying the bill (S. Rep. No. 97-97) does not provide a vote total or mention a minority report, which indicates no significant opposition, if any, to the bill. In passing the bill, the Committee believed strongly that renegotiating airport and airline agreements should not be difficult since both parties have an incentive to work together (S. Rep. No. 97-97, 1981, p. 4). Too, the Committee argued that large and medium hub airports only received about 10% of the total budget from the federal government, which came with governmental "meddling" (p. 3). Finally, the surplus in the aviation trust fund, which was over $3 billion, was also viewed as a reason to defederalize the airports.

The Senate Committee believed that PFCs could assist airports in cases where the airlines were unwilling to negotiate or when the airports were not able to fund projects by increasing fees. Safeguards could be put in place to prevent past abuses, and the PFC revenues had to be spent for airport purposes. The PFC charged by an airport had to be nondiscriminatory to passengers, and the airlines would be reimbursed for reasonable administrative expenses (S. Rep. No. 97-97, 1981). The PFC would be added to the cost of the ticket ("Bill Would Drop Grants," 1981).

In 1981, however, the Senate was not alone in proposing defederalization and PFCs. The Reagan Administration proposed its own version of a defederalization bill, H.R. 2930, in the spring of 1981. This bill would defederalize the largest 21 airports in the first year and the next 20 largest the next year (*Airport and Airway Improvement*, 1981). The ban of PFCs would be lifted for defederalized airports. Under the

Administration's bill, the ticket tax would only be reduced from 8%, the tax rate before ADAP expired, to 6.5% ("New Administration Backs," 1981).

The Reagan Administration viewed defederalization as a way to reduce federal expenditures ("New Administration Backs Airport Defederalization," 1981). Also, the bill was seen as way to allow more decisions to be made at the state and local levels (*Airport and Airway Improvement*, 1981) while decreasing the tax burden on the general public. Too, along with the Senate, the Administration believed that the larger airports did not require federal funding to meet their operating and capital needs.

The House of Representatives, on the other hand, still favored a continuation of the existing federal program. Congressman Norman Mineta (D-CA), Chairman of the Subcommittee on Aviation of the Committee on Public Works and Transportation, introduced H.R. 2643 in March of 1981, which continued the federal assistance program but raised the annual authorized grant dollars available to airports (*Airport and Airway Improvement*, 1981). The bill, however, would remove the PFC prohibition for any airports that become defederalized. A 5% ticket tax was proposed in H.R. 2643 ("New Administration Backs," 1981).

Congressman Mineta said the bill maintained the concepts of the 1970 Act by using the federal government's taxing authority to establish an efficient relationship among all aviation users. Under the defederalization proposal, he argued, passengers would continue to pay taxes but only some airports would benefit with passengers at defederalized airports paying a PFC in addition to the ticket tax (*Aviation Excise Taxes*, 1981). Mineta referred to this scenario as a "form of taxation without benefit" ("New

Administration Backs," 1981, p. 2). Defederalization, he argued, would harm the nation's integrated system of airports ("A Collision Course," 1981).

The ATA, which had previously supported defederalization, opposed the 1981 version. Paul Ignatius, President and CEO of ATA, said the association supported defederalization when it came with a substantial reduction in the ticket tax and no provisions allowing PFCs. Since PFCs were included in the Senate and Administration bills, the ATA no longer supported defederalization (*Airport and Airway Improvement*, 1981).

It may be surprising to note that AAAE and AOCI also opposed S. 508 (*Airport and Airway Improvement*, 1981). The associations argued that passengers should benefit from the monies they had previously paid to support the aviation system. Donald Reilly, Executive Vice President for AOCI, went so far as to say that airports did not desire a PFC, but if one was required, the amount of the charge should be left up to the airport. Indeed, according to AOCI, only 3 of the 69 airports that would be defederalized supported the plan; these airports supported defederalization only if an appropriate PFC provision was approved ("Operators of Airports," 1981).

Efforts to pass legislation were still ongoing in 1982 due to the strong philosophical differences in funding among the House, the Senate, and the Executive Branch of government. In an effort to resolve the issue, staff members of the Department of Transportation and the Senate's Aviation Subcommittee met and proposed amendments to S. 508. Mandatory defederalization was removed from the bill in lieu of a voluntary plan; in addition, the provision allowing a PFC was removed (*Airport and Airway System Development Act of 1981*, 1982). Senator Kassebaum

indicated that another year's delay in passing legislation would be harmful to the aviation system. AOCI and AAAE, however, reversed their earlier position on defederalization. They held a joint meeting and decided to support voluntary defederalization if it were accompanied with the ability to impose a PFC. The two groups said they came to this conclusion based on the belief that it was the only way they would be able to generate enough funds to support their development needs ("Two Airport Groups Shift," 1982). The ATA, however, continued to oppose defederalization (*Airport and Airway System Development Act* of 1981, p. 110).

Congress later passed the *Airport and Airway Improvement Act* of 1982. The Act maintained the basic philosophy of the 1970 Act while increasing federal funding for the larger airports. The new grant program authorized in the Act is called the Airport Improvement Program (AIP) (Wells & Young, 2004). The 1982 Act neither defederalized airports nor include a provision allowing PFCs.

During the AIP reauthorization process in 1987, the defederalization issue arose once again. The Reagan Administration proposed a voluntary defederalization program that would allow airports to charge a PFC ("Reagan Submits Legislation," 1987). S. 586, the Administration's proposed bill, would allow airports to voluntarily defederalize and impose a PFC (*Reauthorization of the Airport***,** 1987). AAAE and AOCI opposed the defederalization concept, but stated that airports should be allowed to charge a PFC if the AIP program was not fully funded ("Airport Groups Propose," 1987). The ATA agreed with airport associations and opposed defederalization; the association also continued to oppose PFCs (*Authorization of the Airport*, 1987).

The *Airport and Airway Safety and Capacity Expansion Act* of 1987 was passed extending AIP for five years, however, without defederalizing airports or allowing airports to charge a PFC (Wells & Young, 2004). It is important to note, however, that as the name of the bill implies, expansion of the aviation system's capacity was an important issue to Congress.

Amid continued concerns over capacity problems and the lack of airline competition at large hub airports, Senator McCain (R-AZ) introduced S. 1741 in 1989. The bill was designed to increase competition among airlines at large airports (*Airline Competition*, 1989). In the proposed legislation, concentrated hub airports could "assess a charge on passengers enplaning at such airport" to fund "security, capacity enhancement, and noise mitigation projects" (pp. 5-6).

The first hearing of the Subcommittee on Aviation of the Senate Committee on Commerce, Science, and Transportation to discuss this bill was held on November 8, 1989. Two significant testimonies "signaled" that at least some of the airlines were now open to PFCs. Robert Crandall, Chairman and President of American Airlines, Inc., stated that he was not opposed to PFCs if the legislation contained proper safeguards to ensure the revenues are spent on the airport and if the PFC is part of a comprehensive plan of taxes and user charges at the federal and local levels (*Airline Competition*, 1989). In addition, James Callison, Senior Vice President for Legal and Corporate Affairs at Delta Airlines, Inc., stated that the airline recognized the 8% ticket tax might not be enough to fund needed airport improvements. He stated authorization of PFCs should be discussed as part of the trust fund reauthorization process and that airports should be required to consult with the airlines before imposing such a charge (p. 85).

The House Committee on Public Works and Transportation's Subcommittee on Aviation held hearings on the reauthorization of FAA programs on February 6 and 8, 1990 (*Reauthorizing Programs*, 1990). Airport capacity and congestion issues were the major concerns discussed at the hearings. A key component of the Bush Administration's proposal for the aviation trust fund was allowing airports to impose a PFC of up to $3 per passenger; airports charging a PFC would be ineligible for entitlement funding but would remain eligible for discretionary funding (p. XX). Congressmen such as Oberstar (D-MN) and Hammerschmidt (R-AR) announced in their opening statements that they were willing to consider allowing PFCs. Congressman Mineta (D-CA) agreed airport projects have been underfunded; but he opposed any new taxes on aviation. In fact, Congressman Hammerschmidt introduced H.R. 4444 on behalf of the Bush Administration in April 1990 that would allow passenger facility charges (Thomas, n.d.c.).

Congressional consideration of PFCs at these two hearings was supported by the ATA, AAAE, and AOCI. Robert Aaronson, President of ATA, stated that delays increased 17% in 1989 over 1988 (*Reauthorizing Programs*, 1990); he asserted that the association was supportive of examining alternative funding methods. AAAE and AOCI argued that airports should have the ability to charge passengers who directly benefit from improved airport facilities. The two associations contended that projects could be implemented more quickly than under the current system and that PFCs could help increase competition since the revenues could be used to build facilities such as additional airline gates. The "vast majority" of the associations' members were now supporting a PFC.

On June 19, 1990, the Subcommittee on Aviation of the House Committee on Public Works and Transportation held the only hearing specifically convened to discuss PFCs. Congressmen Lipinski (D-IL) and DeFazio (D-OR) introduced H.R. 5056 on June 14, which would allow airports to impose a PFC (*Passenger Facility Charges*, 1990). AAAE and AOCI testified in support of PFCs, but ATA did not testify. Congressman Clinger (R-PA) asked about an anonymous press release that said ATA was not testifying because of pressure from the Secretary of Transportation's office. Secretary Skinner said the ATA and airlines were contacted about their position on PFCs, but there was no pressure applied to discourage them from testifying.

Several airlines, though, submitted letters that were included in the record at the June hearing. American Airlines wrote that increasing airport capacity is a "national priority" and that PFCs, with proper controls, could be an effective way to ease the existing shortage in capacity (*Passenger Facility Charges*, 1990, p. 249). America West Airlines stated PFCs could help reduce congestion and enhance competition. Continental Airlines supported PFCs to increase airport capacity while Southwest Airlines conditionally supported PFCs, and United Airlines supported them to fund needed airport projects.

The House Aviation Subcommittee reported H.R. 5165 on June 26, 1990, which modified the prohibition on PFCs (H. Rep. No. 101-581, 1990). H.R. 5165, introduced by Congressman Oberstar (D-MN), allowed commercial service airports to charge a PFC (Thomas, n.d.d.). The next day, Congressman Oberstar introduced H.R. 5170 (Thomas, n.d.e.). H.R. 5170 combined H.R. 5165 and H.R. 4986, which was a bill that authorized FAA programs. The same day, June 27th, H.R. 5170 was passed by the Committee on

Public Works and Transportation by a vote of 37-10 (H. Rep. No. 101-581, p. 31). In fact, the House approved the bill, which was entitled the *Aviation Safety and Capacity Expansion Act* of 1990, on August 2nd by an overwhelming vote of 405-15 (Lexis-Nexis, n.d.).

On September 10, 1990, H.R. 5170 was received in the Senate, read twice, and referred to the Committee on Commerce. It was reported to the Senate by Senator Hollings (D-SC) without recommendation, amendment, or written report on October 16, 1990 (Thomas, n.d.e.). The bill was included in H.R. 5835 for the Senate vote, which was an omnibus budget bill. H.R. 5835 passed the Senate 54-46 and the House 227-203. The resulting conference report on the bill passed the Senate 54-45 and the House 228-200 (Thomas, n.d.f.). The relative close votes on H.R. 5835 are not believed to be due to the PFC issue based on the House's overwhelming approval of H.R. 5170 (405-15) and the fact that the Senate's Commerce Committee reported the bill without any recommendations or amendments.

The details of the PFC legislation approved by Congress are provided in Chapter 3. A summary of the PFC related bills discussed in this chapter is provided in Table 2. To gain an understanding of why Congress voted to lift the prohibition against PFCs, it is important to review the qualitative and quantitative issues surrounding consideration of the issue in 1990. The next two subsections present these data.

Table 2. Summary of PFC Related Legislation, 1974-1990.

| Bill Number | Year | Sponsor | Cosponsor(s) | Summary |
|---|---|---|---|---|
| H.R 5017 (Ford Administration's Bill) | 1975 | Congressman Jones (D-AL) | Congressman Harsha (R-OH) (by request) | Would allow PFCs for airport development. |
| H.R. 4539 | 1977 | Congressman Anderson (D-CA) | None | Would allow a $2 PFC; 75% of funds to be used for noise compatibility programs. |
| S. 1648 | 1979 | Senator Cannon (D-NV) | Senators Goldwater (R-AZ), Inouye (D-HI), Packwood (R-OR), Schmitt (R-NM) | Would "defederalize" largest 72 airports. |
| S. 508 | 1981 | Senator Kassebaum (R-KS) | Senators Cannon (D-NV), Exon (D-NE), Packwood (R-OR) | Would "defederalize" busiest 69 airports and the bill, as amended, would allow them to charge a PFC. |
| H.R. 2930 (Reagan Administration's Bill) | 1981 | Congressman Howard (D-NJ) (by request) | Congressmen Clausen (R-CA), Mineta (D-CA), Snyder (R-KY) | Would "defederalize" busiest 41 airports and allow them to charge a PFC. |
| S. 586 (Reagan Administration's Bill) | 1987 | Congressman Hollings (D-SC) (by request) | None | Would allow airports to voluntarily "defederalize" and charge a PFC. |
| S. 1741 | 1989 | Senator McCain (R-AZ) | Senators Bond (R-MO), Danforth (R-MO), Pressler (R-SD) | Would allow concentrated hub airports to charge a PFC. |
| H.R. 4444 (Bush Administration's Bill) | 1990 | Congressman Hammerschmidt (R-AZ) (by request) | None | Would allow airports to impose a PFC. |
| H.R. 5056 | 1990 | Congressman Lipinski (D-IL) | Congressman DeFazio (D-OR) | Would allow airports to impose a PFC. |
| H.R. 5165 | 1990 | Congressman Oberstar (D-MN) | Congressmen Anderson (D-CA), Clinger (R-PA), Hammerschmidt (R-AZ) | Would allow airports to impose a PFC. |
| H.R. 5170 | 1990 | Congressman Oberstar (D-MN) | Congressmen Anderson (D-CA), Clinger (R-PA), Hammerschmidt (R-AZ) | Would allow airports to impose a PFC. |

*Problem Definition Analysis*

The condition of the nation's airport system had become a major concern of Congress by 1990. As indicated by the Senate and House hearings, the concerns focused on the lack of airline competition at large hub airports and the lack of airport capacity needed to accommodate the existing and forecasted demand.

Secretary Skinner testified that he met with the leaders of airports, all domestic airlines, some foreign airlines, and some the leading general aviation associations. The number one problem identified in these meetings was airport congestion (*Passenger Facility Charges***,** 1990). In 1987, 21 airports exceeded 20,000 hours of annual delay; nearly 57% of the total number of annual passengers was enplaned at these airports. The number of airports experiencing this amount of delay was expected to increase to 40 by the year 2000 (*Airline Competition*, 1990). Congressman Clement (D-TN) outlined the financial implications of airport congestion issues, indicating that delays cost airlines and their passengers $5-6 billion per year (*Passenger Facility Charges*).

AAAE and AOCI estimated that $50 billion in airport improvements would be required from 1991-1995 to repair existing capacity problems (*Reauthorizing Programs*, 1990). This estimate of $10 billion per year was generally accepted by the Department of Transportation (H. Rep. No. 101-581, 1990). Oris Dunham, Executive Director of the Dallas-Fort Worth International Airport and Chairman of AOCI, testified that approximately $6 billion of the annual needs were eligible for federal funding, but the current AIP authorization was $1.8 billion per year. In addition, Mr. Dunham argued that it may be more difficult for airports to rely on bond issues to fund projects since a 1988 U.S. Supreme Court decision eliminated the constitutional protection on tax

exempt bonds issued by local and state governments (*Reauthorizing Programs*). Another limiting factor to building needed airport facilities was the majority-in-interest (MII) agreements (discussed in Chapter 3) that essentially give airlines veto power over proposed airport projects.

Airline competition at large hubs and its impact on consumers were also viewed as important issues in the Congressional hearings. According to Kenneth Mead, Director of Transportation Issues at the GAO, airfares at the 15 most congested hubs were 26-27% higher than at unconcentrated hubs (*Airline Competition*, 1990). Mr. Hoeksema, President, Chairman, and Chief Executive Officer of Midwest Express Airlines, indicated that the shortage of available airport facilities hurt competition because the smaller airlines must sublease facilities from the larger airlines at unfavorable terms. Another factor limiting competition was the declining number of airlines. Senator McCain made this point in an April 1990 Senate Subcommittee on Aviation hearing, noting that 13 airlines carried 90% of the passengers in 1978, 16 in 1984, and 8 in 1990 (*Airline Competition*, 1990). A June 1990 GAO report confirms that competitively available facilities were lacking at many airports (*Passenger Facility Charges***,** 1990).

While researching the media attention to the PFC issue, news articles addressing capacity and delay issues were also coded using the abstracts provided in the *New York Times Index* (*Index*) and the headlines provided in the *Readers Guide to Periodical Literature* (*Guide*). Figure 4 shows an increase in the number of articles after the airlines were deregulated in 1978. The number of articles peaked in 1987 when Congress passed the *Airport and Airway Safety and Capacity Expansion Act* of 1987;

again, the word “capacity” in the title of the Act illustrates a key concern of Congress when the Act was passed.

As Baumgartner and Jones would predict, a large increase in the number articles did portend a policy change. The number of articles decreased after the Act was passed, but the figure indicates that capacity issues are still important to the general public.

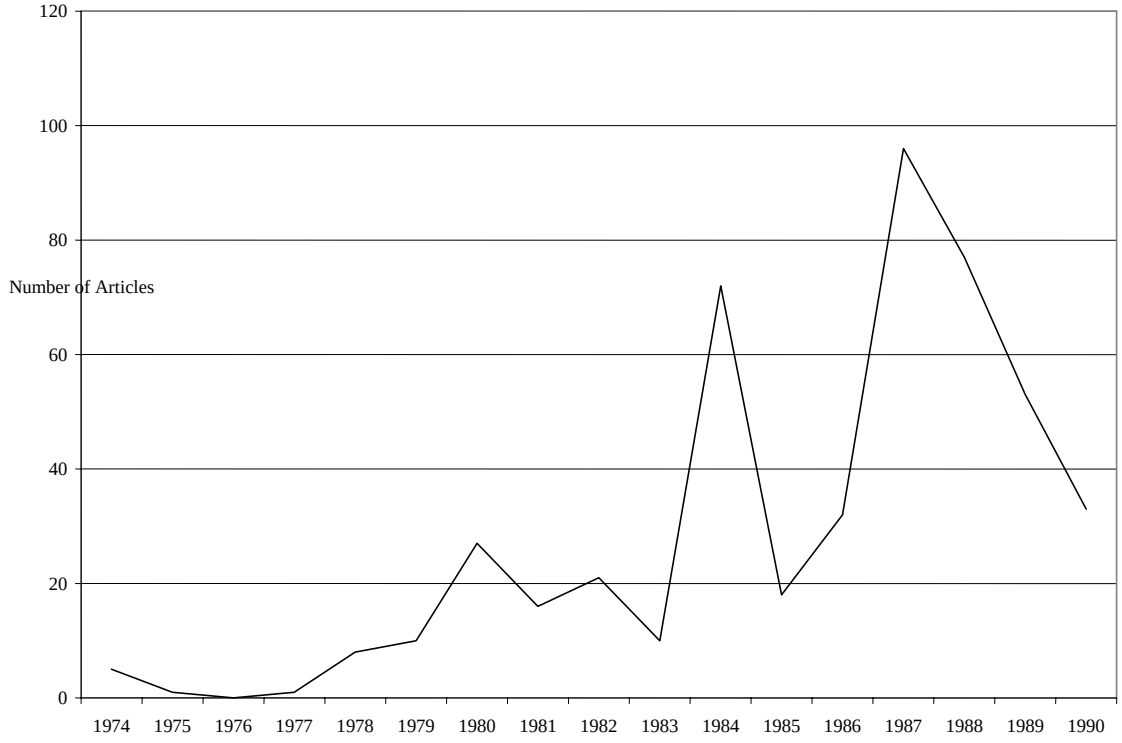


Figure 4. Capacity/Delay Related Articles, 1975-1990.

Another indicator of capacity issues is the number of annual enplanements. Figure 5 shows the number of annual enplanements from 1979, the first full year after deregulation, through 1990. After a slight decline in the early 1980s, the number of annual enplanements steadily rose. In fact, enplanements grew by 53% over this time

period. Enplanements were predicted to increase by another 65% by the year 2000 (*Passenger Facility Charges*, 1990).

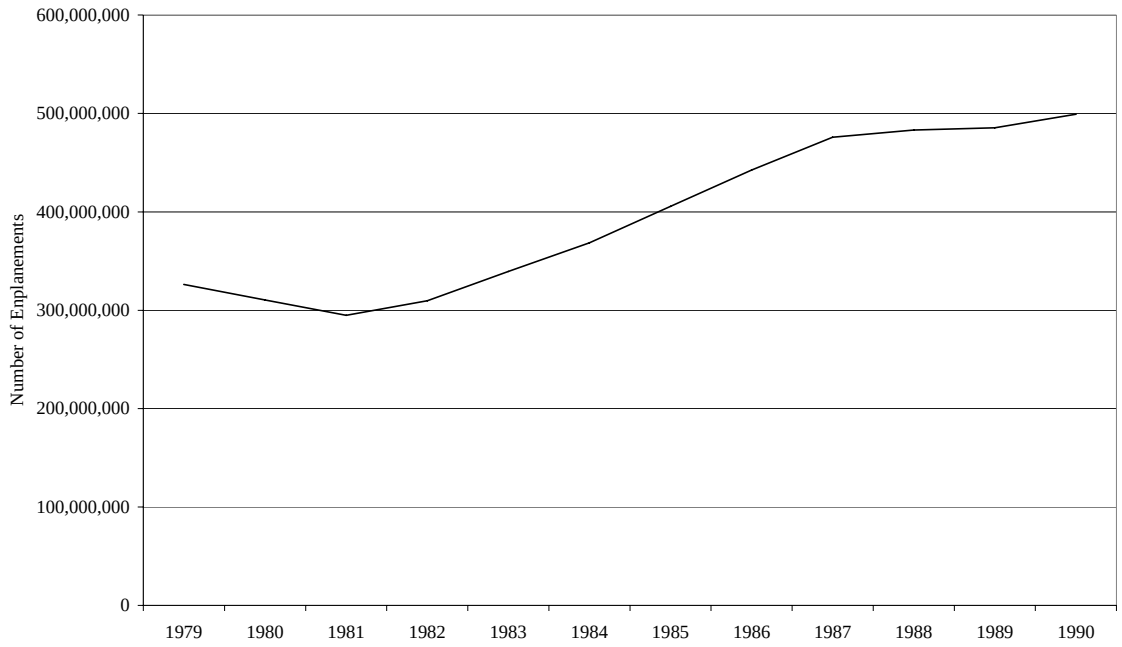


Figure 5. Annual Enplanement Data, 1979-1990.
Source: "Historical Summary of Enplanement and All-Cargo Data." Retrieved October 4, 2005, from http://www.faa.gov/arp/planning/stats/2001/hist01.htm.

It was clear to Congress and the Administration that national problems existed that needed a solution. Congressman Clement (D-TN), for example, wrote, "Our nation's airports are in a crisis" (*Passenger Facility Charges*, 1990, p. 16). Congressman Clinger (R-PA) said that the success of deregulation had begun to "choke" at an increasing number of airports (*Reauthorizing Programs*, 1990, p. 4). Congressman Porter (R-IL) discussed the impact on the national public; he said his constituents complained about delays and overbooked flights, and were concerned about possible

safety compromises that were being made (Rasky, 1990). Indeed, *House Report No. 101-581* noted an "urgent need for this legislation" (1990, p. 11).

PFCs, then, were redefined to be the solution to a national "crisis" to fix an "urgent need," namely the nation's airport capacity and airline competition problems. Indeed, Secretary Skinner called PFCs "pro-consumer" since they would enhance competition and eliminate congestion (*Passenger Facility Charges*, 1990, p. 44). Congressman Anderson (D-CA) said, "Federal funding alone will not be sufficient to meet the needs of airport development. If you do not like sitting and waiting in crowded airports, you should not vote to block this fee" (Rasky, 1990, p. A-17).

The PFC image change was assisted by the results of the Airport Capacity Funding Advisory Committee, which was formed at Congress's direction (*Passenger Facility Charges*, 1990). The purpose of the committee was to study innovative ways to fund projects that increase airport capacity. Its membership represented airports, airlines, and other users. Although a consensus on whether the PFC prohibition should be removed was not reached, the committee did agree on how the charge should be imposed if approved by Congress.

The PFC image redefinition was also aided by a national transportation policy announced by President Bush and Secretary Skinner. The policy sought to solve the congestion and infrastructure problems experienced by all modes of transportation. The plan projected a 78% increase in spending on aviation facilities. A key component of the policy was giving airports the ability to charge a PFC (Fotos, 1990a). In addition, the GAO supported the concerns of the House and Senate and endorsed PFCs as a solution to the funding shortfall (*Passenger Facility Charges*, 1990).

It is also interesting to note the change in opinion on PFCs by consumer groups. Historically, groups such as the Airlines Passengers Association (*Air Passenger Fees,* 1972; *Airport and Airways System*, 1979), the Aviation Consumer Action Project (*Airport and Airway*, 1981), and the National Passenger Traffic Association (*Airport and Aircraft Noise*, 1977) had opposed the levying of a PFC. In 1990, however, two leading consumer groups, the National Business Transportation Association (*Passenger Facility Charges*, 1990) and the Consumer Federation of America, supported PFCs as a revenue source to alleviate the ongoing airport congestion problems.

Too, the image of the funding program was aided by the fact the term "PFC" was used prominently, replacing the phrase "head tax," which was used more commonly in prior years. In fact, the only hearing convened to solely address PFCs during the study period was entitled "Passenger Facility Charges" (*Passenger Facility Charges*, 1990).

The redefinition of PFCs was made complete with the restructuring of the program, which was discussed in detail in Chapter 3. The federal government would set the amount an airport could charge and determine the projects eligible to be funded with PFCs. Too, an airline consultation process was required. These conditions satisfied the opponents of PFCs that had argued multiple jurisdictions charging differing amounts would be detrimental to the nation's airport system.

This redefinition of PFC and the program restructuring are truly remarkable considering that airports were allowed to keep a portion of their entitlements and stay eligible for discretionary grants. Just three years earlier, both the House and Senate rejected a voluntary defederalization plan. Approval of the PFC is also surprising since a large surplus existed in the aviation trust fund. The surplus, which was $7 billion at

the end of fiscal year 1989, was predicted to make passage of a PFC difficult (Mecham, 1989a). A large surplus had been used in the past as a reason not to allow a PFC since unspent monies were available.

The large sum of funds needed to solve the airport capacity and competition needs seems to have caused a shift in the focus of attention, which led to the lifting of the ban on PFCs. In 1990, the policy image of PFCs had changed from a local funding issue that would harm the national system of airports to the solution to a national "crisis." PFCs become viewed as a way to provide much needed revenues to bridge the gap between the large capital requirements of airports and the funds provided by the federal government and bond issues.

*Media Issues Regarding PFCs*

To measure the amount of media attention being given to the PFC issue, articles addressing the topic in the *Index* and the *Guide* were researched using several subject headings, as described in Chapter 4. The headings used may vary over time because of index changes in the publications. Indeed, many headings are employed, as suggested by Woolley (2000), in order to overcome index changes. Neither publication had a subject heading specifically for PFCs. Also, it should be noted that the categories for each publication differ because of their formats:

The subject headings used for searching the *Index* were:

Air Traffic Control

Airlines and Airplanes

Airports

Aviation

Aviation Trust Fund

Charges

Fees

Federal Aid

Federal Aviation Administration

Head Tax

Passenger Services

Taxation

U.S. Finances – Federal Revenue Sharing and Grants-in-aid

The subject headings that were used for searching the *Guide* were:

Aeronautics

Air Traffic Control

Air Travel

Airlines

Airplanes

Airports

Air Transport Association

Airport Operators Council International

American Association of Airport Executives

Aviation

Aviation Trust Fund

Charges

Fees

Federal Aviation Administration

United States – Civil Aeronautics Board

United States - Congress

Figure 6 shows the total number of articles per year during the study period. As predicted by the punctuated equilibrium model, there was a dramatic increase in the number of articles addressing PFCs in 1990, the year Congress approved the policy change. A slight increase in media attention is seen from 1979 through 1981 when defederalization was first discussed; clearly, though, the number of articles that were written around 1980 is not comparable with the striking increase in media attention that occurred in 1990. The articles referenced in Figure 6 are listed in Appendix A by year.

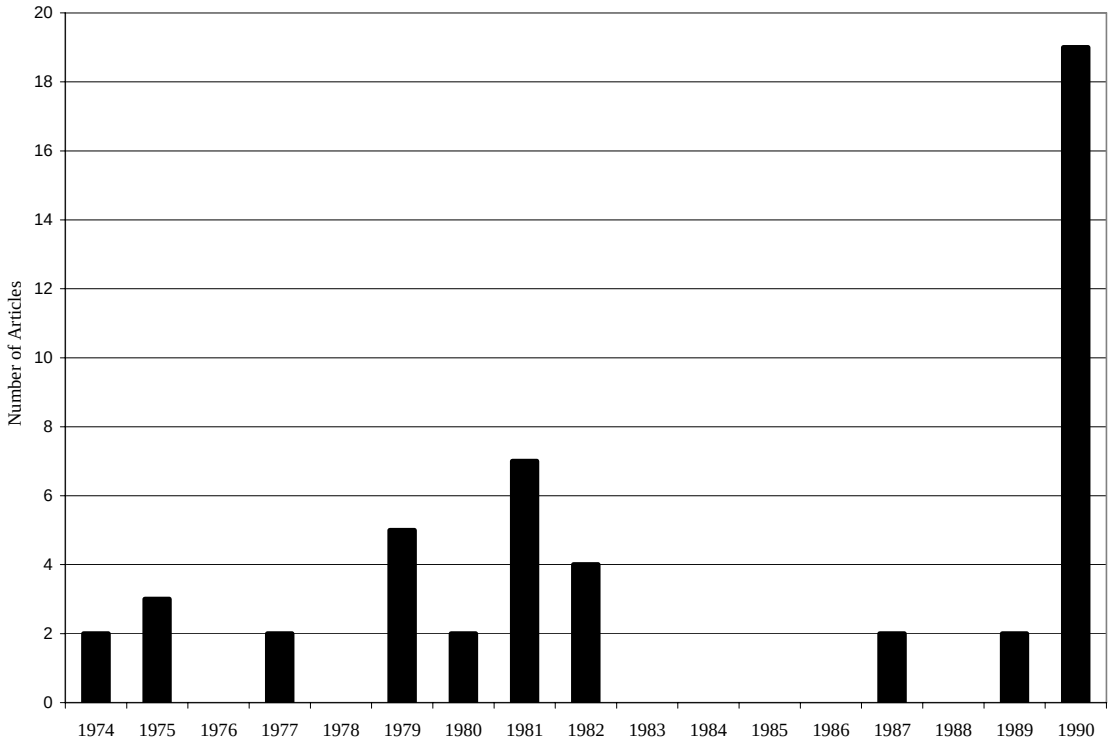


Figure 6. Total Number of PFC Articles, 1974-1990.

A similar pattern exists when the results from the *Index* and the *Guide* are considered separately. Figure 7 shows a dramatic increase in the number of articles appearing in both the *Index* and the *Guide* immediately preceding the policy change. Although the number of articles published on PFCs is considerably different in the two publications, a clear "spike" can be seen in 1990.

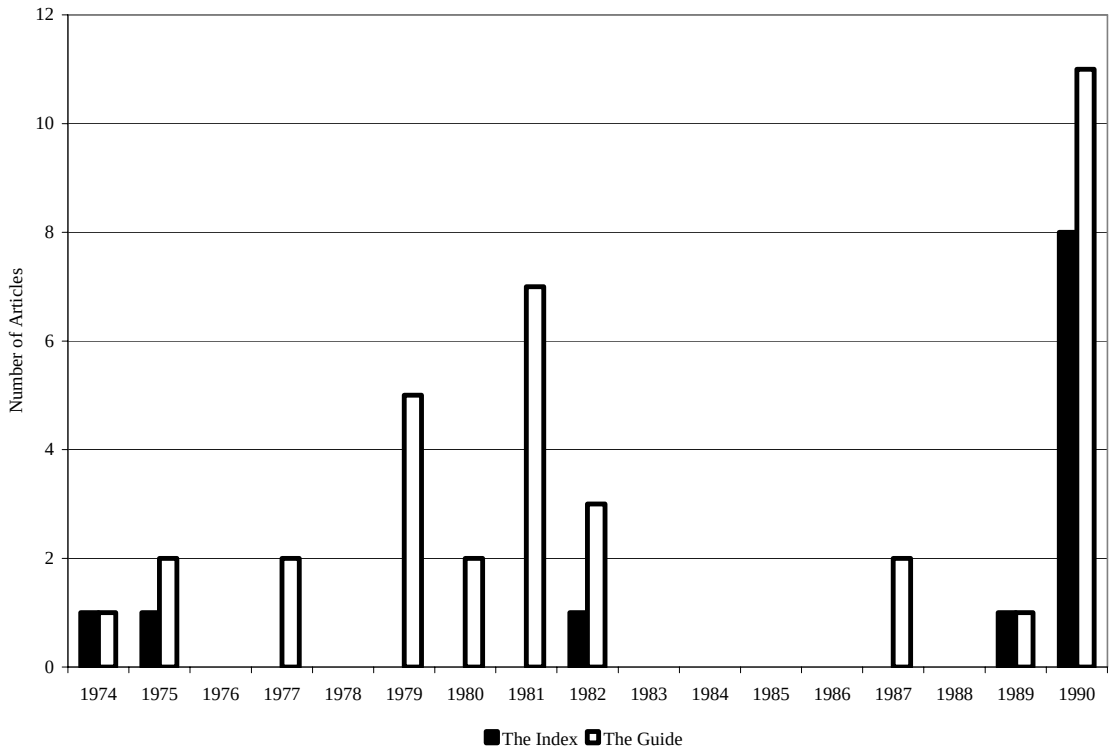


Figure 7. Number of Articles in the *Guide* and the *Index*, 1974-1990.

Baumgartner and Jones (1993) contend that a change in the tone of media coverage is important as well. The authors argue that changes in tone will likely lead to shifts in mobilization. This will ultimately lead to a change in policy as key actors begin to view an issue in a different way.

The change in tone of PFC articles over the study period is shown in Figure 8. The tone is coded from the viewpoint of an airline executive; an article is coded as positive if the executive would find it pleasing and negative if the article is viewed as unfavorable. A dramatic increase in negative articles can be clearly seen in 1990. A few negative articles appear around 1980 when defederalization was promoted by the Senate and the Reagan Administration, but the largest number of negative articles in a single year during this time is 5. The total number of negative articles from 1979 through 1982 is 13 and there were 5 positive articles published during this time. In contrast, there were 18 negative articles in 1990 alone, with only 1 positive article published that year. Clearly, the tone was largely negative as the media coverage of PFCs increased.

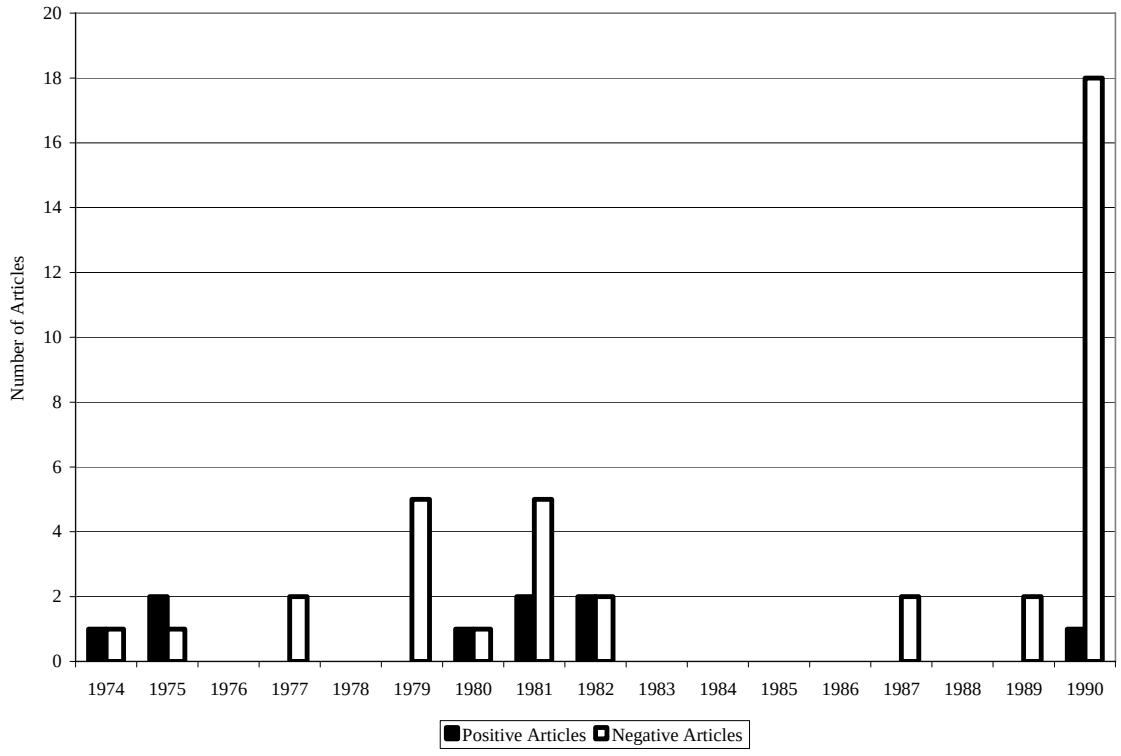


Figure 8. Tone of PFC Articles, 1974-1990.

Comparing these coding results with those of the outside reader produces an inter-coder reliability of 98%. Based on the outside reader's review, a difference in tone is found in one article in 1982, which may be an interpretation of how Congress is predicted to act on the PFC issue. Overall, the negative tone of the articles in 1990 is consistent with the definition change of PFCs in the late 1980s. PFCs were beginning to be viewed as a solution instead of a problem. This can be clearly seen, for example, in the noted support of PFCs by consumer groups and the expanded use of the term "passenger facility charge" in the articles as opposed to "head tax."

*Image Objective Results*

The purpose of Research Objective Number 1 was to discern if there were changes in the image of PFCs over time. The hypothesis states, "The closer in time to the 1990 policy shift, the greater the change in image." Based on the qualitative and quantitative data that have been reviewed above, this hypothesis is confirmed.

In 1990, PFCs were seen as a solution to the problems of airport capacity and airline competition issues. The Executive Branch and policymakers in the House and the Senate agreed on the problems, then they agreed on the solution. In earlier attempts to lift the PFC ban, the solution to a common problem was not evident. The Reagan Administration in 1981, for example, viewed PFCs as a way to solve the problem of too high federal expenditures. At the same time, the Senate believed the large airports did not need federal assistance and could implement projects faster without the federal government's involvement, while the House of Representatives saw PFCs as creating a problem by harming the national system of airports established by the ticket tax.

The image of PFCs in 1990 was redefined to shift the policymakers' focus of attention from PFCs as a burden on consumers to PFCs relieving a burden from consumers. This was reinforced by a tone in PFC related articles in 1990. Finally, the quantitative evidence shows a dramatic increase in the number of published articles in the year the policy change occurred.

## Venue

The other main component of Baumgartner and Jones's model is the policy venues where issues are considered. In the model, changes in image and venue interact, which creates a positive feedback mechanism. This positive feedback process will then lead to a change in policy as the existing equilibrium is punctured.

Following Baumgartner and Jones's methodology, this section reviews the total number of hearings held per year, the committees and subcommittee venues in which PFCs were considered, and the tone of the hearings. In addition, the hearings were coded as referral or nonreferral.

Several keywords were used to locate relevant hearings using THOMAS and LEXIS-NEXIS *CIS Congressional Universe* (*CIS*). Since both searches were conducted online as opposed to reviewing articles grouped within headings, fewer keywords were needed:

The following keywords were used for searching THOMAS:

Airports

Airport Funding

Airport Defederalization

Head Charges

Head Taxes

Passenger Facility Charges

State Taxation

The following keywords were used for searching *CIS:*

Airport Fees

Airport User Charges

Departure Fees

Departure Taxes

Head Charges

Head Taxes

Passenger Facility Charges

State Taxation

User Fees

Searches in THOMAS were conducted for each Congressional session, while searches in CIS were completed by searching a specific timeframe.

This research focused on the hearings that were held to discuss either PFCs or a related, competing bill, which were considered by this study as meeting Baumgartner and Jones's criterion. It became evident, however, that PFCs were also discussed in some hearings that are important but would not meet this criterion. These hearings were actually held to discuss another topic, but PFCs became a point of discussion at some point during the hearing.

Figure 9 shows both the hearings found that met the Baumgartner and Jones (B & J) criterion and those that did not. The hearings that did not meet the B&J criterion occurred in 1979 and 1980, when Senator Cannon first proposed defederalizing airports. PFCs were not part of his proposal; airport associations, however, brought PFCs into the discussion. Since these hearings are important to the overall PFC issue, they were included in the overall data used in this research.

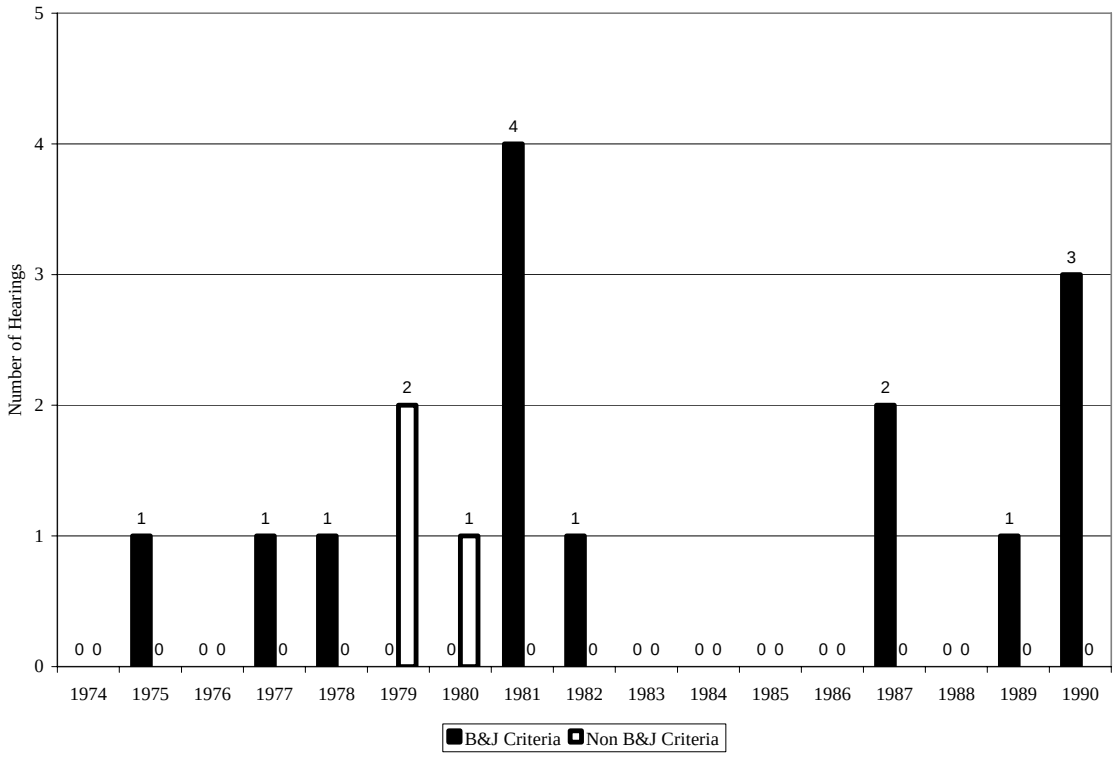


Figure 9. Hearings Meeting B & J Criterion vs. Non B & J Criterion, 1970-1990.

A large number of hearings were held between 1977 and 1982; however, not all of the hearings were held to discuss the same PFC proposal. Different PFC proposals were considered in 1975, 1977, 1978, late 1979 through mid 1980, 1981, 1982, 1987,

and late 1989 through late 1990. A "spike" is evident in 1981, which is the year Senator Kassebaum proposed defederalization coupled with giving airports the ability to impose a PFC.

The next significant increase in the number of hearings comes in the years 1989 and 1990. This increase did lead to a policy change. The number of hearings in this timeframe, though, is less than the number of hearings in 1981. If, however, the 1989 Senate hearing is included, which was held in November, the number of hearings matches the 1981 total, and a "spike," compared to the number of hearings since 1982, is evident. The April 1990 Senate hearing, in fact, is Part 2 of the November 1989 hearing.

A breakdown of the hearings by committee and subcommittee is provided in Table 3. Baumgartner and Jones argue that a shift in venue is an important part of the positive feedback mechanism that leads to a policy change. As shown in the table, however, 15 out of the 17 hearings addressing PFCs were held by the two Aviation Subcommittees of the Senate and the House of Representatives. A jurisdictional shift, or venue change, did not occur in this case. The hearings in Table 3 are also listed in Appendix B.

Even though a jurisdictional change is not present, Baumgartner and Jones's prediction of a change in tone can be clearly seen. Figure 10 presents the tone of the Congressional hearings over the study period. A hearing is coded as positive if an airline executive would be happy with its tone and negative if the executive would be unhappy with the hearing's tone. With the exception of one hearing in 1981 and one in 1982, the only negative hearings occur in 1989 and 1990. In fact, none of the hearings leading up to the change in policy are coded as positive.

Table 3. Number of Committee/Subcommittee Hearings Related to PFCs.

| | 1974 | 1975 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1987 | 1989 | 1990 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Senate** | | | | | | | | | | | | |
| *Subcommittee on Aviation of the Committee on Commerce, Science, & Transportation* | | | | | | | | | | | | |
| | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 6 |
| *Subcommittee on Taxation & Debt Management of the Committee on Finance* | | | | | | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **House** | | | | | | | | | | | | |
| *Subcommittee on Aviation of the Committee on Public Works & Transportation* | | | | | | | | | | | | |
| | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 0 | 2 | 9 |
| *Committee on Ways & Means* | | | | | | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **Total** | | | | | | | | | | | | |
| | 0 | 1 | 1 | 1 | 2 | 1 | 4 | 1 | 2 | 1 | 3 | 17 |

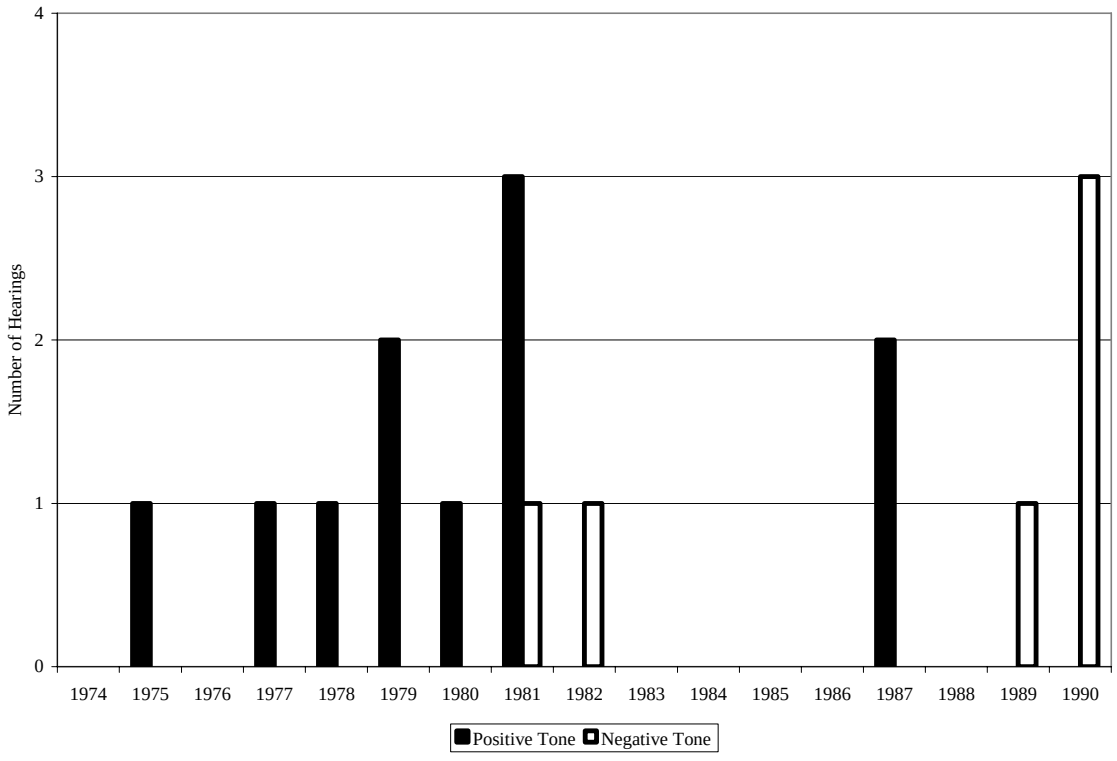


Figure 10. Hearings with Positive and Negative Tones, 1974-1990.

The results of the code toning of the Congressional hearings correlate well with the other results of the study discussed in this chapter. As shown in Table 2, five PFC related bills were introduced in 1989-1990. Three of the bills, all of which were introduced in 1990, show bipartisan support. In addition, two of the three hearings held in 1990 were held by the House, which had historically opposed PFCs. The only hearing held solely on the topic of PFCs during the study period was held by the House's Aviation Subcommittee that year. Too, as previously discussed, some airlines expressed a willingness to consider PFCs at the Senate's Aviation Subcommittee meeting in 1989. In previous years, by contrast, PFC legislation was sometimes opposed by even airport interest groups. This was certainly not true in the 1989-1990 timeframe. Finally, none of the tone coding of the hearings changed after the initial coding occurred.

The final method of studying venue change is comparing the number of referral to nonreferral hearings. In this study, a hearing is coded referral if it is held to consider a bill even if the bill does not include a PFC provision. All of the hearings, however, addressed PFCs.

An increase in the number of nonreferral hearings addressing a topic is predicted to portend a policy change since it shows interest in a topic and may indicate a committee is attempting to gain jurisdiction over an issue. Figure 11 shows the number of referral vs. nonreferral hearings. Only three nonreferral hearings were held on PFCs during the study period. One of these hearings was in 1990, but as shown in Table 3, a venue change did not occur. It is important to note, however, that the only hearing held solely on the topic of PFCs, which was a referral hearing, was held in 1990.

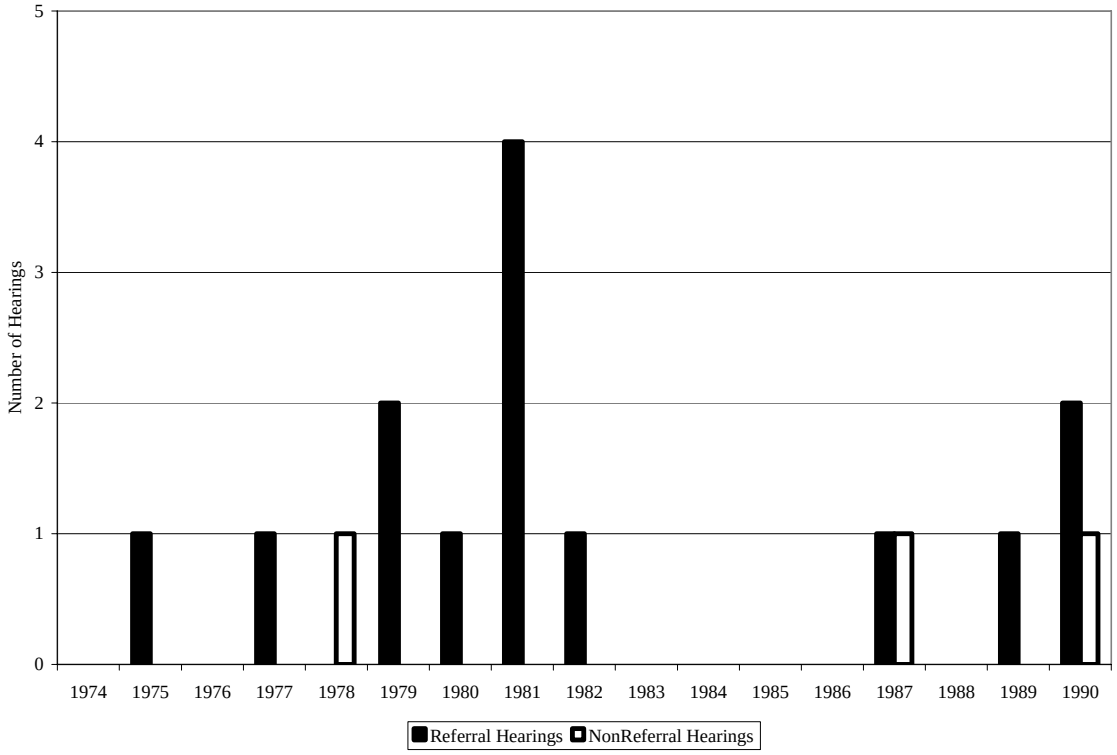


Figure 11. Referral vs. Nonreferral Hearings.

All three of the nonreferral hearings were held by the Subcommittee on Aviation of the House's Committee on Public Works and Transportation.

*Venue Objective Results*

Research Objective Number 2 asked if there were any venue changes over time regarding PFCs. The related hypothesis states, "The closer in time to the 1990 PFC policy shift, the greater the changes in venue." Based on the data gathered in this study, the hypothesis is not supported. Table 3 clearly shows that no venue shift occurred.

The overall results of the venue data, though, are mixed. The hypothesis is not confirmed, but some of the other data are consistent with the punctuated equilibrium model. The tone data support the scholarly literature that predicts the tone of hearings

will change before a shift in policy, which can be easily seen in Figure 11. The number of nonreferral hearings does not outnumber referral hearings in 1990, but one of the only three nonreferral hearings over the study period occurs in that year. In addition, the only hearing held to discuss the topic of PFCs from 1974-1990 was held that year.

# CHAPTER SIX

# POLICY ENTREPRENEUR AND INTEREST GROUP ACTIVITIES

Baumgartner and Jones contend that policy entrepreneurs and interest groups play key roles in changing the image of an issue, as well as the venue in which it is considered. Their efforts can be crucial to the success of policy change. This chapter reviews the information collected in this study regarding policy entrepreneur(s) and interest groups involved in the PFC policy shift. The information regarding policy entrepreneur activity discovered is first reviewed, followed by a discussion of interest group data and activities found during this research.

## Policy Entrepreneur Activities

A policy entrepreneur is defined by Baumgartner and Jones (1993) as one who strives to change existing policy arrangements; policy entrepreneurs endeavor to get others to accept their view on an issue. An important part of this process is issue redefinition (Baumgartner & Jones, 1994).

In reviewing the data in this study, initially two political entrepreneur candidates are evident. One is Congressman Glenn Anderson (D-CA); the second, Senator Nancy Kassebaum (R-KS). As Chairman of the Subcommittee on Aviation of the Committee on Public Works and Transportation, Congressman Anderson introduced H.R. 4539 in

1977 (*Airport and Aircraft Noise*, 1977). H.R. 4539 is the bill that would impose a PFC with the requirement that 75% of the proceeds be used for an airport's noise compatibility program. The introduction of this bill indicated he supported the PFC concept. Congressman Anderson was Chair of the Committee on Public Works and Transportation in 1990 and is a cosponsor of H.R. 5165 and H.R. 5170, but there is no evidence in the materials reviewed of his undertaking any entrepreneurial activities to ensure passage of the bills.

Senator Kassebaum, as Chair of the Subcommittee on Aviation of the Committee on Commerce, Science, and Transportation, introduced S. 508 in 1981 (*Airport and Airway*, 1981). The bill, as amended, allowed defederalized airports to levy a PFC. She submitted a letter for the record at the subcommittee's April 1990 hearing, but the letter did not address PFCs (*Airline Competition*, 1990). Despite her early support for PFCs, the data collected in this study do not indicate she played an integral role in the passage of the 1990 PFC legislation.

The data do, however, indicate a political entrepreneur who was active and played a key role in the policy change. The evidence points to Samuel Skinner, Secretary of Transportation. Skinner was appointed Secretary of Transportation by President George H.W. Bush; he served in this capacity from February 6, 1989, to December 13, 1991, when he resigned to become President Bush's Chief of Staff (USDOT, n.d).

As Secretary of Transportation, one of Skinner's top priorities was to improve the nation's infrastructure. He deemed the lagging transportation infrastructure as the nation's "third deficit" behind the budget and trade deficits (Skinner, 1990a). An

efficient transportation system, he argued, increases the United States's productivity and competitiveness in the world, produces new technologies that improve of our way of life, and reduces congestion.

As part of his plan, Skinner (1990a) proposed to increase spending on airports and the air traffic control system by 78%. An integral part of this funding plan was removal of the ban on PFCs, which he contended would give state and local governments the flexibility to address local transportation issues. In fact, the National Transportation Plan he developed for the Bush Administration relied heavily on user fees, including a PFC (Fotos, 1990c; Fotos, 1990b). Skinner argued that the passage of Proposition 111 in California showed that citizens will pay increased user fees if the money is committed to specific needs (Skinner). Furthermore, Skinner attempted to change the image of PFCs by insisting that they are a charge voluntarily levied by communities as opposed to a tax (Fotos, 1990b).

Skinner promoted PFCs in the media as the answer to America's infrastructure problems (Skinner, 1990a), in speeches (Skinner, 1990b), and in Congressional testimony (*Passenger Facility Charges*, 1990). He also promoted PFCs through the work of the Airport Capacity Funding Advisory Committee mentioned in Chapter 5. Skinner directed this group composed of various industry officials, including airports and airlines, to study PFCs. The committee did not reach a consensus on whether PFCs should be imposed, but it did produce a set of recommendations on how PFCs should be implemented if approved by Congress.

Skinner was clearly presenting PFCs as the solution to finding the funds needed to solve America's "third deficit." His efforts as a leader on this issue have been

recognized by academia, the media, industry officials, and policymakers. One of the first indications discovered in this study that Skinner may be a political entrepreneur in the passage of the PFC legislation comes from the academic community. Two airport management textbook authors give him credit for playing a key role in the legislation. Gesell (1999) states that Skinner made the approval of PFCs a central component of his National Transportation Policy. Similarly, Wells says, "Samuel Skinner embarked on creating legislation to effectively remove the antihead tax without eliminating other current levels of funding" (2004, p. 79).

Next, the media coverage of the PFC debate seems to give Skinner "ownership" of the PFC issue. In an April 1990 article, the *New York Times* states that Skinner is "peddling a proposal" to increase aviation spending, which includes a PFC. In the article, Skinner likens his efforts to promote the transportation policy to his time selling IBM computers in the 1960s. The author points out that Skinner was the IBM salesman of the year in 1967 and that he will have "to be a juggler as well as a salesman" for his policy to succeed (Cushman, 1990a). Too, the media called the introduction of the House bill allowing PFCs a "victory" for Skinner (Fotos, 1990b). Indeed, Skinner is cited consistently in media coverage of the PFC issue

Airport and airline officials also have recognized Skinner as a leader on the PFC issue. Clifton Moore, while testifying on behalf of AAAE and AOCI, indicated the associations gave credit to the Administration and Skinner for their leadership on the issue (*Passenger Facility Charges*, 1990). In a letter to the House's Aviation Subcommittee, Stephen Wolf, Chairman and President of United Air Lines, Inc., said that the airline supported Skinner's PFC proposal and that it promised to meet the

funding needs of airports. Clark Onstad, Senior Vice President, Properties and Government Affairs of Continental Airlines Holdings, Inc., wrote, "We believe that Secretary Skinner has made a good case for the necessity to increase airport capacity. Secretary Skinner has also advanced the cause of air transportation by proposing that the Congress authorize the imposition of passenger facility charges" (p. 257).

Policymakers also appear to have recognized Skinner's leadership on this issue. He was respected in Congress for his understanding of aviation issues (Mecham, 1989b). This is important as it gave him credibility with policymakers when addressing issues regarding aviation. During the House's Aviation Subcommittee hearing on PFCs, Congressman Hammerschmidt (R-AR) stated, "The high visibility of this issue is due in large measure to the diligence and efforts of our Secretary in Transportation Sam Skinner. He has argued for the PFC" (*Passenger Facility Charges*, 1990, p. 4).

*Policy Entrepreneur Objective Results*

The purpose of this study's Research Objective Number 3 is to determine if any policy entrepreneurs played a role in the passage of PFC legislation. The hypothesis states, "The greater the efforts of policy entrepreneurs, the greater the change in image and venue." Based on the above data, Skinner can be credited as a policy entrepreneur in the lifting of the PFC ban. He stressed the need to improve the infrastructure of the nation's airports, and he worked to change the image of PFCs from a burden on passengers to the solution required to solve the nation's "third deficit." To be sure, he argued that PFCs are "pro-consumer" (Fotos, 1990b). The hypothesis, however, is only partially confirmed since a venue shift did not occur along with the change in image.

The fact that a venue shift is absent, though, does not detract from Skinner's efforts. Indeed, development of President Bush's National Transportation Policy (Greenberg Traurig, n.d.) and the passage of legislation to expand airport capacity (USDOT, n.d.) are listed as two highlights of Skinner's tenure as Secretary of the Department of Transportation.

## Interest Group Activities

Baumgartner and Jones (1993) argue that researchers should monitor shifts in the "mobilization of interests" (p. 190) over time. Changes in interest group activity, they argue, increase the probability of an issue reaching the public agenda. The "mobilization of bias" (p. 190) is predicted to shift as different interest groups organize and become active.

National interest groups that represent airport and airline issues are the focus of this portion of the study. There are many associations representing various interests that have testified on PFCs. Since PFCs have a direct impact on airports and airlines, however, this study focuses on the interest groups representing them. The total number of annual testimonies made by airport and airline groups is provided along with an analysis of the number of individual testimonies per year of the various associations representing the interests of airports and airlines. Next, a brief summary of each of the national airport and airline associations is given followed by data showing changes in their resources over this study period. Finally, a discussion of any relevant actions by these groups to change the image and/or venue of PFCs is offered.

*Congressional Testimonial Activities of Relevant Interest Groups*

One of the ways a change in interest group activity can be signaled is by the number of annual testimonies given by interest groups representing airports and airlines. Figure 12 shows the combined number of testimonies per year of the interest groups testifying on the PFC issue. Over the study period, the total number of annual testimonies is fairly even. Interest groups representing airports testified 29 times, while airline interest groups testified on 27 occasions.

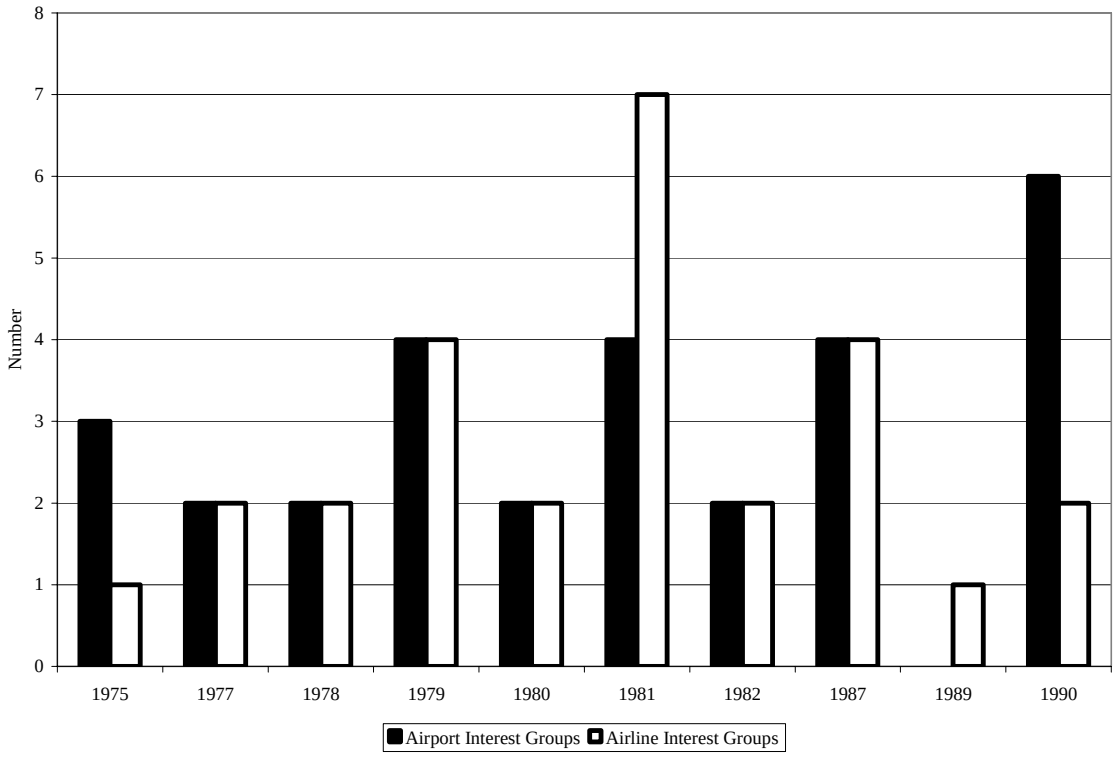


Figure 12. Number of Interest Group Testimonies per Year in Years Hearings Were Held.

Two noticeable differences in pattern are evident. The first occurs in 1981 when Senator Kassebaum proposed defederalizing airports and allowing them to levy a PFC. Airlines, which had supported Senator Cannon's previous proposal, strongly opposed defederalization if the PFC ban would be lifted. They increased their hearing involvement to a level higher than that of the airport interest groups; this instance is the only time this happens. The second major difference in the annual number of testimonies is in 1990. Airport interest groups testified three times more often than airline associations that year. In fact, as noted in the previous chapter, neither the Air Transport Association (ATA), nor any other airline group, testified at the only hearing devoted to the topic of PFCs; indeed, airlines were not represented by any of the associations at that hearing.

The difference in results in those two years is striking. When the airline interest groups testified more than the airports associations (1981), the defederalization and PFC proposals were unsuccessful. On the other hand, the ban on PFCs was lifted in 1990 when airport associations testified more often than airline interest groups.

Table 4 shows the national interest groups identified in this study that testified representing airports and airlines from 1974 to 1990. Following Baumgartner and Jones, only testimonies by associations are shown. Three nationally oriented interest groups for both airports and airlines have been found. Participation in hearings has been limited, however, for one association representing each interest. The League of American Airports (LOAA) only testified once and no longer exists. The International Air Transport Association (IATA) has only testified twice over the study period.

Table 4. Number of Interest Group Testimonies Per Year.

| | 1975 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1987 | 1989 | 1990 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Airport Groups** | | | | | | | | | | | |
| AOCI | 1 | 1 | 1 | 2 | 1 | 2 | 1 | 2 | 0 | 3 | 14 |
| AAAE | 1 | 1 | 1 | 2 | 1 | 2 | 1 | 2 | 0 | 3 | 14 |
| LOAA | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| *Total* | *3* | *2* | *2* | *4* | *2* | *4* | *2* | *4* | *0* | *6* | *29* |
| **Airline Groups** | | | | | | | | | | | |
| ATA | 1 | 1 | 1 | 2 | 1 | 4 | 1 | 2 | 0 | 1 | 14 |
| CAA/RAA | 0 | 0 | 1 | 2 | 1 | 3 | 1 | 2 | 0 | 1 | 11 |
| IATA | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 2 |
| *Total* | *1* | *2* | *2* | *4* | *2* | *7* | *2* | *4* | *1* | *2* | *27* |

Based on Table 4, there are clearly two interest groups for airports and two interest groups for airlines that have been active participants in congressional hearings regarding PFCs. In fact, 3 of the 4 interest groups have testified 14 times each, while one, which was not formed until 1975, has testified 11 times. The two most active groups representing airports are the Airport Operators Council International (AOCI) and the American Association of Airport Executives (AAAE). For the airlines, the two interest groups are the Air Transport Association (ATA) and the Regional Airline Association (RAA). The RAA originally was known as the Commuter Airlines Association of America (CAA) until it testified in 1982 as the Regional Air Carriers Association and then as the RAA in 1987. As further evidence of involvement by these groups, media coverage of PFCs consistently cites these associations, especially AAAE, AOCI, and ATA.

Table 4 shows that the associations representing each interest generally testify the same number of times per year. In fact, this is true of the airport organizations for the entire study period. The only variation for the airline interest groups after the RAA began testifying is in 1981, and there the difference is only one appearance. This is the year that airline interest group testimonies outnumbered those representing airports 7 to 4. AOCI and AAAE, however, appeared before Congress three times each in 1990, as compared to one appearance each for the ATA and the RAA.

*Overview of Relevant Interest Groups*

Before reviewing their changes in resources and any of their actions noted to actively support a change in policy, a brief summary of these four organizations is offered. A quick background is provided along with the composition of the membership they represent.

The Air Transport Association of America (ATA), founded in 1936, claims to be the first and only trade association for the principal U.S. airlines (Air Transport Association [ATA], 2003). ATA (2003) says it has played a role in all major government decisions regarding aviation since its founding. The association states that it was involved with both the formulation of the Civil Aeronautics Board and the deregulation of the airlines (ATA, 2003). ATA membership is currently composed of common carriers that are involved in the air transportation of passengers and/or cargo, that operate a minimum of 20 million revenue ton-miles annually, and that have done so for one year preceding the date of application (ATA, 2001).

While larger airlines are represented by ATA, another interest group, the Regional Airline Association (RAA), represents U.S. regional airlines and the suppliers

of products and services that support this portion of the industry (Regional Airline Association [RAA], n.d.a). Regional airlines operate short and medium-haul scheduled airline service connecting smaller communities with larger cities and connecting hubs. They employ turboprop aircraft that seat 9 to 68 people and regional jets that seat 30 to 100 people (RAA, 2003).

The RAA, formed in 1975, was established to promote a healthy business climate by working with regulatory and other organizations with the objective of achieving safety, efficiency, and growth in the regional airline industry (RAA, n.d.a). Indeed, the RAA represents the regional airline industry's interests before U.S. political and regulatory agencies (RAA, n.d.b).

Formed in 1928, the American Association of Airport Executives (AAAE) represents airport managers employed at public airports ranging from small, general aviation facilities to large hubs. The primary purpose of the AAAE is to assist airport managers in fulfilling their duties to the communities they serve. AAAE's says that its "voice" is heard within the industry and in the government (American Association of Airport Executives [AAAE], n.d.).

AOCI was formed in 1948 as the Airport Operators Council and later became known as the Airport Operators Council International. In 1991, AOCI merged with the International Civil Airports Association to form the Airports Council International, which represents six geographic regions: Africa, Asia, Europe, Latin America/Caribbean, North America, and the Pacific. Its headquarters is in Geneva, Switzerland (Airports Council International [ACI], 2004).

The Airports Council International-North America (ACI-NA) represents air carrier airports in the U.S. ACI-NA's goal is to promote policies that assist air carrier airports in serving their communities, passengers, and customers (ACI-NA, 2003). This focus on air carrier airports distinguishes ACI-NA from AAAE, which focuses on airports of all sizes. Even in 1990, AOCI promoted itself as representing governmental bodies that "operate the principal airports served by scheduled air carriers in the United States and throughout the world" (*Reauthorizing Programs*, 1990, p. 154).

*Changes in Interest Group Resources*

The influence an interest group has on the policymaking process can be impacted by the amount of resources at its disposal. Resource changes are indicators of shifts in the relative mobilization of interests. These changes over time help explain policy shifts (Baumgartner & Jones, 1993). Studying the changes in resources of these four interest groups during the study period provides insight into how their influence may have changed leading up to the PFC policy shift. Specifically, this section reviews changes in the number of members belonging to the associations, the size of the associations' staff, and the amount of the associations' budgets.

The Auburn University library system does not shelve the volumes of the *Encyclopedia of Associations* (*Encyclopedia*) needed for the study period. However, through the Inter-Library Loan system, data for all of the years except 1974 and 1982 were obtained. The study's overall results are not impacted by this lack, however, as trends in the data can still be clearly seen.

Figure 13 shows the increase in the number of members in AAAE and AOCI from 1974 to 1990, and Figure 14 shows the same data for ATA and CAA/RAA. AOCI

experienced a respectable growth from 155 to 235 members, but the growth in AAAE membership is dramatic. AAAE's membership increased by a factor of 2.6 from 1976 to 1990 (Figure 13). ATA, on the other hand, experienced only a net growth of three members over the study period while CAA/RAA's membership more than doubled from 1980 to 1990 (Figure 14). The combined membership growth totals for airport and airline interest groups are shown in Figure 15, which shows a significant increase in the airport interest groups' membership based mostly on AAAE's growth.

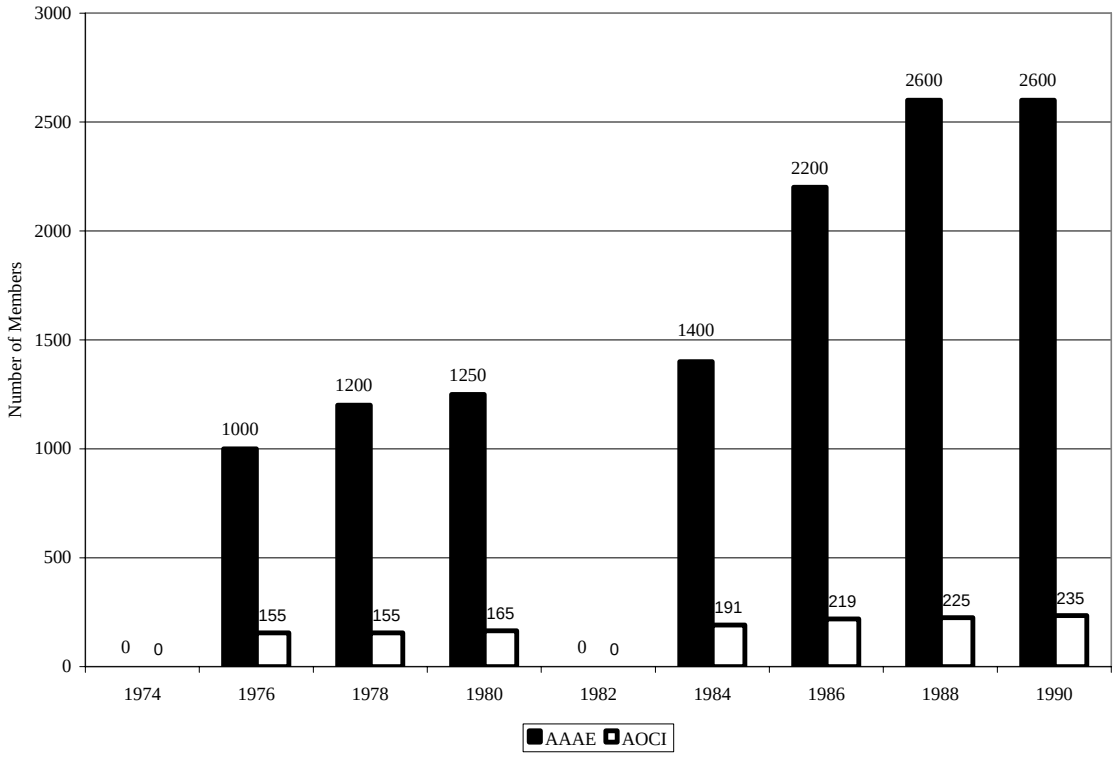


Figure 13. Annual Membership Data for AAAE and AOCI.

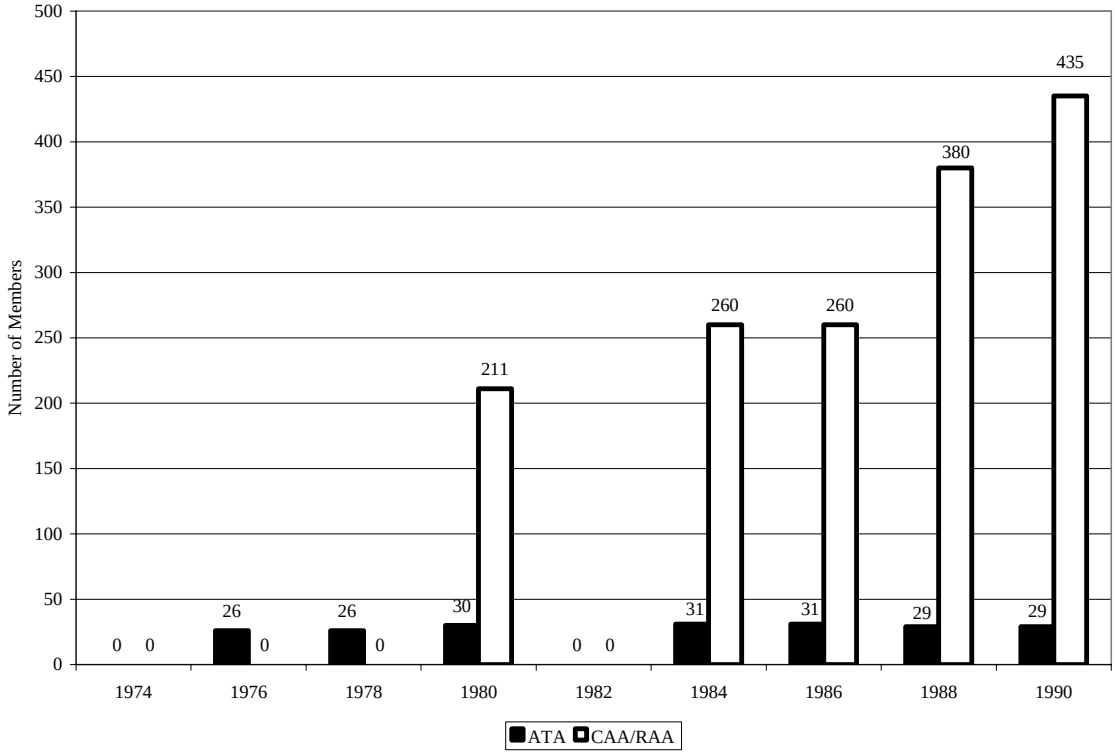


Figure 14. Annual Membership Data for ATA and CAA/RAA.

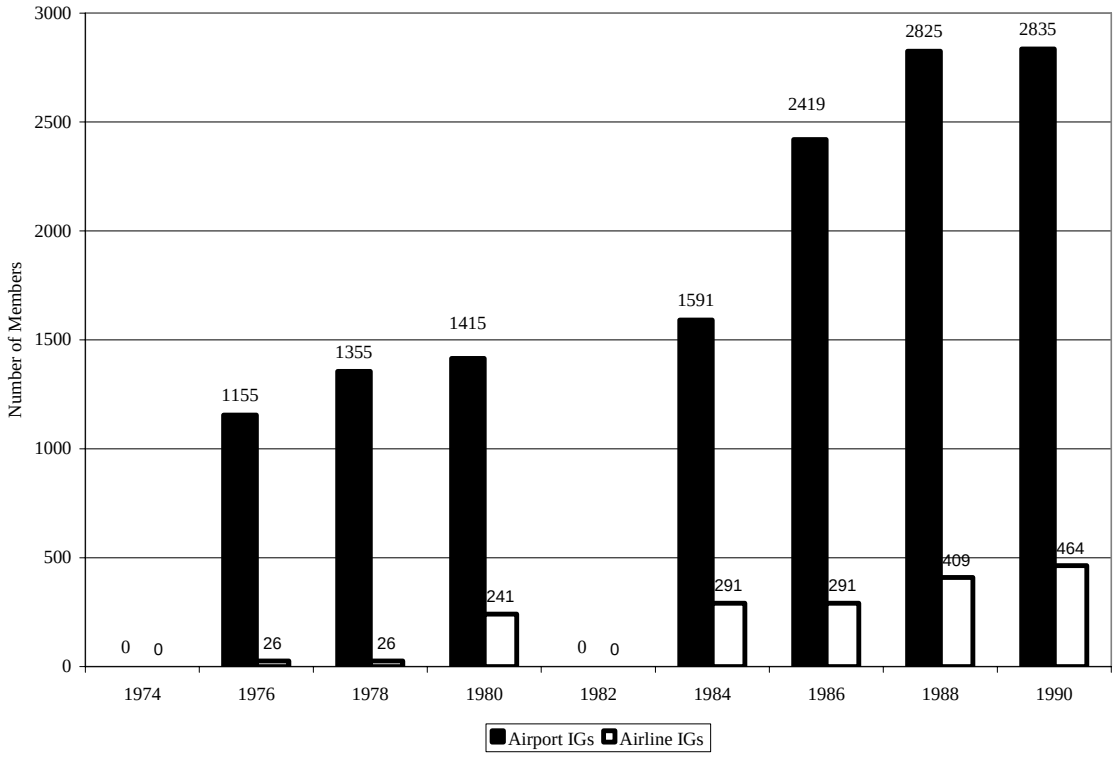


Figure 15. Annual Membership Data for Airport and Airline Interest Groups.

The annual number of staff members for AAAE and AOCI are presented in Figure 16. AOCI's staff remained fairly constant over the study period. AAAE, however, increased the number of staff members in the 1980s. Indeed, a striking increase occurred between 1988 and 1990.

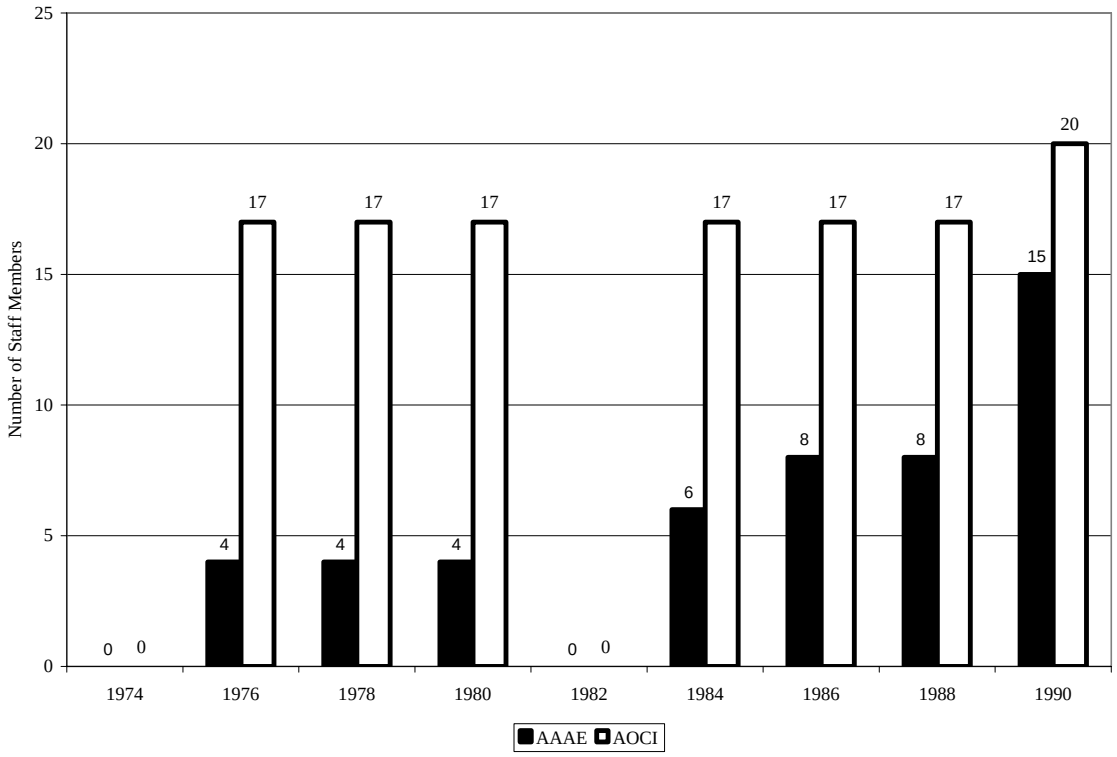


Figure 16. Annual Staff Member Data for AAAE and AOCI.

The airline interest groups, on the other hand, did not experience a large increase in their number of staff members. In fact, Figure 17 shows that ATA's staff decreased by one half (250 to 125) from 1986 to 1988; before then, the association's staff had remained well over 200. The CAA/RAA's staff slightly decreased by in the mid 1980s but returned to its original compliment of 6 in 1990.

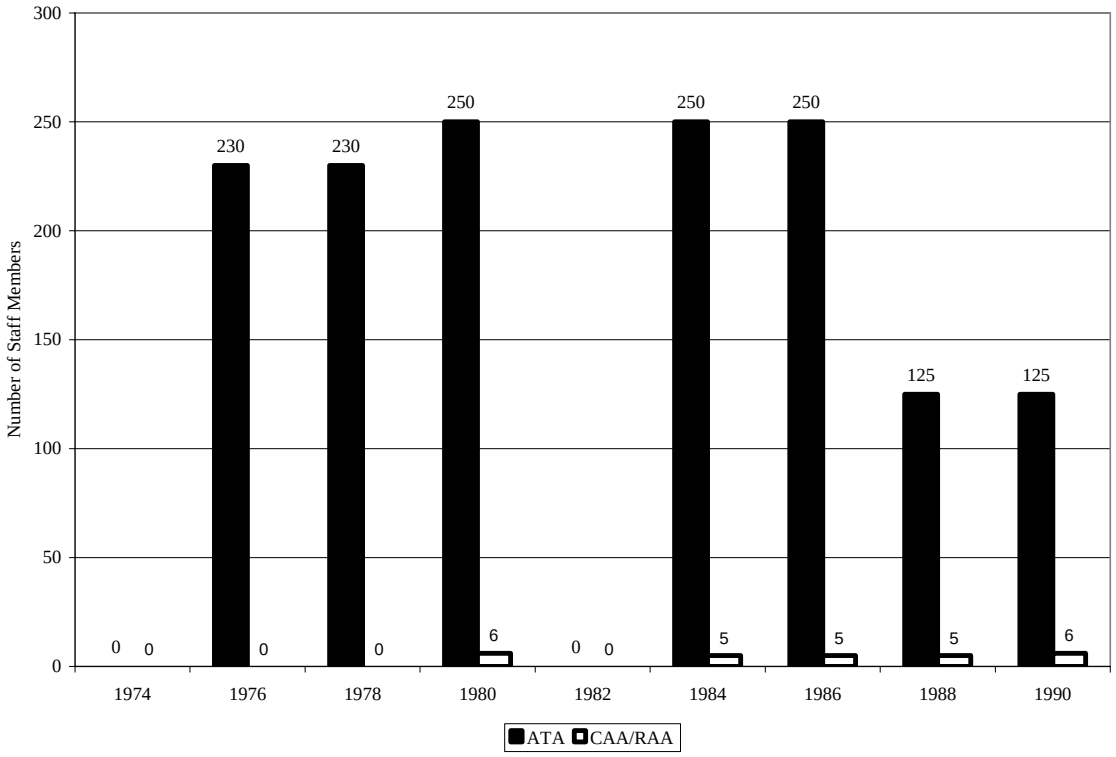


Figure 17. Annual Staff Member Data for ATA and CAA/RAA.

The annual figures for staff employed by the airport and airline associations are shown in Figure 18. The airport interest groups experienced an increase from 21 to 35 over the study period; the number of staff employed at airline interest groups decreased from a high of 256 in 1980 to a low of 130 in 1988. There were a total of 131 staff members working for the two airline associations in 1990.

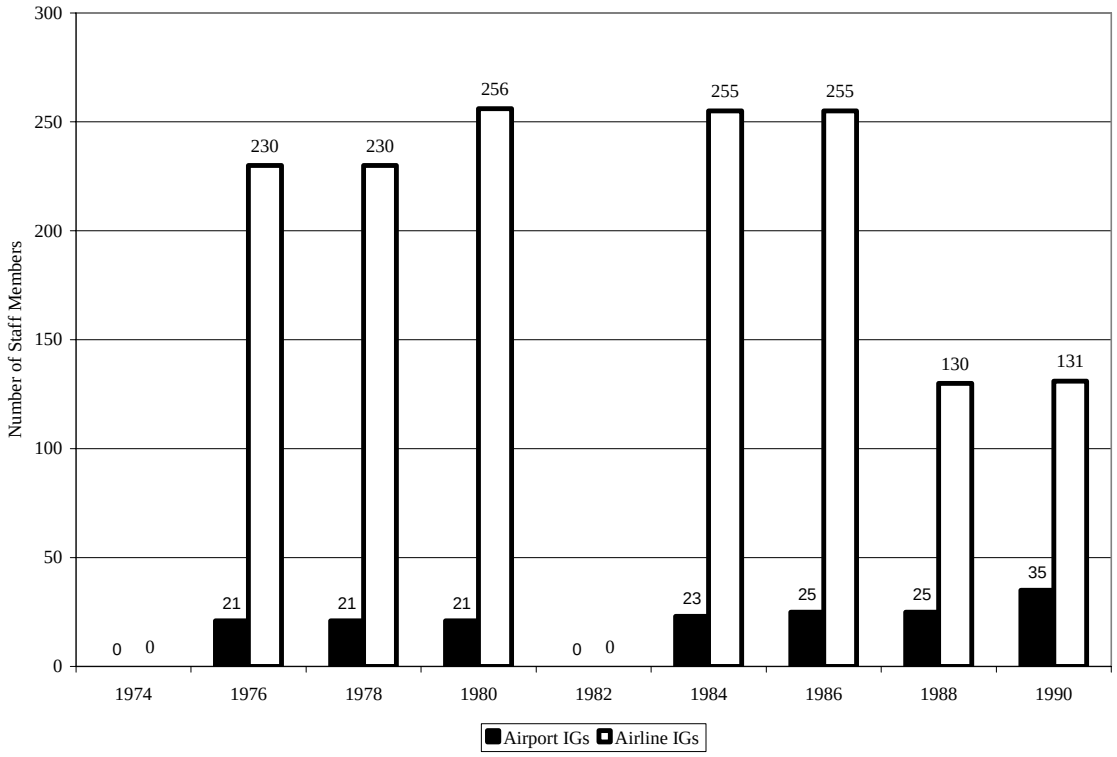


Figure 18. Annual Staff Member Data for Airport and Airline Interest Groups.

Annual budget data for the airport and airline interest groups are not consistently reported in the *Encyclopedia* during the study period. To obtain this information, the *National Trade and Professional Associations of the United States and Canada and Labor Unions* was used; the name of the publication was shortened during the study period to the *National Trade and Professional Associations of the United States* (*NTPA*). Andrew Wohrley, Engineering Librarian at Auburn University, considers the *NTPA* to be a suitable substitute for the *Encyclopedia* (personal communication, October 13, 2005). The eight years of *NTPA* data available from the Auburn University library for the study period were therefore included in this study.

The budget data provided in the *NTPA* are either given in a range or as being greater than a certain dollar amount. The budget data given for AOCI in 1983, for example, is $500,000-$1,000,000, and the annual budget information for ATA in 1976 is over $1,000,000. The data presented in Figures 19 and 20 are based in the midpoints of the ranges provided in the *NTPA* or the number which the annual budget exceeds. Table 5 shows the information provided in the *NTPA* and correspond to the data points plotted in Figures 19 and 20. The points plotted in Figure 21 are sums of the data in Figures 19 and 20.

Table 5. Annual Budget Data Points Plotted Based on the NTPA.

| Data Provided in the NTPA | Points Plotted in Figures 19 and 20 |
|---|---|
| $100,000 - $250,000 | $175,000 |
| $250,000 - $500,000 | $375,000 |
| $500,000 - $1,000,000 | $750,000 |
| > $1,000,000 | $1,000,000 |
| $1,000,000 - $2,000,000 | $1,500,000 |
| $2,000,000 - $5,000,000 | $3,500,000 |
| > $5,000,000 | $5,000,000 |

Figure 19 shows the annual budget data for AAAE and AOCI. Both organizations experienced significant increases in their annual budgets. AOCI's budget increased by nearly a factor of 4 over the study period while AAAE's 1990 budget was approximately 20 times greater than its budget in 1980.

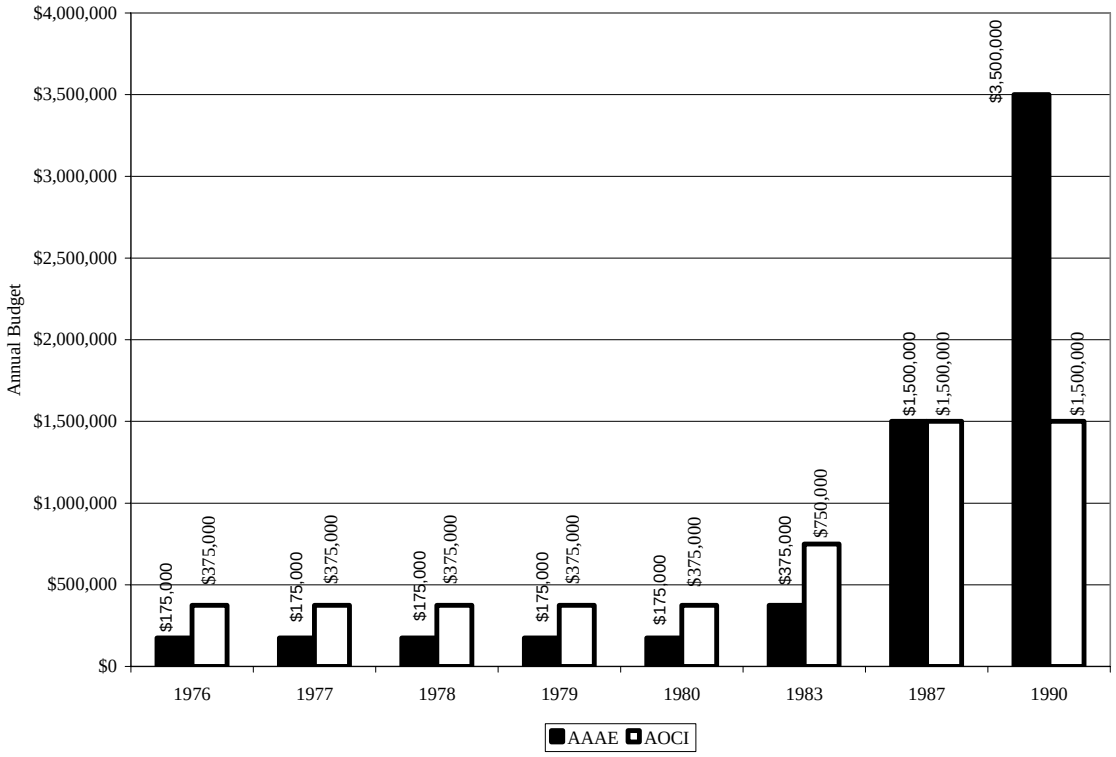


Figure 19. Annual Budget Data for AAAE and AOCI.

The annual budgets for ATA and CAA/RAA also rose over the study period, but the growth was not as dramatic as that experienced by AAAE. As shown in Figure 20, ATA's 1990 budget was 5 times greater than its 1979 budget. The CAA/RAA's budget increased by slightly more than a factor of 4 over the study period.

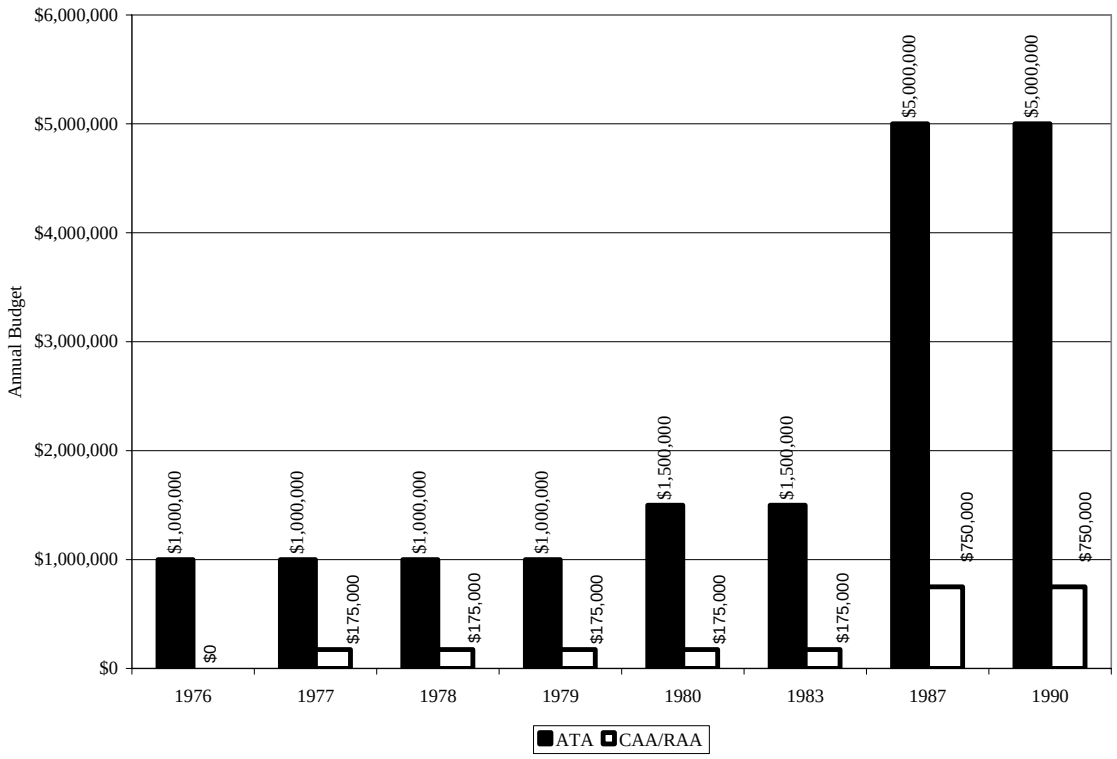


Figure 20. Annual Budget Data for ATA and CAA/RAA.

The combined annual budget data for the airport and airline interest groups are provided in Figure 21. The growth in airport interest group budgets from 1980 to 1990 is striking. The net difference between airport and airline association budgets increased slightly from 1976 to 1990, but the trend in the late 1980s is a steady increase in the airport interest groups' annual budgets relative to the airline associations' budgets. Indeed, the airport associations' combined budgets were only 47% of the airline interest groups' annual budgets in 1977. By 1990, the airport interest groups had increased their total budget to 87% of the airline associations' combined budgets.

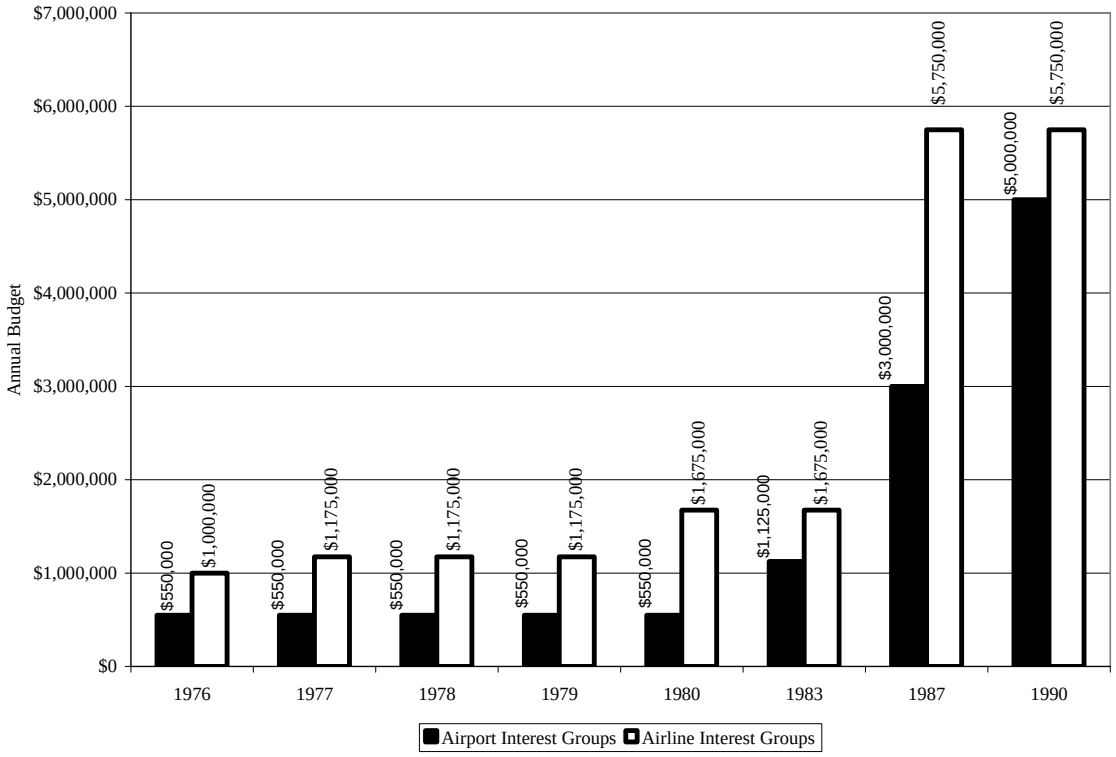


Figure 21. Annual Budget Data for Airport and Airline Interest Groups.

*Interest Group Efforts to Remove PFC Prohibition*

The above data show that the relative resources of airport interest groups increased greatly over the study period. This is especially evident from the mid 1980s to the PFC policy change in 1990. During this period, some actions by airport interest groups to directly or indirectly influence Congress have been revealed through this research. The actions noted are a change in leadership, a more cohesive membership, a stronger coalition, and an active role in defining the problem and solution to the airport issues faced by Congress.

Chapter 2 discussed the use of the "revolving door." However, hiring someone as a lobbyist or staff member that has government experience can also work in the

reverse order. AAAE provides an example of using the "revolving door" that may have led to AAAE's increased influence in the 1980s. Russell Hoyt, an Accredited Airport Executive (A.A.E.), became the association's first full time staff member in 1959 (AAAE, 2003a). As he approached retirement in 1983, AAAE's Board of Directors sought to hire someone to help the association assume a greater role in the increasing aviation related policy debates in Congress. The association's leadership believed that federal regulatory and legislative issues would continue to grow; it was important, then, to hire someone who could lead AAAE in its efforts to increase its influence in Congress (AAAE). It therefore hired Charles Barclay, A.A.E., who had previously served on the staffs of the Senate's aviation subcommittee and the Civil Aeronautics Board (The Mitre Corporation, 2005). The interest group data presented above shows that AAAE has grown significantly since Barclay's hiring and the earlier discussion of PFC hearings indicates the association's influence in Congress has grown as well.

For a group's leadership to be effective, however, the group's membership must be in agreement on issues. Division among an association's members can dilute the group's effectiveness. A key difference between the airport interest groups' efforts in 1990 as compared with other years appears to be the cohesiveness of their membership along with the size of their membership as previously shown.

Since PFCs were banned in 1973, airports had been divided over the issue. The AOCI admits its membership is, and has been, divided over the PFC concept (*Airport and Aircraft Noise*, 1977). In 1980, a division among airports over the concept of defederalization receives partial blame for the failure of Congress to pass legislation regarding airport funding ("Airport Aid Delay," 1980).

Testifying in 1990, however, James Johnson, Senior Director of Airports, Hillsborough County Aviation Authority and President of AAAE, said that the "vast majority of members of both organizations are supportive of the concept of PFC…from the largest to the smallest" (*Reauthorizing Programs*, 1990). Clifton Moore, Executive Director of the Department of Airports in Los Angeles, California, and Kent George, A.A.E., Director of Aviation of the Quad City Airport and President of AAAE, said that the membership of AAAE and AOCI believed that no other issue being considered by Congress could affect airports and air travel as much as the passage of PFC legislation (*Passenger Facility Charges*, 1990). Moore and George concluded their joint statement to the House's Aviation Subcommittee by saying, "airports nationwide are asking you to address our capacity shortage by releasing airports from the federal prohibition on locally imposed passenger facility charges" (p. 214). Indeed, hundreds of airports lobbied members of Congress in support of PFCs (Cushman, 1990a).

The ATA, on the other hand, often finds it difficult to reach a consensus among its member airlines (Brad Van Dam, personal communication, February 4, 2004). Elliot Seiden, Vice President for Law and Governmental Affairs of Northwest Airlines, noted, "Airlines are at each other's throats, and ATA is often neutered, unable to do anything" (Victor, 1993). Indeed, Brad Van Dam, Staff Vice President, American Association of Airport Executive/Airports Council – North America (AAAE/ACI-NA) Legislative Affairs, contends that not speaking in unison hurts the association in policy debates.

By 1990, not only were the memberships of AAAE and AOCI supportive of PFCs, the two associations were working closely together on the issue, presenting a united front to Congress. In fact, the associations presented joint statements at each of

the three hearings in which they testified on PFCs in 1990. This ensured a consistent message transmission for representative governmental entities (AOCI) and airport executives (AAAE). Together, AAAE and AOCI launched a major legislative effort to gain Congressional approval of PFCs (Wells & Young, 2004).

Working together, AAAE and AOCI helped to define PFCs as the solution to the nation's airport capacity and airline competition problems. One of the earliest contributions to the problem definition issue occurred in the 1970s when airports began calling the charge a "passenger facility charge" in an attempt to change its image from a "head tax," which has negative connotations (Thompson Crenshaw, 1984). An earlier term used by AAAE is "passenger service charge" (AAAE, 1972). A "charge" is generally less provocative than a "tax." The title of the House Aviation Subcommittee's June 1990 hearing is an indication of the success of the image change; the hearing is entitled "Passenger Facility Charges" (*Passenger Facility Charges*, 1990).

As discussed in Chapter 5, the PFC prohibition was lifted due to the large amount of monies projected as needed by airports to reduce capacity and increase competition. The airport interest groups played a large role in this regard, focusing on four major themes. First, they reinforced Congress's belief that airports were congested. Each time they testified, AAAE and AOCI reminded Congress of FAA data showing the current and projected airport capacity problems (*Reauthorizing Programs*, 1990; *Airline Competition*, 1990; *Passenger Facility Charges*, 1990). Also, they informed Congress that airline competition could be enhanced and air fares lowered if airports had additional gates and facilities that could be leased to airlines (*Reauthorizing Programs*). They argued that the traditional method of financing terminal facilities resulted in

airlines obtaining "majority-in-interest" (MII) clauses, which require airline approval of major projects (*Airline Competition*, p. 305).

Secondly, the airport associations publicized the large amount of funds required to solve these problems. AAAE and AOCI stated that $10 billion per year would be required for the next five years to fund needed airport projects (*Passenger Facility Charges*, 1990). The Department of Transportation generally accepted this figure, which gave the estimate credibility in Congress (H. Rep. No. 101-581, 1990).

Thirdly, AAAE and AOCI promoted PFCs as the solution to these problems. PFCs were presented as an independent source of revenue that would help airports keep up with the demands of increasing numbers of passengers and as independent source of revenue "to break the stranglehold of the carriers and ensure competition in the skies" (Lavin, 1989). In one of the joint statements, the associations said that PFCs "would empower airports to increase capacity and build new competitive facilities, and thus provide their communities with new service opportunities by new entrant carriers, as well as incumbents" (*Airline Competition*, 1990, p. 307).

Lastly, the associations stated they would be willing to accept restrictions on the expenditure of PFC revenues (Cushman, 1990b). This concession showed flexibility and addressed some of the concerns of opponents that the money would be used to fund unnecessary airport projects or for nonairport related purposes.

While the airport associations were actively pursuing a change in the PFC policy, the airline interest groups were not proactive. ATA said it was open to examining alternative funding methods, but no airline interest group testified at the only hearing

devoted to PFCs in 1990. It is therefore impossible to discern from reading the data why they acquiesced to the proposal.

*Interest Group Objective Results*

The purpose of Research Objective Number 4 is to assess any changes in interest group activities that may have influenced the passage of PFC legislation. Accordingly, the associated hypothesis states, "The greater the activity of interest groups, the greater the change in image and venue." As discussed in Chapter 5, although the venue did not change, the image shifted considerably.

Based on the above discussion, airport interest groups did play a key role in the image change that occurred. Their efforts included testifying three times more than airline interest groups in 1990, increasing their resources significantly in the 1980s, and performing activities such as defining PFCs as the solution to the airport capacity and airline competition issues, both of which were deemed important by Congress. Their activities appear to have helped shift the policymakers' focus of attention to favorably view PFCs as a solution to the nation's airport related problems. Indeed, Gesell says airports worked through AAAE and AOCI to revisit the PFC issue. He states, "the head tax issue was combined with the overriding, critical and national issue of declining airport capacity and increasing delays… The argument used by airport sponsors was that a local funding mechanism was necessary to enhance capacity" (1999, p. 518). The hypothesis, however, is only partially confirmed since no venue change occurred.

# CHAPTER SEVEN

# CONCLUSION

The punctuated equilibrium model developed by Baumgartner and Jones (1993) has a strong theoretical foundation. Changes in image and venue have been found by other scholars to play key roles in policy change. A change in one may lead to a shift in the other. This may lead to conflict expansion, which can cause a positive feedback mechanism and, ultimately, a change in policy. These changes are often aided by the efforts of policy entrepreneurs and interest groups.

This study applies the punctuated equilibrium model to the PFC policy shift that occurred in 1990. The results of the study are discussed in this chapter along with some issues for consideration discovered in this work. The implications this research may have for future aviation related policy changes are also presented.

## Punctuated Equilibrium Results

Baumgartner and Jones (1993) argue that an image change is a crucial component of the punctuated equilibrium model. A change in an issue's image can lead to a shift in policy. The data collected in this study clearly show that an image change did occur with PFCs. Indeed, PFCs were redefined from a burden on passengers to the solution to the nation's airport capacity issues that had become a "crisis" and a "national

priority." In addition, PFCs become the answer to the airline competition issues that were reportedly causing higher fares at some of the large airports.

The activity in the years 1989-1990 does not represent the first attempt to redefine PFCs. The charge, for example, was proposed as a solution to noise problems in 1977 and as a solution to increasing federal expenditures in 1981. As the punctuated equilibrium model predicts, however, a distinguishing factor that separates 1990 from the other years is the amount of media coverage on the issue. Figure 6 clearly shows that in 1990 the media coverage on PFCs is far more extensive than in previous years. In fact, the number of articles in 1990 is more than 2.5 times greater than the next highest year, which is 1981. Also, the tone (Figure 8) of the articles change as Baumgartner and Jones would expect. Eighteen of the 19 articles in 1990 are negative.

Congress's reversal on its position regarding PFCs is related to capacity and airline competition issues facing airports by the end of the 1980s. The data presented to members of Congress in the late 1980s persuaded them that these were national problems that needed to be resolved. As shown by the amount of media attention regarding airport capacity (Figure 4), the public was also concerned about the issues as well. In fact, Congress passed the *Airport and Airway Safety and Capacity Expansion Act* of 1987 in an effort to address the issue.

Despite the 1987 Act, the situation remained dire in 1990. The answer to both of the problems facing Congress was to increase funding for airport facilities. Building more runways, taxiways, and the like would help with congestion; more funding would also help airports build additional gates that would allow new competitors to enter markets dominated by a few airlines.

PFCs became the solution to the funding shortfall facing the nation's airports. As the conflict over the capacity and competition issues expanded, the acceptance of PFCs became more prevalent. This acceptance became widespread not only in Congress but in the industry and with consumer groups as well; the National Business Transportation Association and the Consumer Federation of American testified in favor of PFCs in 1990 (Chapter 5). The focus of attention on PFCs shifted from viewing them as a source of revenue for local governments to the funding solution for national problems.

Indeed, this shift in the focus of attention is highlighted by the House's change in position. As discussed in Chapter 5, the House stood firm against PFCs throughout the 1980s, but overwhelmingly voted to approve PFCs 1990. In fact, when a vote was taken on a PFC bill by either branch of Congress or one of its committees, the measure appears to receive bipartisan support with little controversy. The change in the image of PFCs caused the shift in position, which reinforces Baumgartner and Jones's model that change is incremental until a problem is defined that is deemed of national importance.

While the image of PFCs clearly changed over the study period, the venue part of the punctuated equilibrium model does not behave as predicted by Baumgartner and Jones. There is no evidence of a jurisdiction change over the study period or an attempt by another committee to gain jurisdiction in this area. In fact, 15 out of the 17 hearings discovered were held by the Aviation Subcommittees of the House and Senate (Table 3). It appears that these two committees successfully controlled their jurisdiction on this issue.

The total number of hearings, the number of referral hearings, and the tone of the hearings, however, must also be considered as well. The total number of hearings behaves closely as predicted by the model. There were three hearings in 1990, which is second to four hearings held in 1981. Even though there were more hearings in 1981, two of them were held by the Committee on Ways and Means and the Subcommittee on Taxation and Debt Management of the Committee on Finance. The other two hearings were held by the Aviation Subcommittees of the House and the Senate. In 1990, however, all three hearings were held by the Aviation Subcommittees, which shows increased interest by the two subcommittees with jurisdiction over aviation issues (Table 3).

The tone of the hearings, though, clearly changed as shown in Figure 11. Before 1989, all of the hearings had a positive tone, which would be pleasing to an airline executive, except for one in 1981 and one in 1982. Conversely, all four of the hearings starting in 1989 have a negative tone that would make an airline executive unhappy.

The number of referral vs. nonreferral hearings is also similar to what the model predicts. One of only three nonreferral hearings was held in 1990. This supports the idea that Congressional interest in a topic is indicated by the number of nonreferral hearings.

Based on the information presented in Chapter 6, both a policy entrepreneur and interest groups did play a role in the PFC policy as Baumgartner and Jones would expect. Secretary of Transportation Skinner actively promoted the value of PFCs in the media, in speeches, and in Congressional testimony. In addition, he was recognized by the media, industry, and policymakers at the time as the leader on the PFC issue.

The data on interest groups also support the arguments of Baumgartner and Jones as well as other scholars. Airline interest groups, for example, testified more than airport interest groups in 1981, which is one year before a PFC proposal was ultimately defeated in 1982. In 1990, on the other hand, testimonies by airport associations outnumber interest groups representing airlines by a ratio of 3:1 (Figure 12).

A clear shift in resources can be seen over the study period. In the 1970s and early 1980s, the airline associations enjoyed a clear advantage in resources. Airport interest groups, however, experienced a significant growth rate in the 1980s leading up to the PFC policy change. These additional resources provided increased opportunities to influence the policymaking process. Indeed, the growth in resources assisted AAAE and AOCI in their efforts to present PFCs as the solution to the problems deemed important to Congress. The data presented in Chapter 6 serve to confirm Baumgartner and Jones's argument that interest groups are important elements of the policymaking process.

The ultimate purpose of this research is stated by Research Objective Number 5, which is to evaluate the applicability of Baumgartner and Jones's model to the PFC issue. The hypothesis states, "The closer in time to the 1990 PFC policy shift, the greater the changes in image and venue." As discussed in this study, an image change is clearly apparent, but a change in venue is not revealed in this research. Because of this, the hypothesis is only partially confirmed. The issue not only remained one handled by Congress but one handled by the same committees and subcommittees. In addition, this continued even after party control changes in each chamber. The punctuated equilibrium

model, therefore, does not apply to this policy change. A summary of the five hypotheses tested in this study is provided in Table 6.

Table 6. Summary of Hypotheses.

| Hypothesis | Support | Result |
|---|---|---|
| The closer in time to the 1990 PFC policy shift, the greater the change in image. | PFC definition changed over time.<br>Media attention increased and tone changed in 1990. | Hypothesis is confirmed. |
| The closer in time to the 1990 PFC policy shift, the greater the changes in venue. | Venue change did not occur. | Hypothesis is not confirmed. |
| The greater the efforts of policy entrepreneurs, the greater the change in image and venue. | A policy entrepreneur has been identified.<br>PFC image changed, but the venue did not change. | Hypothesis is partially confirmed. |
| The greater the activity of interest groups, the greater the change in image and venue. | Airport interest groups were active in changing the image of PFCs, and they increased their resources over time as compared to airline interest groups.<br>PFC image changed, but the venue did not change. | Hypothesis is partially confirmed. |
| The closer in time to the 1990 PFC policy shift, the greater the changes in image and venue. | PFC image change occurred.<br>Venue did not change. | Hypothesis is partially confirmed. |

## Issues for Consideration

A venue change is the only element preventing a complete confirmation of the punctuated equilibrium model. Based on this study, then, some issues that may warrant future research regarding venues become evident. There are additional issues relating to the media that also merit further consideration.

One issue regarding venues that may reward further study is whether a venue change is needed when an issue is considered within a relatively small policy subsystem such as aviation. Other committees and subcommittees, for example, may not wish to put forth the effort required for a jurisdiction change if the perceived benefits do not outweigh the perceived costs.

This does not suggest that all aviation issues will be considered only by the committees and subcommittees that have statutory jurisdiction. In fact, Baumgartner and Jones (1993) state that on average more than six Congressional venues held hearings on aviation issues from 1969 to 1978. The venue section in Chapter 2 offers a specific example of jurisdiction change in the aviation industry when Senator Kennedy's Administrative Practices and Procedure Subcommittee of the Judiciary Committee held hearings on the topic of airline deregulation. These hearings, though, were held based on potential collusion within the airline industry, and the issue had widespread interest since airline deregulation could lead to changes in other regulated industries. If the issue is contained within a policy subsystem such as aviation, however, other committees and subcommittees may not perceive the value of attempting a jurisdiction change. Other venues, therefore, may not have found the topic interesting if allowing airports to impose a PFC did not set a precedent that could affect issues within their jurisdiction.

Similarly, this issue could also be related to the questions raised about the model by Mezey and Cohen (2001) and Sharp (1994) discussed in Chapter 2. These authors suggest that Baumgartner and Jones's model should also consider the influence of different policy typologies. Perhaps the need for venue changes varies based on the policy's typology.

A third issue that may be considered regarding venues is the influence of an image change. Perhaps a venue change is not needed when a compelling image change is presented in a favorable context. As mentioned previously, the focus of attention on PFCs shifted from being a problem for passengers at the local level to the solution for the problems faced by consumers on the federal level. PFCs were redefined in the context of increasingly neglected airport improvements that lead to capacity problems and increased air fares.

This type of shift in focus is not unprecedented. Jones (1994) describes an example using the supercollider issue. He says that 79 members of Congress voted "yes" for the project in 1991 and then "no" for it in 1992. Jones states the vote changes resulted from a different focus of attention, which he says can be caused by selecting certain elements to consider out of a complicated environment. Furthermore, he argues that "contextual cues" can evoke new frames of reference (p. 81).

A similar argument is made by Kingdon, who contends that the "national mood" can impact policy outcomes (1995, p. 146). Based on the data presented in this study, the public's sentiment, represented by the change in position on PFCs by consumer groups (Chapter 5), was that something must be done to solve the capacity and competition issues. This context, along with a redefinition of PFCs, was adequate to cause a policy change without a shift in venues.

Finally, the membership on the Aviation Subcommittees changed significantly from 1979 to 1990. Only 2 of the 8 members of the Senate's subcommittee in 1990 were still members in 1979. The change is even more noticeable in the House; of the 36

members in 1990, only 3 had been on the subcommittee in 1979. A high turnover in subcommittee membership may act as a surrogate for venue change.

This study also illuminates two issues regarding the image portion of the punctuated equilibrium model. These issues concern the media. One relates to the influence of industry specific publications and the other relates to coding issues regarding full text articles versus abstracts and headlines.

While coding the articles found in the *Guide*, it became apparent that the majority of the articles are from aviation publications such as *Aviation Week & Space Technology*. Figure 22 presents an analysis of the number of articles appearing in aviation publications and those appearing in other publications. Only 3 of the 36 articles (8%) are from other publications.

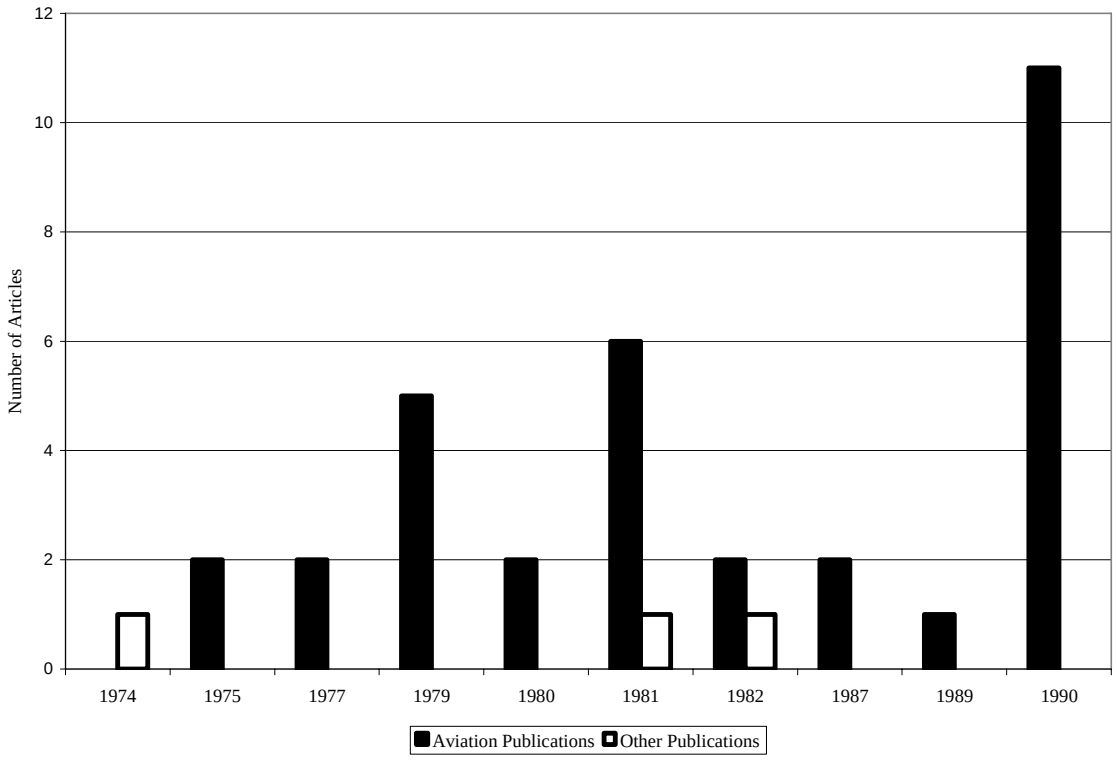


Figure 22. Analysis of Articles in the *Guide*, 1974-1990.

Additional studies may be needed to determine if articles found in industry specific publications, such as aviation, have the same effect as articles in other more general publications. This could depend on the type of subsystem being studied. Without the aviation publications, for instance, media attention to PFCs would be significantly understated. Indeed, the *Index* has only one article for 1982. Similarly, the *Guide* has one article out of a general publication during this time period. This could be significant if further research shows that policy changes occur only when there is a "spike" in articles appearing in general publications, as opposed to articles only in industry specific publications. The *Index*, for example, shows a dramatic increase in 1990 when compared to other years, when 8 PFC articles appear in the *Index* compared with 11 in the *Guide* (Figure 7), all of which are in aviation publications. Perhaps an increase in attention outside of industry specific media is a better indication of conflict expansion.

In this issue, however, no effect on the model is noted for two reasons. One, Figure 22 shows that the number of articles appearing in aviation publications in 1990 is nearly double the next highest annual total, which is what the punctuated equilibrium model predicts will happen. Two, the number of articles appearing in the *Index*, a general publication, shows a dramatic increase in the year of the policy change (Figure 7). Whether this remains true for other similar subsystems may be interesting to note.

The second image issue that may warrant future consideration is the coding of full text articles as opposed to abstracts and headlines. Baumgartner and Jones use the *Index* and the *Guide* to code the number of articles and the tone of articles, which are based on abstracts and headlines, respectively. As mentioned in Chapter 4, Althaus et al. (2001) state that the *Index* can be an inconsistent proxy when the data points are few.

The precision of finding PFC related articles using the *Index* and the *Guide* has been studied along with the accuracy of the tone of PFC articles using proxy data.

While searching for PFC articles in these two publications, articles on the aviation trust fund were also coded. Full text articles for both sets of coded data from both publications were obtained. Reviewing the full articles reveals that some of them initially coded as PFC were not actually related to this issue. Conversely, some of the articles coded as regarding the aviation trust fund actually discuss PFCs.

Figure 23 shows the number of articles coded by full text and by abstracts in the *Index*. As the figure shows, the abstracts indicate that there are PFC articles in 1979, 1981, and in 1983 when they do not exist. On the other hand, 1982 has a PFC article that was not coded by using the abstracts alone.

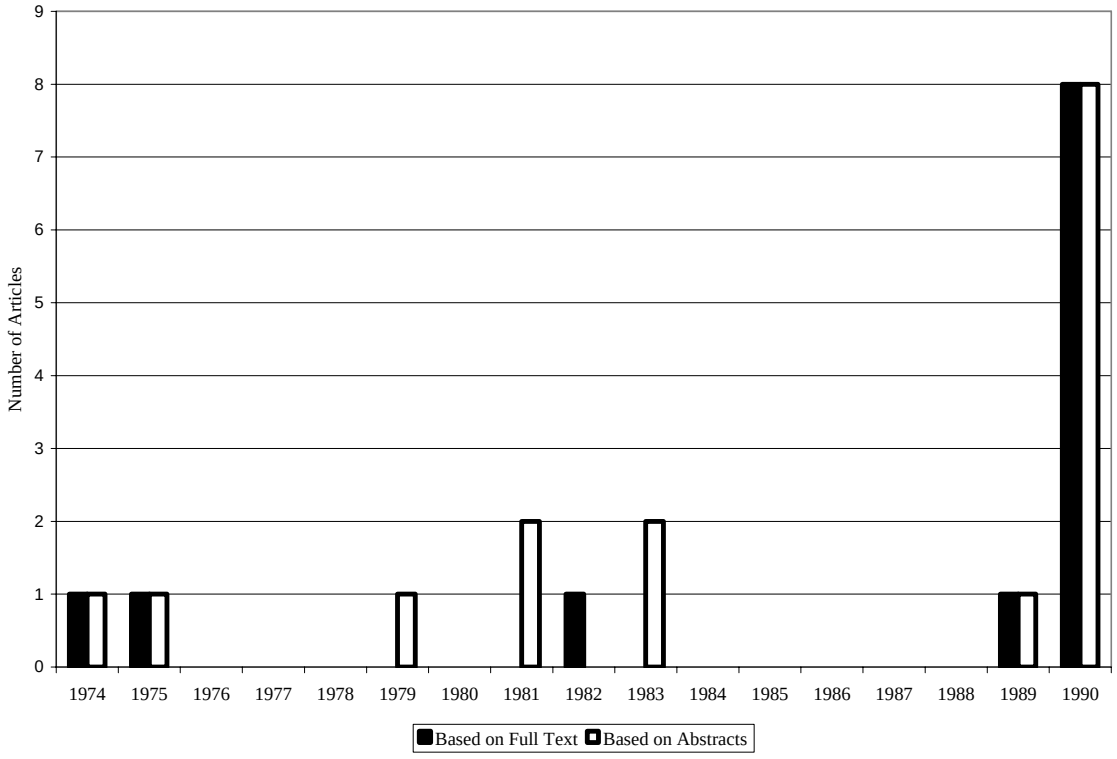


Figure 23. Coding Comparison, the *Index*.

Table 7 presents the specific data. The first column shows the number of PFC articles coded using full text articles, the second column shows the number of PFC articles coded using the abstracts, and the last column shows the number of PFC articles coded correctly by using the abstract. Interestingly, all eight articles coded by the abstracts in 1990 are correct. The reliability of correctly coding abstracts based on full text coding is 69%.

Table 7. *Index* Articles, Full Text vs. Abstracts.

| | Full Text | Abstracts | Number Correct |
|---|---|---|---|
| 1974 | 1 | 1 | 1 |
| 1975 | 1 | 1 | 1 |
| 1979 | 0 | 1 | 0 |
| 1981 | 0 | 2 | 0 |
| 1982 | 1 | 0 | 0 |
| 1983 | 0 | 2 | 0 |
| 1989 | 1 | 1 | 1 |
| 1990 | 8 | 8 | 8 |
| *Total* | *12* | *16* | *11* |

Similar data for the *Guide* are presented in Figure 24 and Table 8. As with the *Index,* coding PFC articles using headlines produces less than desirable results. Some years are not coded to have PFC articles when they exist, and some years are coded as having PFC articles when the full text coding shows they do not exist. Based on the data in Table 8, the reliability of correctly coding headlines based on full text coding is 64%. The collective data of the *Index* and the *Guide* are presented in Figure 25 and Table 9. The combined coding reliability of abstracts and headlines based on full text coding is 66%.

Based on the results of this study, the predictions of Althaus, Edy, and Phalen (2001) are upheld. Perhaps the accuracy of the proxy data would improve with more articles. Researchers, though, should consider using full text articles when the number of data points is expected to be small in an effort to improve coding accuracy.

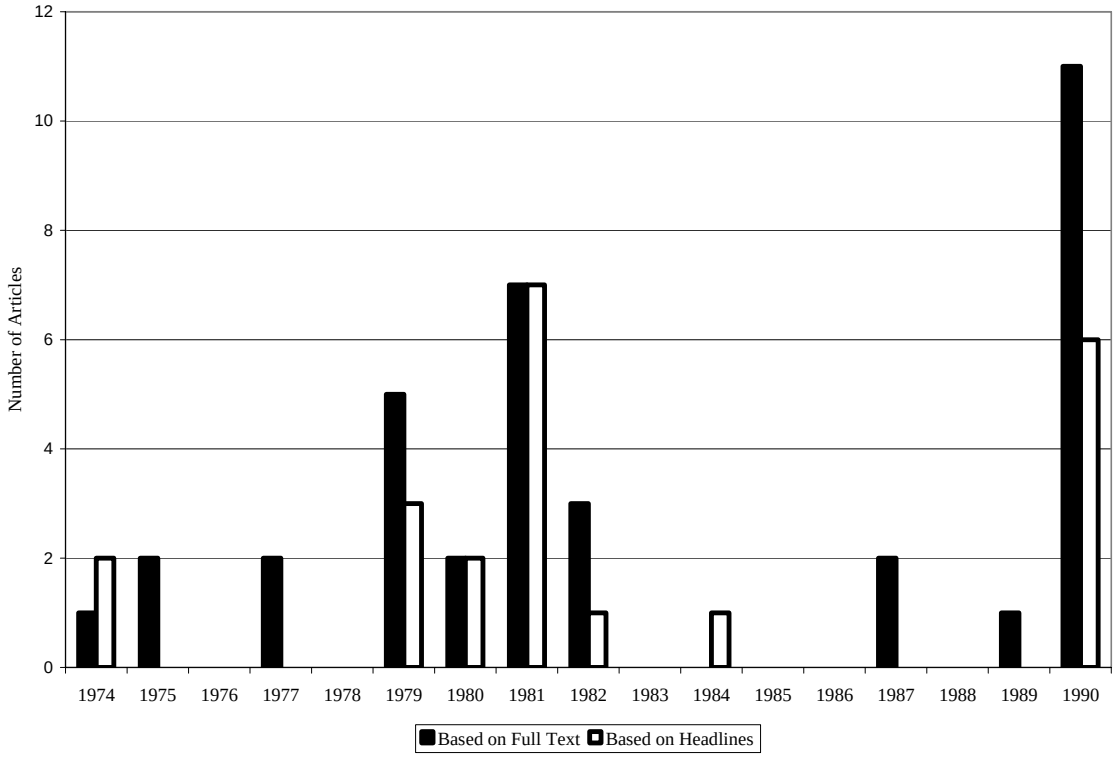


Figure 24. Coding Comparison, the *Guide*.

Table 8. *Guide* Articles, Full Text vs. Headlines.

| | Full Text | Headlines | Number Correct |
|---|---|---|---|
| 1974 | 1 | 2 | 1 |
| 1975 | 2 | 0 | 0 |
| 1977 | 2 | 0 | 0 |
| 1979 | 5 | 3 | 1 |
| 1980 | 2 | 2 | 2 |
| 1981 | 7 | 7 | 4 |
| 1982 | 3 | 1 | 1 |
| 1984 | 0 | 1 | 0 |
| 1987 | 2 | 0 | 0 |
| 1989 | 1 | 0 | 0 |
| 1990 | 11 | 6 | 5 |
| *Total* | *36* | *22* | *14* |

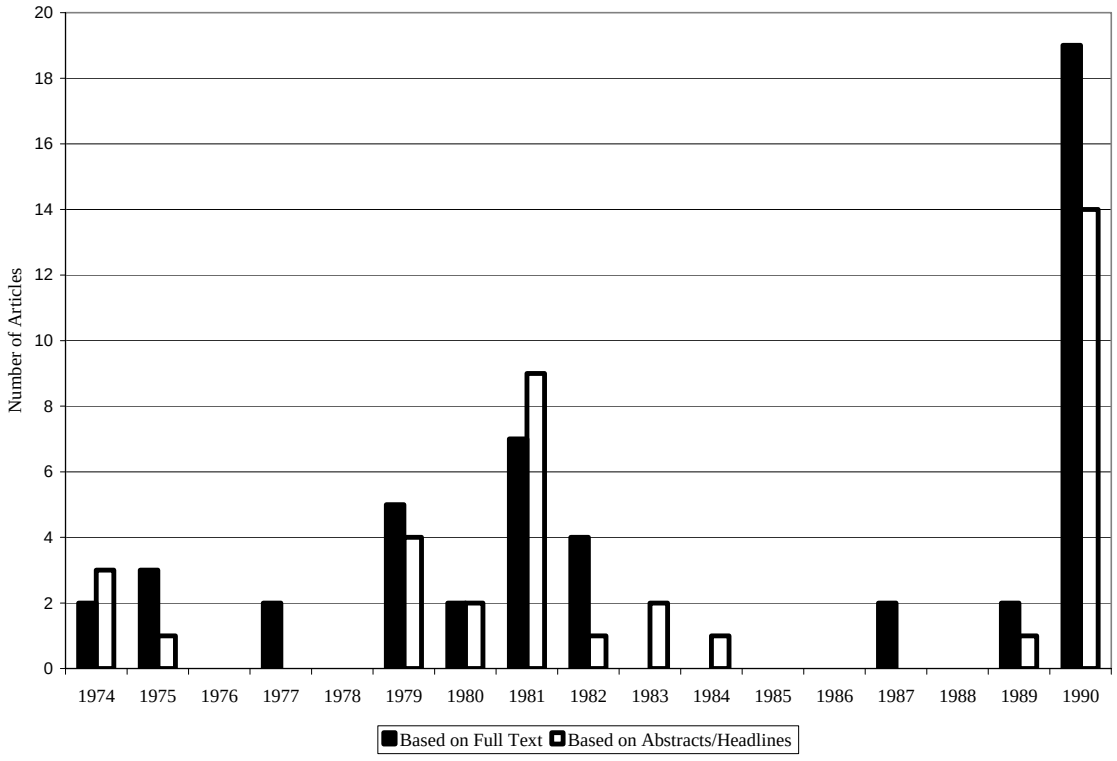


Figure 25. Totals, Full Text vs. Abstracts/Headlines.

Table 9. Totals, Full Text vs. Abstracts/Headlines.

| | Full Text | Abstracts/Headlines | Number Correct |
|---|---|---|---|
| 1974 | 2 | 3 | 2 |
| 1975 | 3 | 1 | 1 |
| 1977 | 2 | 0 | 0 |
| 1979 | 5 | 4 | 1 |
| 1980 | 2 | 2 | 2 |
| 1981 | 7 | 9 | 4 |
| 1982 | 4 | 1 | 1 |
| 1983 | 0 | 2 | 0 |
| 1984 | 0 | 1 | 0 |
| 1987 | 2 | 0 | 0 |
| 1989 | 2 | 1 | 1 |
| 1990 | 19 | 14 | 13 |
| *Total* | *48* | *38* | *25* |

Even though the coding reliability of abstracts and headlines is less than desirable, the results of the study based on the total number of articles would be the same. Figure 25 shows an increase in the number of abstracts and headlines coded as PFC related in 1990, which is consistent with the punctuated equilibrium model. Baumgartner and Jones's theory is also upheld when only the abstracts from the *Index* are considered (Figure 23). The results from the *Guide*, however, are not consistent with the authors' model. As shown in Figure 24, the number of headlines coded as PFCs is more in 1981 than in 1990.

The coding of tone based on abstracts and headlines, though, proves to be more exact. Table 10 and Table 11 present the tone coding results of the PFC articles found using the *Index* and the *Guide* respectively. The number of articles provided represents the ones correctly coded as PFC related based on full text coding. All 11 PFC articles coded using the abstracts prove to be accurate compared to full text coding (Table 10). The reliability of coding tone using the *Guide* based on full text coding is less precise; 3

of the 14 articles are inaccurately coded compared the results of coding them using the full text articles. One of these articles is found in 1974 just after PFCs were banned; the other two are found in 1980 and in 1981 during the height of the first defederalization debate (Table 11). In this study, coding using headings produces an accuracy rate of 79% when compared with coding based on full text articles.

Table 10. Tone Coding, Full Text vs. Abstracts.

| | Full Text | | | Abstracts | | |
|---|---|---|---|---|---|---|
| | *PFC* | *Pos.* | *Neg.* | *PFC* | *Pos* | *Neg.* |
| 1974 | 1 | 0 | 1 | 1 | 0 | 1 |
| 1975 | 1 | 1 | 0 | 1 | 1 | 0 |
| 1989 | 1 | 0 | 1 | 1 | 0 | 1 |
| 1990 | 8 | 0 | 8 | 8 | 0 | 8 |
| *Total* | *11* | *1* | *10* | *11* | *1* | *10* |

Table 11. Tone Coding, Full Text vs. Headlines.

| | Full Text | | | Headlines | | |
|---|---|---|---|---|---|---|
| | *PFC* | *Pos.* | *Neg.* | *PFC* | *Pos.* | *Neb.* |
| 1974 | 1 | 0 | 1 | 1 | 1 | 0 |
| 1979 | 1 | 0 | 1 | 1 | 0 | 1 |
| 1980 | 2 | 1 | 1 | 2 | 0 | 2 |
| 1981 | 4 | 1 | 3 | 4 | 0 | 4 |
| 1982 | 1 | 0 | 1 | 1 | 0 | 1 |
| 1990 | 5 | 0 | 5 | 5 | 0 | 5 |
| *Total* | *14* | *2* | *12* | *14* | *1* | *13* |

The results of this analysis indicate that coding the tone of articles using abstracts and headings can be fairly precise. This is especially true using abstracts, which yields an accuracy rate of 100% in this study. The accuracy of tone coding using the *Index* may be greater than for the *Guide* since more information is provided in abstracts than in headlines.

If the articles are not initially coded correctly as addressing the issue, however, the precision of tone coding using abstracts and headings becomes less relevant. This reinforces the point that researchers should consider using full text articles when the number of data points is few. This will help increase accuracy when coding the number of articles and the tone of the articles.

## Study Implications and Final Thoughts

As discussed in Chapter 1, some members of the airport community believe that airports should be economically deregulated. That is, airports should be allowed to operate more like a business. Proponents argue that an important element of this deregulation is improved flexibility regarding PFCs, including the ability to set the amount of the charge.

This study indicates that the most effective tactic for these proponents is to focus on the proposed policy's image. A compelling image that is proposed as a solution to a national problem may increase their prospects for success. Also, locating a political entrepreneur, mobilizing key interest groups in a cohesive manner, and increasing media interest will provide enhanced opportunities for a favorable policy change. Even though a venue change is not evident in this study, attempts to change venues, if needed, may be

helpful as well. The example of Senator Kennedy's hearings on deregulation in the early 1970s shows that a venue shift can help lead to a policy change in aviation issues. This issue was initially considered outside of his committee's jurisdiction, but the hearings ultimately served to cause Congress to focus on the issue.

With the exception of a venue change, Baumgartner and Jones's punctuated equilibrium model has proven to be applicable to the PFC issue. The image issues, including the number and the tone of articles; policy entrepreneurs; and interest groups all behave as the model predicts. Even the tone of the congressional hearings shifted dramatically, as suggested by the authors. Clearly, Baumgartner and Jones have made a valuable contribution to understanding the agenda setting process. Further research, which is welcomed by the authors, should continue to refine this important model.

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# APPENDIX B

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