



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

MANAGEMENT AUDIT

**ILLINOIS DEPARTMENT OF
TRANSPORTATION'S
AERONAUTICS OPERATIONS**

JANUARY 2007

WILLIAM G. HOLLAND

AUDITOR GENERAL

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WILLIAM G. HOLLAND

*To the Legislative Audit Commission, the Speaker
and Minority Leader of the House of
Representatives, the President and Minority
Leader of the Senate, the members of the General
Assembly, and the Governor:*

This is our report of the Management Audit of the Illinois Department of Transportation's aeronautics operations.

The audit was conducted pursuant to Legislative Audit Commission Resolution Number 135, which was adopted August 10, 2005. This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit report is transmitted in conformance with Section 3-14 of the Illinois State Auditing Act.

A handwritten signature in blue ink, appearing to read "William G. Holland".

WILLIAM G. HOLLAND
Auditor General

Springfield, Illinois
January 2007

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REPORT DIGEST

MANAGEMENT AUDIT

ILLINOIS DEPARTMENT OF TRANSPORTATION'S

AERONAUTICS OPERATIONS

Released: January 2007



State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
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SYNOPSIS

Legislative Audit Commission Resolution Number 135 directed the Auditor General to conduct a management audit of the Illinois Department of Transportation's (IDOT's) aeronautics operations. Our audit concluded that:

- The amounts billed by IDOT to users of the State's aircraft were not sufficient to cover the cost of operating the State's aircraft for fiscal years 2003 – 2006. On average the amounts billed covered only 14.3 percent of the cost of operating the State's aircraft over the four-year period.
- The business rate charged to users of the State's aircraft has not been increased since 1981. If IDOT's goal was to recover its cost, IDOT would need to raise the rate charged for the executive aircraft from \$0.41 per seat-mile to \$1.85 per seat-mile. For the executive helicopters, IDOT would need to increase the amount charged from \$84.00 per seat-hour to \$1,861.50 per seat-hour.
- IDOT currently charges \$59.86 for a one-way shuttle flight between Springfield and Chicago Midway. Based on the average cost per passenger seat-mile for the four-year period, IDOT would need to charge \$270.10 for a one-way shuttle flight to cover the cost of operating the State's aircraft.
- IDOT did not include all costs of operating the State's aircraft in its cost reports.
- IDOT has not fully analyzed the cost effectiveness of its air operations and has also not analyzed the optimum fleet size needed.
- Flight requests from State agencies are not made in writing as required by statute. Passengers also are not attesting to the purpose of the flight when signing the flight manifest as required in IDOT's Air Transportation Guidelines.
- IDOT does not charge business users for any positioning legs associated with a requested flight.
- Rates charged by commercial airlines are higher than the rates charged by IDOT but lower than the actual cost incurred by IDOT to provide the service.
- The shuttle flights represented 73 percent of all executive aircraft flights during fiscal years 2003 – 2006 and averaged 5.6 passengers per flight. Special flight requests represented 25 percent of executive aircraft flights and averaged 4.0 passengers per flight.

REPORT CONCLUSIONS

The Illinois Department of Transportation's (IDOT's) Division of Aeronautics is responsible for operating the State's air transportation services program. IDOT operates a Springfield-Chicago and Chicago-Springfield shuttle service and also provides additional flight services upon request.

COST OF OPERATING THE STATE'S AIRCRAFT

The amounts billed by IDOT to users of the State's aircraft were not sufficient to cover the cost of operating the State's aircraft for fiscal years 2003 – 2006. On average the amounts billed covered only 14.3 percent of the cost of operating the State's aircraft over the four-year period. Over the four-year period, costs totaled \$19.97 million while amounts billed to users totaled \$2.85 million. Since amounts billed do not cover costs, money from other sources such as the Road Fund and the General Revenue Fund are being used to subsidize the cost of air transportation services.

The business rate charged to users of the State's aircraft has not been increased since 1981. The rate for personal and political users was last increased in 1995. IDOT lacks a system or methodology to set the rates that are charged to users. IDOT also lacks a written policy that would require a periodic examination of the rate structure to determine if rates need to be adjusted.

IDOT did not include all costs of operating the State's aircraft in its cost reports. IDOT included direct costs such as fuel, parts, outside repairs, maintenance costs, and pilot costs. IDOT did not include other direct costs such as training for pilots and mechanics, travel costs, insurance, airport fees, and depreciation. IDOT also did not include administrative costs such as management salaries, utilities, and other building costs.

IDOT officials have stated that their goal is not to recover the cost of operating the State's aircraft. However, if the goal was to recover the cost, IDOT would need to raise the rate charged for the executive aircraft from \$0.41 per seat-mile to \$1.85 per seat-mile. For the executive helicopters, IDOT would need to increase the amount charged from \$84.00 per seat-hour to \$1,861.50 per seat-hour.

IDOT has not fully analyzed the cost effectiveness of its air operations and has not examined whether alternative means exist to fulfill the travel needs of State employees. IDOT has also not analyzed the optimum fleet size needed. Periodically examining its cost effectiveness

and optimal fleet size is critical in identifying opportunities to reduce aircraft costs and in identifying inefficiencies.

USERS OF THE STATE'S AIRCRAFT

Flight requests from State agencies are not made in writing as required by statute. State statute specifies that "*All requests for air transportation shall be made in writing and shall be signed by the executive officer or employee of the office, department, or agency.*" (20 ILCS 2705/2705-225) Contrary to State statute, all flight requests are made by calling IDOT.

Passengers are not attesting to the purpose of the flight when signing the flight manifest as required in IDOT's Air Transportation Guidelines. The Guidelines require that, when signing the flight manifests, all passengers attest to the purpose of the flight. The Guidelines go on to define three categories of utilization: official State business, personal business, and political business. Passengers did not attest to the purpose of the flight in 95 percent (113 of 119) of the flights tested. In addition, not all of the passengers listed on the flight manifest signed the manifest in eight percent (9 of 119) of the flights tested.

IDOT does not charge business users for any positioning legs associated with a requested flight. These positioning legs are also referred to as "dead-head" legs, meaning that there are no passengers on board. Positioning legs add costs that are not recovered through billing the users of the State's aircraft.

The shuttle flights represented 73 percent of all executive aircraft flights during fiscal years 2003 – 2006 and averaged 5.6 passengers per flight. Special flight requests represented 25 percent of executive aircraft flights and averaged 4.0 passengers per flight. The remaining flights were air operations flights such as for maintenance and training. The top user of the State's aircraft was the Governor's Office. The top 25 users of the State's aircraft accounted for 86 percent of all amounts billed for the four-year period.

COMPARISON TO COMMERCIAL FLIGHTS

Rates charged by commercial airlines are higher than the rates charged by IDOT but lower than the actual cost incurred by IDOT to provide the service. There are currently two commercial airlines that fly between Springfield and Chicago. United Airlines flies between Springfield and Chicago O'Hare with a State rate of \$140 for a one-way capacity controlled fare and a \$204 one-way rate that is always available if seats are available. Big Sky Airlines flies between Springfield and

Chicago Midway with an introductory one-way rate of \$79 which eventually will rise to \$109.

IDOT currently charges \$59.86 for a one-way shuttle flight between Springfield and Chicago Midway. However, IDOT has not increased business rates since 1981 and the cost to provide the service is substantially higher. Based on the average cost per passenger seat-mile for the four-year period, IDOT would need to charge \$270.10 for a one-way shuttle flight to cover the cost of operating the State's aircraft.

The vast majority of flights (87%) for the executive aircraft are between Chicago and Springfield. Shuttle flights represented 73 percent (5,900 of 8,106) of all flights during fiscal years 2003 – 2006. Other special flights between Chicago and Springfield accounted for an additional 14 percent (1,157 of 8,106) of flights over the same time period. Flights to other cities that offer commercial flights accounted for only 1 percent (87 of 8,106) of all flights over the four-year period.

INTRODUCTION

On August 10, 2005, the Legislative Audit Commission adopted Legislative Audit Commission Resolution Number 135 which directs the Auditor General to conduct a management audit of the Illinois Department of Transportation's (IDOT's) aeronautics operations. The resolution specified that the audit be completed by January 2007. The resolution directs that the audit include but not be limited to the following determinations for fiscal years 2003 through 2006:

- All direct and indirect costs associated with operating the State planes;
- A categorization of the users of the State planes by flight destination, time of day and agency;
- The total reimbursements paid by State agencies for flights taken by their respective employees and a determination of whether those reimbursements were sufficient to cover costs associated with operating the State's fleet;
- A comparison of the cost paid by State employees for flights on the State plane to amounts charged by commercial airlines operating out of the same cities;
- To the extent that information is available, a determination of whether any flights were for a personal or non-official purpose; and
- Whether IDOT has analyzed the cost-effectiveness of its air operation and examined whether alternative means exist to fulfill the travel needs of State employees. (page 3)

BACKGROUND

The Illinois Department of Transportation's Division of Aeronautics is responsible for operating an air transportation services program. IDOT operates a Springfield-Chicago and Chicago-Springfield shuttle service and also provides additional flight services upon request. The shuttle operates on weekdays and offers three round trips daily. The shuttle flies between the Abraham Lincoln Capital Airport in Springfield and Midway Airport in Chicago. In addition to the shuttle service and specially requested flights, IDOT provides aerial assistance to law enforcement and disaster response agencies, aerial photography, and engineering services.

The State aircraft fleet currently consists of 16 aircraft: 4 Beechcraft King Air airplanes, 2 Sikorsky helicopters, 9 Cessna airplanes, and 1 Bell helicopter. All aircraft are based in Springfield. The Beechcraft King Air airplanes and the Sikorsky helicopters are primarily used to transport State officials. The Cessna airplanes and Bell helicopter are utility aircraft used for such functions as aerial surveys and airport inspections and also to support the Department of Natural Resources and Illinois Homeland Security. (pages 3-10)

COST OF OPERATING THE STATE'S AIRCRAFT PROGRAM

IDOT did not include all costs of operating the State's aircraft in its cost reports. IDOT included direct costs such as fuel, parts, outside repairs, maintenance costs, and pilot costs. IDOT did not include other direct costs such as training for pilots and mechanics, travel costs, insurance, airport fees, and depreciation. IDOT also did not include administrative costs such as management salaries, utilities, and other building costs.

Federal Office of Management and Budget (OMB) Circular No. A-126 defines cost elements that should be included when accounting for the cost of aircraft. IDOT did not include all of these costs in its Cost Analysis Summary reports. Although the Circular's requirements apply specifically to federal executive agencies, the cost methodology is relevant to IDOT's aeronautics operations.

Digest Exhibit 1 shows the costs of operating the State's aircraft program. The first part of the exhibit shows the costs that IDOT included in its Cost Analysis Summary reports. The second part of the exhibit shows additional costs of the program that, according to federal OMB Circular No. A-126, should be included, and also the cost of charter

IDOT did not include all costs of operating the State's aircraft fleet in its cost reports.

flights. IDOT has started to look at incorporating these additional costs into its cost analysis.

Digest Exhibit 1 COSTS OF OPERATING THE STATE'S AIRCRAFT PROGRAM Fiscal Years 2003 – 2006 (in Thousands)				
IDOT's Costs in Cost Analysis Summary Reports				
<u>Cost Description</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
Outside Repairs	\$263.6	\$610.3	\$548.3	\$517.2
In-House Aircraft Parts	571.9	426.9	404.2	447.0
Fuel	413.8	536.1	665.7	789.0
Allocated Maintenance Costs	808.6	915.7	980.5	877.0
Allocated Pilot Costs	<u>1,272.7</u>	<u>1,101.6</u>	<u>1,111.2</u>	<u>961.6</u>
Total	<u>\$3,330.7</u>	<u>\$3,590.5</u>	<u>\$3,709.8</u>	<u>\$3,591.8</u>
Additional Costs Not Included by IDOT				
<u>Cost Description</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
Training: Pilots and Mechanics	\$ 179.1	\$ 232.4	\$ 218.9	\$ 324.9
Travel	38.4	37.2	33.3	40.6
Liability Insurance	159.2	167.2	167.2	103.1
Airport Fees	134.2	91.6	81.1	21.7
First Class Flight Physicals	2.5	2.8	2.2	3.2
Management Salaries	444.2	375.7	445.4	449.8
Support Salaries	7.1	7.2	7.5	6.3
Building Costs	69.8	66.0	54.5	110.0
Office Supplies	3.2	3.2	2.1	2.3
Charter Flights	130.6	57.2	2.5	0.0
Depreciation	<u>365.2</u>	<u>365.2</u>	<u>365.2</u>	<u>365.2</u>
Total Additional Costs	<u>\$ 1,533.5</u>	<u>\$ 1,405.6</u>	<u>\$ 1,379.8</u>	<u>\$ 1,427.1</u>
Total Cost of Operating the State's Aircraft	<u>\$ 4,864.2</u>	<u>\$ 4,996.1</u>	<u>\$ 5,089.6</u>	<u>\$ 5,018.9</u>
Source: OAG analysis of IDOT Cost Analysis Summary reports and cost data.				

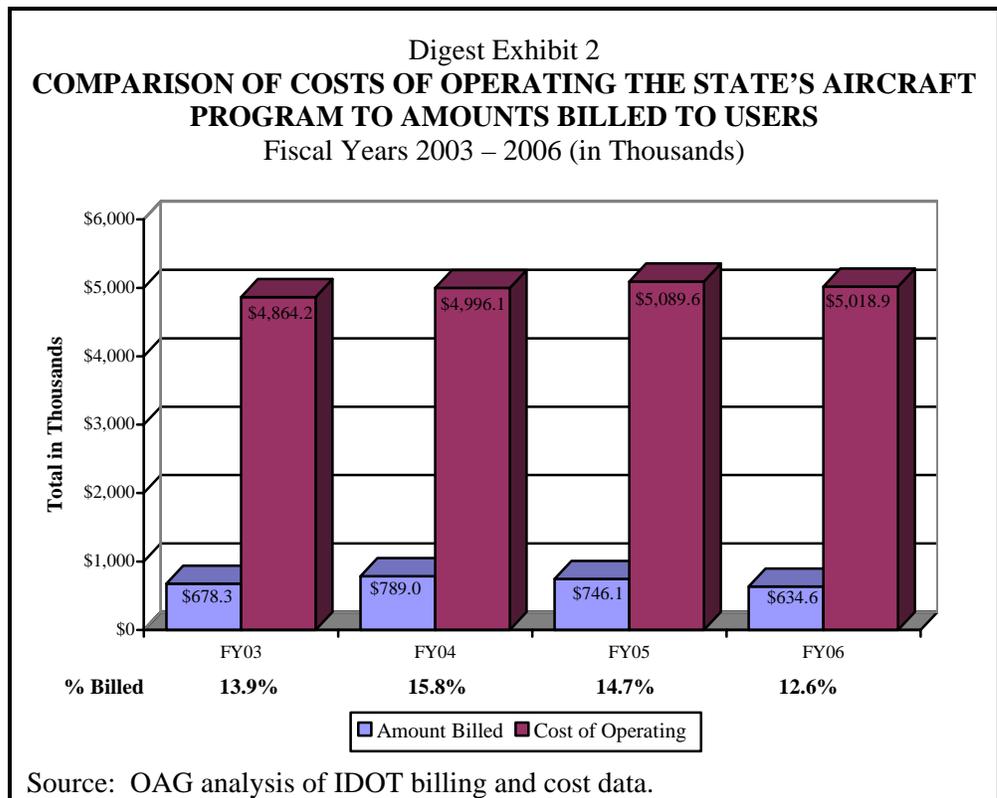
We recommended that IDOT include all direct and indirect costs when assessing the cost of the State's aircraft program and should use the costs defined in Federal OMB Circular No. A-126 as a starting point in determining all of the costs of operating the State's aircraft program. (pages 14-19)

COMPARISON OF COSTS TO AMOUNT BILLED

Amounts billed to users of the State's aircraft covered only 14.3 percent of the cost.

The amounts billed by IDOT to users of the State's aircraft were not sufficient to cover the cost of operating the State's aircraft for fiscal years 2003 – 2006. On average the amounts billed covered only 14.3 percent of the cost of operating the State's aircraft over the four-year period. Since amounts billed to users do not cover costs, money from other sources such as the Road Fund and the General Revenue Fund are being used to subsidize the cost of air transportation services.

Digest Exhibit 2 shows the amounts billed to users were not sufficient to cover the cost of operating the State's aircraft. Although the costs of operating the State's aircraft totaled \$19.97 million, users were only billed a total of \$2.85 million over the four-year period. (pages 19-20)



CURRENT RATE STRUCTURE

The business rate charged to users of the State's aircraft has not been increased since 1981. The rate for personal and political users was last increased in 1995. IDOT lacks a system or methodology to set the rates that are charged to users. IDOT also lacks a written policy that would require a periodic examination of the rate structure to determine if rates need to be adjusted.

The business rate charged to users of the State's aircraft has not been increased since 1981.

The rates charged to users are listed in IDOT's Air Transportation Guidelines. The first version of the Air Transportation Guidelines established the initial rate of \$0.25 per seat-mile for both business users and personal/political users. In 1981, the rates were increased to \$0.35 per seat-mile for both business users and personal/political users. In 1991, IDOT implemented a new computer system that utilized nautical miles as opposed to statute miles. A nautical mile is approximately 1.15 statute miles. Rates were converted from \$0.35 per statute seat-mile to \$0.41 per nautical seat-mile. The rate for personal/political users was last increased in 1995 to its current rate of \$0.75 per seat-mile.

We recommended that IDOT should develop a written policy that requires a periodic review of its rates charged to users of the State's aircraft. IDOT should also develop a methodology to set the rates charged to users and determine the costs that should be recovered. If IDOT develops a rate that does not recover the full cost of operating the State's aircraft, the full cost information should be made available so that it will make transparent the amount of subsidy involved in providing aircraft services.

Cost Per Passenger Mile of Operating the Executive Aircraft Fleet

IDOT officials have stated that their goal is not to recover the cost of operating the State's aircraft. However, if the goal was to recover the cost, IDOT would need to raise the rate charged for the executive aircraft from \$0.41 per seat-mile to \$1.85 per seat-mile. Based on the costs and passenger miles flown over the previous four fiscal years, IDOT's average cost for the four Beechcraft King Air aircraft is \$9.81 per mile. The Beechcraft King Air's seating capacity is nine passengers. Based on nine passengers, the average cost per seat-mile is \$1.09. However, since the average number of passengers carried per flight is 5.3, to recoup the total cost, an average cost per seat-mile of \$1.85 would need to be charged.

To recover costs, the rate charged would need to be increased from \$0.41 per seat-mile to \$1.85 per seat-mile.

Cost Per Passenger Hour of Operating the Executive Helicopter Fleet

To recover the cost of operating the executive helicopter fleet, IDOT would need to increase the amount charged from \$84.00 per seat-hour to \$1,861.50 per seat-hour. Based on the costs and passenger hours flown over the previous four fiscal years, IDOT's average cost for the two Sikorsky helicopters is \$6,701.42 per hour. The Sikorsky's seating capacity is six passengers. Based on six passengers, the average cost per seat-hour is \$1,116.90. However, since the average number of passengers carried per flight is 3.6, to recoup the total cost, an average cost per seat-hour of \$1,861.50 would need to be charged. (pages 20-24)

COST EFFECTIVENESS OF IDOT'S AIR OPERATIONS

IDOT has not fully analyzed the cost effectiveness of its air operations and has not examined whether alternative means exist to fulfill the travel needs of State employees. In addition, IDOT has not analyzed the optimum fleet size needed. Periodically examining its cost effectiveness and optimal fleet size is critical in identifying opportunities to reduce aircraft costs and in identifying inefficiencies.

Digest Exhibit 3 shows aircraft utilization for the Beechcraft airplanes and the Sikorsky helicopters. The exhibit shows the number of days that no aircraft were used continuing up to the number of days where all aircraft were utilized.

As illustrated in Digest Exhibit 3, in fiscal year 2006, for the four Beechcraft airplanes, there were 82 days where none were used, 90 days when one aircraft was used, 108 days when two of the aircraft were used, 74 days when three of the aircraft were used, and 11 days when all four aircraft were used. For the two Sikorsky helicopters, in fiscal year 2006, there were 288 days when neither helicopter was used, 74 days when one helicopter was used, and 3 days when both helicopters were used.

Since the shuttle flies on weekdays, the number of days where no Beechcraft aircraft were utilized represents weekends and holidays where there were no special flight requests. Also, aircraft need to be taken out of service for periods of down time throughout the year for maintenance reasons. Because of this, not all aircraft would have been available every day throughout the year.

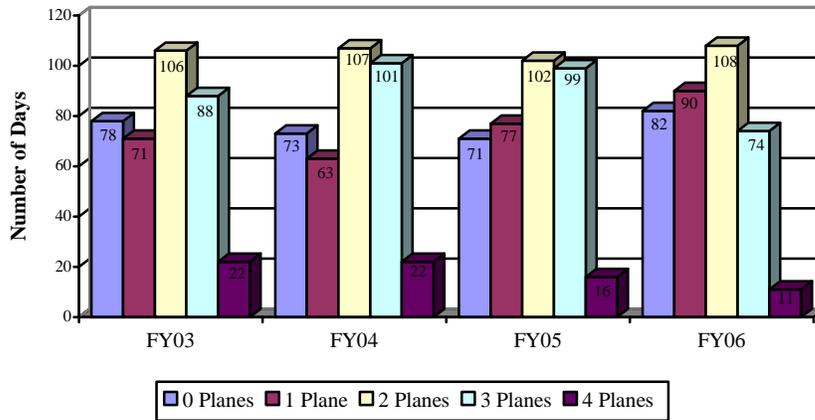
We recommended that IDOT should periodically examine the cost effectiveness of its air operations. The analysis should also determine the optimum fleet size and whether all current aircraft are needed. (pages 24-27)

IDOT has not fully analyzed the cost effectiveness of its air operations.

IDOT has not analyzed the optimum fleet size needed.

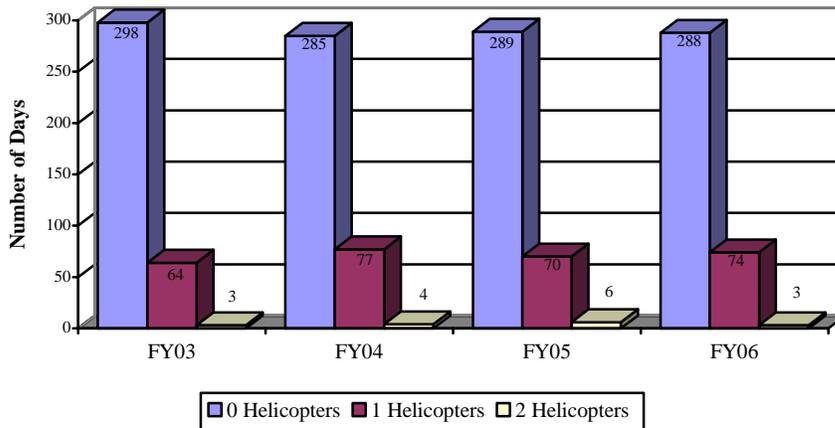
Digest Exhibit 3
EXECUTIVE AIRCRAFT UTILIZATION
 Fiscal Years 2003 – 2006

NUMBER OF DAYS AIRCRAFT IN USE
 (Beechcraft Airplanes)



Note: The number of days where no Beechcraft aircraft were utilized represents weekends and holidays where there were no special flight requests.

NUMBER OF DAYS AIRCRAFT IN USE
 (Sikorsky Helicopters)



Both Sikorsky helicopters were used on the same day only 16 times during fiscal years 2003 – 2006.

Source: OAG analysis of IDOT flight data.

PROCEDURES AT IDOT

Flight requests are not made in writing as required by statute.

Flight requests from State agencies are not made in writing as required by statute. Also, passengers are not attesting to the purpose of the flight when signing the flight manifest as required in IDOT's Air Transportation Guidelines.

Flight Scheduling Procedures

IDOT's Air Transportation Guidelines delineate the procedures used to schedule a flight. Each agency that uses the State's aircraft is to designate a permanent scheduler that will be the agency's primary contact for scheduling flights. An alternate scheduler is also selected to fill in when the permanent scheduler is not available. All flight requests are made by calling IDOT.

Contrary to State statute, all flight requests are made by calling IDOT. State statute specifies that "*All requests for air transportation shall be made in writing and shall be signed by the executive officer or employee of the office, department, or agency.*" (20 ILCS 2705/2705-225) A written request form would document proper authorization of all flights. A written request could also incorporate a statement of the purpose of the flight.

We recommended that IDOT should ensure that all flight requests are made in writing as required by statute or seek legislative change to alter the requirement.

Signing the Flight Manifest

A flight manifest listing all of the passengers is prepared prior to each flight. IDOT's Air Transportation Guidelines require each passenger to sign the flight manifest. Not all of the passengers listed on a manifest signed the flight manifest in eight percent (9 of 119) of the flights tested. This included manifests where there was no signature, manifests where the signature was initialed indicating someone else had signed for the passenger, and manifests where another passenger signed their own name next to another passenger.

Indicating the Purpose of the Flight

Passengers are not attesting to the purpose of the flight when signing the flight manifest as required in IDOT's Air Transportation Guidelines. IDOT's Air Transportation Guidelines require that, when signing the flight manifests, all passengers attest to the purpose of the flight. The Guidelines go on to define three categories of utilization: official State business, personal business, and political business.

Although the Guidelines require all passengers to identify and attest to the purpose of the flight, we determined that for 95 percent (113 of 119) of flights tested, the passengers did not designate whether the flight was for business, personal, or political purposes. These manifests did not include a section on the form for designating the purpose of the flight. By having passengers attest to the purpose of the flight when signing the manifest, the proper use of the State's aircraft is reaffirmed. Not having passengers attest to the purpose of the flight could result in improper use of the State plane or in users being charged the incorrect rate.

We recommended that IDOT should ensure that all passengers sign the flight manifest and attest to the purpose of the flight when signing the flight manifest, as required in its Air Transportation Guidelines.

Positioning Legs

IDOT does not charge business users for any positioning legs associated with a requested flight. For some flight requests, the aircraft must be flown to the requested location and then returned to its home base at the end of the flight. These positioning legs are also referred to as "dead-head" legs, meaning that there are no passengers on board.

Positioning legs add costs that are not recovered through billing the users of the State's aircraft. For instance, if a special flight is requested to fly passengers from Chicago to Springfield and the aircraft is located in Springfield, passengers are not billed for the mileage associated with flying the empty aircraft to Chicago to pick them up.

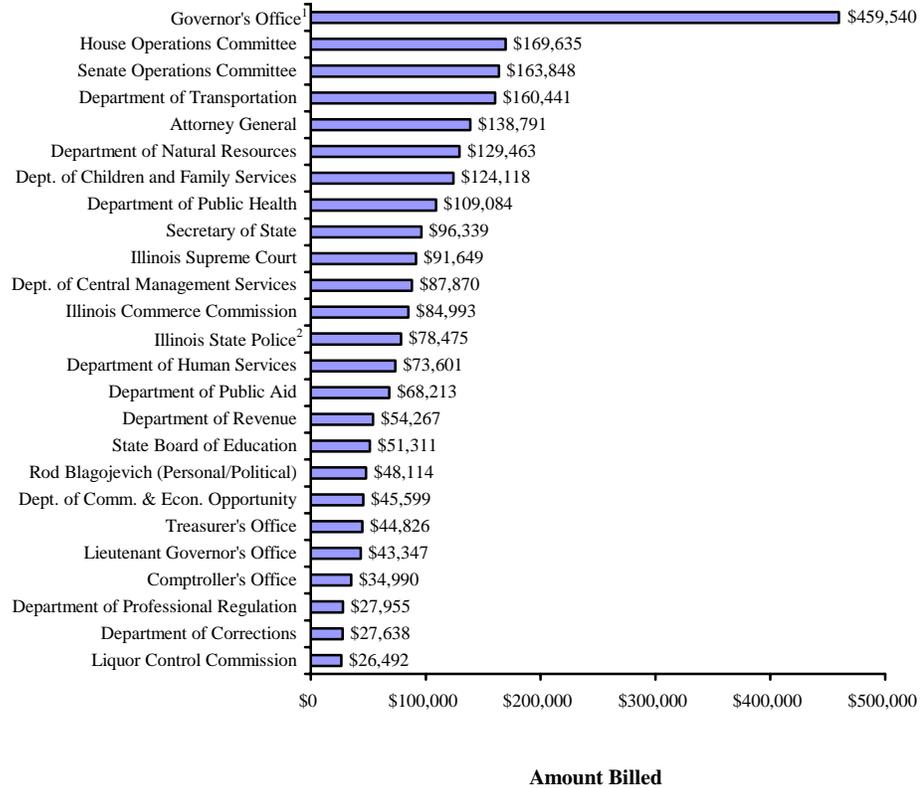
We recommended that IDOT should consider charging business users for positioning legs required to accommodate flight requests. (pages 30-35)

Positioning legs add costs that are not recovered through billing the users of the State's aircraft.

USERS OF THE STATE'S AIRCRAFT

Digest Exhibit 4 lists the top 25 users of the State's aircraft based on billings for fiscal years 2003 – 2006. These 25 entities represented 86 percent of all amounts billed for the four-year period. The Governor's Office was the top user representing 16.1 percent of the total amount billed which was more than twice the amount of the second highest entity.

Digest Exhibit 4
TOP 25 USERS OF THE STATE'S AIRCRAFT
BASED ON TOTAL BILLINGS
 Fiscal Years 2003 – 2006



Notes: ¹The Governor's Office includes the Governor's Office of Management and Budget (\$104,219).
²Illinois State Police includes the Executive Security Detail (\$76,173).

Source: OAG analysis of IDOT billings.

The flight data included a reason column that indicated the category of aircraft utilization for each user. IDOT's Air Transportation Guidelines define three categories of aircraft utilization: official State business, personal business, and political business. Digest Exhibit 5 shows a categorization of users of the State's aircraft for fiscal years 2003 – 2006. The 'Other' category consisted mainly of EMS helicopter flights which have since been discontinued. During the four-year period, 45,180 passengers used the State's aircraft. Of those 45,180 passengers, 44,771 (99%) were categorized as official State business.

Digest Exhibit 5
**FLIGHT CATEGORIES OF INDIVIDUAL USERS
 OF THE STATE'S AIRCRAFT**
 Fiscal Years 2003 – 2006

Category	FY03	FY04	FY05	FY06	Total
Official State Business	10,846	12,131	11,599	10,195	44,771
Political Business	33	64	41	20	158
Personal Business	37	23	64	19	143
Other ¹	105	3	-	-	108
Total	11,021	12,221	11,704	10,234	45,180

Note: ¹Consisted mainly of EMS helicopter flights which have since been discontinued.

Source: OAG analysis of IDOT flight data.

IDOT operates a Springfield-Chicago and Chicago-Springfield shuttle service that operates on weekdays and offers three round trips daily. The shuttle flights represented 73 percent (5,900 of 8,106) of all executive aircraft flights over the four-year period and averaged 5.6 passengers per flight.

In addition to operating the shuttle flights, IDOT responds to various special flight requests. During fiscal years 2003 – 2006, State executive aircraft were used for 1,988 special flights which represent 25 percent of all executive aircraft flights. Special flights averaged 4.0 passengers per flight over the four-year period. The remaining flights were air operations flights such as for maintenance and training. (pages 35-43)

COMPARISON TO COMMERCIAL FLIGHTS

The vast majority of flights (87%) for the executive aircraft are between Chicago and Springfield. Shuttle flights represented 73 percent (5,900 of 8,106) of all flights during fiscal years 2003 – 2006. Other special flights between Chicago and Springfield accounted for an additional 14 percent (1,157 of 8,106) of flights over the same time period. Flights to other cities that offer commercial flights were limited. Flights to other cities that offer commercial flights accounted for only 1 percent (87 of 8,106) of all flights during fiscal years 2003- 2006.

**87 percent of all flights
 were between Chicago
 and Springfield.**

Rates charged by commercial airlines are higher than the rates charged by IDOT but lower than the actual cost incurred by IDOT.

Rates charged by commercial airlines are higher than the rates charged by IDOT but lower than the actual cost incurred by IDOT to provide the service. Digest Exhibit 6 compares the rates charged and the cost to provide the service. There are currently two commercial airlines that fly between Springfield and Chicago. United Airlines flies between Springfield and Chicago O'Hare with a State rate of \$140 for a one-way capacity controlled fare and a \$204 one-way rate that is always available if seats are available. Big Sky Airlines flies between Springfield and Chicago Midway with an introductory one-way rate of \$79 which eventually will rise to \$109.

Digest Exhibit 6 COMPARISON OF RATES One-Way Flights	
United Airlines – Springfield to O'Hare	\$140 capacity controlled \$204 always available if seats are available
Big Sky Airlines – Springfield to Midway	\$79 introductory rate \$109 normal rate
IDOT rate – Springfield to Midway	\$59.86
IDOT rate needed to recover cost – Springfield to Midway	\$270.10
Source: CMS Travel Updates and OAG analysis of IDOT cost information and flight data.	

IDOT currently charges \$59.86 for a one-way shuttle flight between Springfield and Chicago Midway. Based on the average cost per passenger seat-mile for the four-year period, IDOT would need to charge \$270.10 for a one-way shuttle flight to cover the cost of operating the State's aircraft. (pages 45-49)

AUDIT RECOMMENDATIONS

The audit report contains six recommendations. The Illinois Department of Transportation generally agreed with the recommendations. Appendix E of the audit report contains the Department's complete responses.

WILLIAM G. HOLLAND
Auditor General

WGH\DJB
January 2007

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Chapter One

INTRODUCTION AND BACKGROUND

REPORT CONCLUSIONS

The Illinois Department of Transportation's (IDOT's) Division of Aeronautics is responsible for operating the State's air transportation services program. IDOT operates a Springfield-Chicago and Chicago-Springfield shuttle service and also provides additional flight services upon request.

COST OF OPERATING THE STATE'S AIRCRAFT

The amounts billed by IDOT to users of the State's aircraft were not sufficient to cover the cost of operating the State's aircraft for fiscal years 2003 – 2006. On average the amounts billed covered only 14.3 percent of the cost of operating the State's aircraft over the four-year period. Over the four-year period, costs totaled \$19.97 million while amounts billed to users totaled \$2.85 million. Since amounts billed do not cover costs, money from other sources such as the Road Fund and the General Revenue Fund are being used to subsidize the cost of air transportation services.

The business rate charged to users of the State's aircraft has not been increased since 1981. The rate for personal and political users was last increased in 1995. IDOT lacks a system or methodology to set the rates that are charged to users. IDOT also lacks a written policy that would require a periodic examination of the rate structure to determine if rates need to be adjusted.

IDOT did not include all costs of operating the State's aircraft in its cost reports. IDOT included direct costs such as fuel, parts, outside repairs, maintenance costs, and pilot costs. IDOT did not include other direct costs such as training for pilots and mechanics, travel costs, insurance, airport fees, and depreciation. IDOT also did not include administrative costs such as management salaries, utilities, and other building costs.

IDOT officials have stated that their goal is not to recover the cost of operating the State's aircraft. However, if the goal was to recover the cost, IDOT would need to raise the rate charged for the executive aircraft from \$0.41 per seat-mile to \$1.85 per seat-mile. For the executive helicopters, IDOT would need to increase the amount charged from \$84.00 per seat-hour to \$1,861.50 per seat-hour.

IDOT has not fully analyzed the cost effectiveness of its air operations and has not examined whether alternative means exist to fulfill the travel needs of State employees. IDOT has also not analyzed the optimum fleet size needed. Periodically examining its cost effectiveness and optimal fleet size is critical in identifying opportunities to reduce aircraft costs and in identifying inefficiencies.

USERS OF THE STATE’S AIRCRAFT

Flight requests from State agencies are not made in writing as required by statute. State statute specifies that “*All requests for air transportation shall be made in writing and shall be signed by the executive officer or employee of the office, department, or agency.*” (20 ILCS 2705/2705-225) Contrary to State statute, all flight requests are made by calling IDOT.

Passengers are not attesting to the purpose of the flight when signing the flight manifest as required in IDOT’s Air Transportation Guidelines. The Guidelines require that, when signing the flight manifests, all passengers attest to the purpose of the flight. The Guidelines go on to define three categories of utilization: official State business, personal business, and political business. Passengers did not attest to the purpose of the flight in 95 percent (113 of 119) of the flights tested. In addition, not all of the passengers listed on the flight manifest signed the manifest in eight percent (9 of 119) of the flights tested.

IDOT does not charge business users for any positioning legs associated with a requested flight. These positioning legs are also referred to as “dead-head” legs, meaning that there are no passengers on board. Positioning legs add costs that are not recovered through billing the users of the State’s aircraft.

The shuttle flights represented 73 percent of all executive aircraft flights during fiscal years 2003 – 2006 and averaged 5.6 passengers per flight. Special flight requests represented 25 percent of executive aircraft flights and averaged 4.0 passengers per flight. The remaining flights were air operations flights such as for maintenance and training. The top user of the State’s aircraft was the Governor’s Office. The top 25 users of the State’s aircraft accounted for 86 percent of all amounts billed for the four-year period.

COMPARISON TO COMMERCIAL FLIGHTS

Rates charged by commercial airlines are higher than the rates charged by IDOT but lower than the actual cost incurred by IDOT to provide the service. There are currently two commercial airlines that fly between Springfield and Chicago. United Airlines flies between Springfield and Chicago O’Hare with a State rate of \$140 for a one-way capacity controlled fare and a \$204 one-way rate that is always available if seats are available. Big Sky Airlines flies between Springfield and Chicago Midway with an introductory one-way rate of \$79 which eventually will rise to \$109.

IDOT currently charges \$59.86 for a one-way shuttle flight between Springfield and Chicago Midway. However, IDOT has not increased business rates since 1981 and the cost to provide the service is substantially higher. Based on the average cost per passenger seat-mile for the four-year period, IDOT would need to charge \$270.10 for a one-way shuttle flight to cover the cost of operating the State’s aircraft.

The vast majority of flights (87%) for the executive aircraft are between Chicago and Springfield. Shuttle flights represented 73 percent (5,900 of 8,106) of all flights during fiscal years 2003 – 2006. Other special flights between Chicago and Springfield accounted for an additional 14 percent (1,157 of 8,106) of flights over the same time period. Flights to other cities that offer commercial flights accounted for only 1 percent (87 of 8,106) of all flights over the four-year period.

INTRODUCTION

On August 10, 2005, the Legislative Audit Commission adopted LAC Resolution Number 135 which directs the Auditor General to conduct a management audit of the Illinois Department of Transportation's (IDOT's) aeronautics operations (See Appendix A). The resolution specified that the audit be completed by January 2007. The resolution directs that the audit include but not be limited to the following determinations for fiscal years 2003 through 2006:

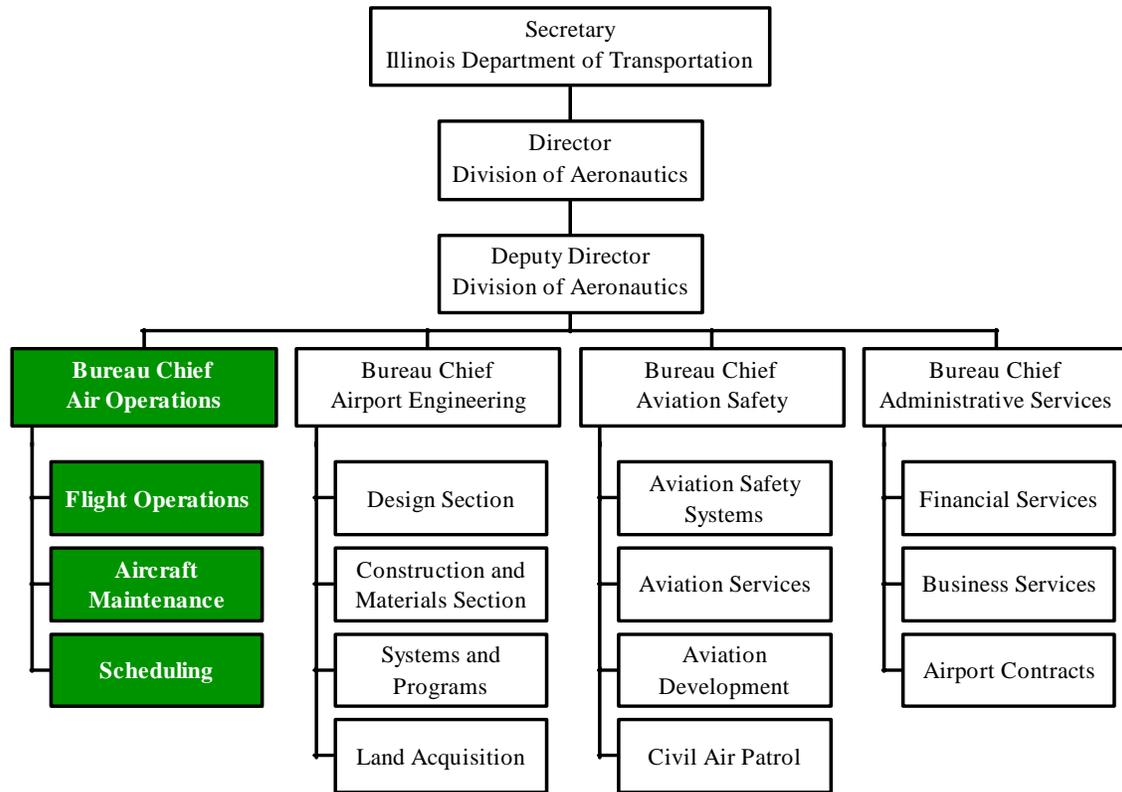
- All direct and indirect costs associated with operating the State planes;
- A categorization of the users of the State planes by flight destination, time of day and agency;
- The total reimbursements paid by State agencies for flights taken by their respective employees and a determination of whether those reimbursements were sufficient to cover costs associated with operating the State's fleet;
- A comparison of the cost paid by State employees for flights on the State plane to amounts charged by commercial airlines operating out of the same cities;
- To the extent that information is available, a determination of whether any flights were for a personal or non-official purpose; and
- Whether IDOT has analyzed the cost-effectiveness of its air operation and examined whether alternative means exist to fulfill the travel needs of State employees.

BACKGROUND

The Illinois Department of Transportation's Division of Aeronautics is responsible for operating an air transportation services program. IDOT operates a Springfield-Chicago and Chicago-Springfield shuttle service and also provides additional flight services upon request. The shuttle operates on weekdays and offers three round trips daily. The shuttle flies between the Abraham Lincoln Capital Airport in Springfield and Midway Airport in Chicago. In addition to the shuttle service and specially requested flights, IDOT provides aerial assistance to law enforcement and disaster response agencies, aerial photography, and engineering services.

It is the mission of the Division of Aeronautics to be responsible for coordinating and implementing programs concerning air safety, airport construction, and other aeronautical related issues in Illinois. The Division operates four bureaus in support of its mission: Air Operations, Airport Engineering, Aviation Safety, and Administrative Services. Exhibit 1-1 presents an organizational chart for the four bureaus in the Division of Aeronautics.

**Exhibit 1-1
DIVISION OF AERONAUTICS ORGANIZATIONAL CHART**



Source: OAG summary of IDOT organizational chart.

The Bureau of Air Operations is the bureau responsible for operating and maintaining the air transportation services program. There are a total of 34 employees within this bureau with 15 employees in the Flight Operations Section, 17 employees in the Aircraft Maintenance Section, and 2 employees in the Scheduling Section. The Flight Operations Section coordinates all requests for air transportation and provides air transportation to staff of the offices, departments, agencies and commissions of State government. The Aircraft Maintenance Section administers all phases of the aircraft maintenance program, including quality control programs, aircraft parts purchasing and inventory, and the scheduled and unscheduled maintenance and repair of rotary-wing and fixed-wing aircraft. The Scheduling Section receives requests for flights and schedules passengers on the flights.

STATUTES AND RULES

IDOT's authority to provide air transportation services is outlined in State statute (20 ILCS 2705/2705-225). The statute states in its entirety:

Air transportation for State officers and employees. The Department may provide air transportation for officers and employees of the offices, departments, and agencies of the State government and charge the office, department, or agency for that transportation. Charges for the transportation shall not exceed the expenses incurred and costs involved in providing air transportation and may include expenses for equipment, personnel, and operational expenses.

All requests for air transportation shall be made in writing and shall be signed by the executive officer or employee of the office, department, or agency.

Except as provided herein, all requests shall be filled in the following priority: (1) the Governor, (2) the Lieutenant Governor, (3) the legislative leaders of the General Assembly, specifically, the President and minority leader of the Senate and the Speaker and minority leader of the House of Representatives, (4) the Judges of the Supreme Court, (5) the Attorney General, (6) the Secretary of State, (7) the Comptroller, (8) the Treasurer, (9) other members of the General Assembly; and thereafter as provided by the Department.

The State Finance Act (30 ILCS 105/6m) specifies that fees received by IDOT from any officer, department, or agency of the State for providing air transportation services are to be deposited into the Air Transportation Revolving Fund. The moneys in this fund shall be used only for equipment, personnel, operational expenses, and such other expenses as may be incidental to providing air transportation services.

There are no applicable administrative rules relevant to providing air transportation services. However, IDOT does have internal policies called the Air Transportation Guidelines, which govern the use of the State's aircraft.

AIR TRANSPORTATION GUIDELINES

The Air Transportation Guidelines govern the use of the State's aircraft for air transportation services. The Guidelines state that they are intended to promote equitable, consistent, efficient administration and insure full disclosure and complete accountability regarding the air fleet utilization. The Guidelines were initially established effective July 1, 1979. The Guidelines currently in effect are labeled Revision 3 and dated January 9, 2003.

The Guidelines define different categories of aircraft use and set the rates to be charged for usage. The Guidelines also state that each using agency or organization has the responsibility of assuring that all flight requests are properly authorized and justified. The complete Guidelines are included as Appendix C.

Categories of Aircraft Utilization

The Air Transportation Guidelines contain three definitions that set forth the categories of aircraft utilization. The Guidelines state that all passengers must identify and attest to the purpose of the flight by signing the aircraft manifest when using the State’s aircraft. The manifest is prepared prior to the flight and taken aboard the aircraft by the pilot. The definitions are as follows:

Official State Business is defined as travel via State aircraft in an official capacity to conduct the business of the State of Illinois. This is limited to the elected constitutional officers of the executive branch; the leaders of the General Assembly; members of the General Assembly; Judges of the Supreme Court; other elected State officials; officers and employees of other government entities; and other individuals traveling for a State agency for State purposes. All travel requests are to be filled in accordance with Executive Order Number 8, which establishes a priority for air transportation requests. (See Exhibit 1-2)

All travel by the Governor and Lieutenant Governor within the State of Illinois, other than for political purposes, is deemed as official State business unless otherwise designated by them as personal travel. Since the Illinois Constitution requires executive branch statewide elected officers to maintain a residence at the seat of government during their terms of office, these officers may travel via State aircraft between their permanent residence and their constitutionally required residence as part of official State business.

Personal Business is defined as travel via State aircraft to conduct affairs of a personal nature. Personal business may only be scheduled by the elected constitutional officers of the executive branch and the leaders of the General Assembly. Personal users are charged for the costs of flights in accordance with the current rate structure and billing procedures.

<p>Exhibit 1-2 EXECUTIVE ORDER NUMBER 8 AIR TRANSPORTATION PRIORITY SCHEDULE Established in 1985</p>
<p>Executive Order Number 8 requires air transportation requests to be filled by IDOT in the following order:</p> <ol style="list-style-type: none"> 1. Governor; 2. Lieutenant Governor; 3. Four Legislative Leaders of the General Assembly; 4. Judges of the Supreme Court; 5. The Attorney General; 6. Secretary of State; 7. Comptroller; 8. Treasurer; 9. Remaining General Assembly Members; 10. Governor’s Chief of Staff and the Chiefs of Staff of the Four Legislative Leaders; 11. Senior Staff of the Office of the Governor; 12. Directors of the Departments and Agencies of the Executive Branch of the State Government; 13. Chief of Staff of each of the above elected officers; 14. Remaining Office of the Governor Staff; 15. Assistant and Deputy Directors and Division Chiefs of the Departments, Agencies, and Officials; and 16. Remaining Staffs and Employees of the Departments, Agencies, and Officials.
<p>Source: OAG prepared based on Executive Order Number 8.</p>

Political Business is defined as travel via State aircraft to conduct affairs of a political nature. Political use is limited to the elected constitutional officers of the executive branch and the leaders of the General Assembly. Political users are charged for the costs of flights in accordance with the current rate structure and billing procedures.

Rate Structure and Billing

All users of executive air transportation are charged based on the purpose of the flight (official State business; personal; political) and the applicable aircraft rate schedule. (See Exhibit 1-3) Charges are billed to each using entity on a monthly basis by the 15th of the following month. The invoice identifies the date of the flight; aircraft number; flight identification; passenger’s name; passenger’s point of origin and destination; and the respective charges.

Official State Business - Charges for trips designated as official State business are as follows:

- (1) **Fixed Wing Aircraft**: Charges are computed by multiplying the actual air mileage (nautical miles) of the requested routing multiplied by the applicable seat-mile rate.
- (2) **Helicopter**: Charges are computed by multiplying the flight time by the hourly rate.

Personal or Political Business - Charges for trips designated as personal or political business are as follows:

- (1) Exclusive Use (Round Trip):
 - a. **Executive Fixed Wing Aircraft**: Charges are computed by multiplying the actual round trip air mileage (nautical miles) by the appropriate plane mile rate. The individual is charged for the entire round trip of the aircraft (including return to base).
 - b. **Helicopter**: Charges are computed by multiplying the flight time by the hourly rate. The individual is charged for the entire round trip of the aircraft (including return to base).
- (2) Mixed Use: Utilization of an aircraft for both official State business and personal/political business on the same legs is considered mixed use. The State business user pays at the business rate and the personal/political user pays at the personal/political mixed use rate for the shared legs.

Exhibit 1-3 CURRENT AIR FLEET RATES Effective September 1, 1995			
Executive Aircraft	Seats	State Business Rate	Personal/Political Rate
Fixed Wing Fleet	9	\$0.41/seat-mile	Mixed Use: \$0.75/seat-mile Exclusive Use: \$6.00/plane-mile
Helicopter Fleet	6	\$84.00/seat-hour	Mixed Use: \$84.00/seat-hour Exclusive Use: \$504.00/hour
Source: OAG prepared based on the Air Transportation Guidelines.			

Other General Guidelines

The Air Transportation Guidelines contain additional general requirements to govern the use of the State’s aircraft for air transportation services. Examples include:

- Spouses of elected constitutional officers of the executive branch and the leaders of the General Assembly shall maintain the status and passenger priority equal to that of their respective husband/wife for scheduling and billing purposes;
- Each agency or organization that utilizes the State’s aircraft must designate an individual as the air transportation permanent scheduler and a second individual as a back-up or alternate scheduler. The scheduler is responsible for arranging flights, forwarding alternations or cancellations, maintaining records and keeping the alternate scheduler apprised on the system’s operation; and
- All flight requests are made to the Bureau of Air Operations and should be received no later than the morning of the day preceding the date of travel. If a passenger fails to arrive for a confirmed flight, without properly canceling, the user agency will be billed as a no-show for the reserved seat.

EXPENDITURES

Expenditures and headcount for the Division of Aeronautics have generally decreased from fiscal year 2003 to fiscal year 2006. As Exhibit 1-4 shows, the bulk of expenditures come from the Road Fund and the General Revenue Fund. As discussed previously, fees received by IDOT for providing air transportation services are deposited into the Air Transportation Revolving Fund. Exhibit 1-4 shows expenditures for the entire Division of Aeronautics. The costs of operating the State aircraft fleet are discussed in more detail in Chapter Two.

Exhibit 1-4
DIVISION OF AERONAUTICS
HEADCOUNT AND EXPENDITURES BY FUND
 Fiscal Years 2003 to 2006 (expenditures in thousands)

	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
Full-Time Headcount ¹	71	75	65	65
Road Fund				
Personal Services	\$5,447.9	\$4,542.9	\$4,092.4	\$4,198.2
Retirement Pickup	198.7	114.8	4.5	27.7
Retirement	562.6	611.5	646.6	328.1
Social Security	396.5	339.4	299.8	314.2
Contractual Services	1,737.5	2,120.9	1,821.5	1825.2
Travel	74.2	77.0	57.0	78.4
Commodities	424.1	298.4	709.1	592.4
Equipment	152.2	85.3	57.9	101.5
Cars and Trucks	35.8	0.0	0.0	0.0
Telecommunications	68.4	75.5	58.6	256.6
Operation of Auto	<u>15.0</u>	<u>18.4</u>	<u>15.3</u>	<u>27.4</u>
Total Road Fund	\$9,112.9	\$8,284.1	\$7,762.7	\$7,749.7
General Revenue Fund				
Travel	\$173.3	\$187.7	\$187.8	\$146.9
Equipment	<u>3,080.2</u>	<u>2,104.8</u>	<u>2,104.8</u>	<u>2,104.8</u>
Total General Revenue Fund	\$3,253.5	\$2,292.5	\$2,292.6	\$2,251.7
Air Transportation Revolving Fund				
Contractual Services	\$555.2	\$701.7	\$574.8	\$692.7
Aeronautics Fund				
Commodities	\$50.4	\$289.1	\$23.9	\$286.8
TOTAL	<u>\$12,972.0</u>	<u>\$11,567.4</u>	<u>\$10,654.0</u>	<u>\$10,980.9</u>
Note: ¹ Full-time Headcount is from final headcount reports as of June 30 th for each fiscal year.				
Source: OAG prepared based on information provided by the Division of Aeronautics.				

FLEET DESCRIPTION

The State aircraft fleet currently consists of 16 aircraft: 4 Beechcraft King Air airplanes, 2 Sikorsky helicopters, 9 Cessna airplanes, and 1 Bell helicopter. All aircraft are based in Springfield. The Beechcraft King Air airplanes and the Sikorsky helicopters are primarily used to transport State officials. The Cessna airplanes and Bell helicopter are utility aircraft used for

such functions as aerial surveys and airport inspections and also to support the Department of Natural Resources and Illinois Homeland Security. Exhibit 1-5 shows information about each of the State’s aircraft.

Exhibit 1-5 STATE AIRCRAFT FLEET								
Type	Model	Year	Date Acquired	Purchase Price	Actual Seating	Flight Hours		
						FY04	FY05	FY06
<u>Executive Aircraft</u>								
Beechcraft	KA 350	1996	Sep-96	\$4,090,000	9	409.5	420.5	387.6
Beechcraft	KA 350	1999	Feb-00	\$4,959,610	9	527.2	472.9	396.5
Beechcraft	KA 350	1999	Mar-00	\$4,544,610	9	502.4	468.1	394.9
Beechcraft	KA 350	1999	Mar-00	\$4,069,610	9	480.3	461.8	393.4
Sikorsky (Helicopter)	S-76B	1986	Jun-86	\$3,987,807	6	76.7	78.0	82.5
Sikorsky (Helicopter)	S-76B	1991	Dec-00	\$3,300,000	6	129.4	104.8	120.0
<u>Utility Aircraft</u>								
Cessna	337	1979	Jul-84	\$153,409	4	156.2	145.1	132.5
Cessna	182	1975	Jul-75	\$42,160	3	84.6	30.4	40.8
Cessna	182	1978	Feb-78	\$50,781	3	143.2	112.5	93.9
Cessna	182	1978	Feb-78	\$47,766	3	92.2	106.4	63.4
Cessna	182	1978	Oct-78	\$44,917	3	143.2	101.9	66.2
Cessna	210	1967	Jun-67	\$34,103	5	167.9	128.9	135.6
Cessna	210	1979	Jul-84	\$103,381	5	228.0	136.2	82.9
Cessna	206	1976	Jul-75	\$51,178	5	119.7	147.0	132.4
Cessna (Photo)	206	1986	Jul-93	\$599,877	1	316.2	190.2	350.6
Bell (Helicopter)	206L-3	1986	Feb-86	\$890,755	6	96.3	118.2	226.1

Source: IDOT Division of Aeronautics.

AUDIT SCOPE AND METHODOLOGY

This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit objectives for this management audit were those as delineated in Legislative Audit Commission Resolution Number 135 (see Appendix A), which directs the Auditor General to conduct a management audit of the Illinois Department of Transportation’s aeronautics operations. The audit objectives are listed in the Introduction section of Chapter One. Fieldwork for this audit was conducted between August and October 2006.

In conducting the audit, we reviewed applicable State and federal statutes and rules. We reviewed compliance with those laws to the extent necessary to meet the audit’s objectives. Any instances of non-compliance we identified are noted in this report.

We also reviewed management controls and assessed risk related to the audit’s objectives. A risk assessment was conducted to identify areas that needed closer examination. Any significant weaknesses in those controls are included in this report.

We interviewed representatives from IDOT’s Division of Aeronautics. We reviewed a judgmental sample of 120 flight manifests from fiscal years 2003 – 2006. Flights were selected for a variety of reasons including: flights with only one passenger, flights on weekends, flights for the highest users, regular shuttle flights and specially requested flights, flights out of state, and flights that had both political/personal and business users.

We examined flight information from IDOT’s computer system for all flights during fiscal years 2003 – 2006. We also examined cost information for all direct and indirect costs associated with operating the State’s aircraft.

We surveyed a sample of users of the State’s aircraft. A random sample of 60 passengers was selected from flights during fiscal years 2003 – 2006. The users billed for those passengers were sent a survey that inquired about their practices related to use of the State’s aircraft. A complete list of the entities surveyed and those that responded is included in Appendix B.

REPORT ORGANIZATION

The remainder of this report is organized into the following chapters:

- Chapter Two – Cost of Operating the State’s Aircraft
- Chapter Three – Users of the State’s Aircraft
- Chapter Four – Comparison to Commercial Flights

Chapter Two

COST OF OPERATING THE STATE'S AIRCRAFT

CHAPTER CONCLUSIONS

The amounts billed by the Illinois Department of Transportation (IDOT) to users of the State's aircraft were not sufficient to cover the cost of operating the State's aircraft for fiscal years 2003 – 2006. On average the amounts billed covered only 14.3 percent of the cost of operating the State's aircraft over the four-year period. Over the four-year period, costs totaled \$19.97 million while amounts billed to users totaled \$2.85 million. Since amounts billed do not cover costs, money from other sources such as the Road Fund and the General Revenue Fund are being used to subsidize the cost of air transportation services.

The business rate charged to users of the State's aircraft has not been increased since 1981. The rate for personal and political users was last increased in 1995. IDOT lacks a system or methodology to set the rates that are charged to users. IDOT also lacks a written policy that would require a periodic examination of the rate structure to determine if rates need to be adjusted.

IDOT did not include all costs of operating the State's aircraft in its cost reports. IDOT included direct costs such as fuel, parts, outside repairs, maintenance costs, and pilot costs. IDOT did not include other direct costs such as training for pilots and mechanics, travel costs, insurance, airport fees, and depreciation. IDOT also did not include administrative costs such as management salaries, utilities, and other building costs.

IDOT officials have stated that their goal is not to recover the cost of operating the State's aircraft. However, if the goal was to recover the cost, IDOT would need to raise the rate charged for the executive aircraft from \$0.41 per seat-mile to \$1.85 per seat-mile. For the executive helicopters, IDOT would need to increase the amount charged from \$84.00 per seat-hour to \$1,861.50 per seat-hour.

IDOT has not fully analyzed the cost effectiveness of its air operations and has not examined whether alternative means exist to fulfill the travel needs of State employees. IDOT has also not analyzed the optimum fleet size needed. Periodically examining its cost effectiveness and optimal fleet size is critical in identifying opportunities to reduce aircraft costs and in identifying inefficiencies.

AMOUNTS BILLED TO USERS OF THE STATE'S AIRCRAFT

Entities that use the State's aircraft are billed for usage based on rates established in IDOT's Air Transportation Guidelines. As discussed in Chapter One, all users of executive air transportation are charged based on the purpose of the flight (official State business; personal; political) and the applicable aircraft rate schedule. Exhibit 2-1 shows the current rate schedule.

Exhibit 2-1 CURRENT AIR FLEET RATES Effective September 1, 1995			
Executive Aircraft	Seats	State Business Rate	Personal/Political Rate
Fixed Wing Fleet	9	\$0.41/seat-mile	Mixed Use: \$0.75/seat-mile Exclusive Use: \$6.00/plane-mile
Helicopter Fleet	6	\$84.00/seat-hour	Mixed Use: \$84.00/seat-hour Exclusive Use: \$504.00/hour

Source: OAG analysis of IDOT’s Air Transportation Guidelines.

For example, for the shuttle flights from Springfield to Midway Airport, business users are billed \$0.41 per mile. The flight is 146 nautical miles so each passenger is billed \$59.86 for each leg of the shuttle flights. IDOT bills based on nautical miles which is approximately 1.15 statute miles. A personal or political passenger would be billed \$0.75 per mile or \$109.50 per leg. For helicopter flights, users are billed based on the hours flown as opposed to the miles flown. For example, if an agency used a Sikorsky helicopter to fly from Springfield to Chicago and the flight took 1 hour and 15 minutes, each passenger would be billed \$105 (\$84 x 1.25 hours).

For business users, the rate charged is the same per passenger whether the aircraft is at full capacity or if just one person is flying. For example, if an agency requested a plane to fly from Chicago Midway to Carbondale and back to Chicago Midway, each passenger would be billed \$205 (500 miles x \$0.41) regardless of the number of passengers. For personal/political users, if the entire flight is for personal or political purposes, the flight is billed \$6.00 per mile. Using the previous example, the billing for a personal/political flight would have been \$3,000 (500 miles x \$6.00) no matter how many passengers were flying. If a flight has a mix of business and personal/political passengers, each passenger is billed the applicable rate. For the previous example, the business users would be billed \$205 (500 miles x \$0.41) and the personal/political users would be billed \$375 (500 miles x \$0.75).

Exhibit 2-2 shows the amounts billed to users of the State’s aircraft for fiscal years 2003 – 2006. Amounts billed peaked in fiscal year 2004 at nearly \$789,000. The amounts billed in fiscal year 2006 fell to about \$635,000 indicating reduced usage of the State’s aircraft.

Exhibit 2-2 AMOUNTS BILLED TO USERS OF THE STATE’S AIRCRAFT Fiscal Years 2003 – 2006	
Fiscal Year	Amount Billed
2003	\$ 678,279.92
2004	\$ 788,974.56
2005	\$ 746,092.94
2006	\$ 634,580.14

Source: IDOT billing reports.

COST OF OPERATING THE STATE’S AIRCRAFT PROGRAM

IDOT did not include all costs of operating the State’s aircraft in its cost reports. IDOT included direct costs such as fuel, parts, outside repairs, maintenance costs, and pilot costs. IDOT did not include other direct costs such as training for pilots and mechanics, travel costs, insurance, airport fees, and depreciation. IDOT also did not include administrative costs such as management salaries, utilities, and other building costs.

Federal OMB Circular No. A-126

Federal OMB Circular No. A-126 defines cost elements that should be included when accounting for the cost of aircraft. IDOT did not include all of these costs in its Cost Analysis Summary reports. Although the Circular’s requirements apply specifically to federal executive agencies, the cost methodology is relevant to IDOT’s aeronautics operations.

The federal Office of Management and Budget (OMB) issued Circular No. A-126 entitled Improving the Management and Use of Government Aircraft. The Circular was issued to minimize the cost and improve the management and use of government aviation resources. Federal OMB Circular No. A-126 requires federal agencies with aircraft programs to accumulate costs of operating the program. Costs must be accumulated to (1) justify the use of government aircraft in lieu of commercially available aircraft; (2) recover the costs of operating government aircraft when appropriate; (3) determine the cost effectiveness of agency aircraft programs; and (4) conduct cost comparisons required to justify in-house operation of government aircraft versus commercially available aircraft.

As shown in Exhibit 2-3, federal OMB Circular No. A-126 discusses costs as either fixed or variable. Variable costs are those costs that vary depending on how much the aircraft is used while fixed costs do not vary according to aircraft usage. IDOT included some of these costs in its Cost Analysis Summary reports but did not include others (see Exhibit 2-4).

In addition to the cost definitions, federal OMB Circular No. A-126 also contains many requirements that federal agencies must follow related to the use and management of government aircraft. Some of the requirements include:

- Conducting cost comparisons to justify use prior to authorizing use for a proposed trip;
- Periodically reviewing the continuing need for all of their aircraft and the cost effectiveness of their aircraft operations;
- Operating aircraft only for official purposes; and
- Approving use of aircraft in advance and in writing.

Exhibit 2-3 U.S. OFFICE OF MANAGEMENT AND BUDGET COST ELEMENT DEFINITIONS OMB Circular No. A-126 – May 22, 1992		
Cost Category	Variable Cost Elements (Costs that vary depending on how much the aircraft are used)	Fixed Cost Elements (Costs that do not vary according to aircraft usage)
Crew	Travel expenses, overtime charges, and wages of crew members hired on an hourly or part-time basis.	Salaries, benefits, training, uniforms, and other personal equipment.
Maintenance	Maintenance labor (salaries and wages, benefits, travel, and training), parts, contracts, engine overhaul, aircraft refurbishment, and major component repairs.	Agencies are encouraged to account for all maintenance costs as variable but can break out maintenance costs that are scheduled on a calendar basis.
Fuel and Other Fluids	Gasoline, jet fuel, and other fluids consumed by aircraft.	
Leases	Lease or rental costs based on flight hours.	Lease costs that don’t vary based on usage.
Operations Overhead		Costs associated with direct management and support of the aircraft program, such as costs for management and administrative personnel directly responsible for the aircraft program, communications and utility costs, and office supplies and equipment.
Administrative Overhead		A pro-rated share of salaries, office supplies and other expenses of fiscal, accounting, personnel, management, and similar common services performed outside the aircraft program but which support the program.
Insurance		Insurance costs to cover potential casualty losses and liability claims.
Landing and Tie Down Fees	The landing and tie down fees associated with aircraft usage.	
Depreciation		The cost or value of aircraft ownership (purchase price less residual value) over its useful life.
Source: OAG analysis of OMB Circular No. A-126, Attachment B.		

IDOT’s Costs Included in Cost Analysis Summary Reports

The first determination of Legislative Audit Commission Resolution Number 135 asked us to determine all direct and indirect costs associated with operating the State planes. We requested this cost information from IDOT. IDOT provided Cost Analysis Summary reports for fiscal years 2003 through 2006. The cost reports detail the cost of operating each of the State’s aircraft. For each aircraft, the reports break out the costs as follows:

- Direct Operating Costs which include:
 - Outside repairs – repairs and engine/component overhauls conducted by outside vendors.
 - In-house aircraft parts – parts purchased for IDOT’s aircraft and installed/maintained by IDOT maintenance staff.
 - Fuel – both fuel purchased and pumped at the Capital Airport facility and fuel purchased by credit card away from the facility.
- Allocated Maintenance Costs – the expense of the maintenance personnel allocated to each aircraft based on man-hours.
- Allocated Pilot Costs – the expense of the aircraft pilots allocated to each aircraft based on flight hours.

IDOT did not include any additional costs such as administrative costs in its Cost Analysis Summary reports.

Additional Costs of Operating the State’s Aircraft Program

We requested and IDOT provided additional costs based on the elements defined in federal OMB Circular No. A-126. These costs included:

- Training costs for both pilots and mechanics;
- Travel costs;
- Liability insurance;
- Airport fees;
- Management salaries for employees directly responsible for the aircraft program;
- Salaries for employees not directly responsible but that provide services that support the aircraft program;
- Building costs including utilities, janitorial services, building lease payments, trash disposal, pest control, and guard service;
- Office supplies; and
- Depreciation.

We also requested the cost of any charter flights. In the past, if there was excess demand for flights, IDOT would charter flights to meet that demand. IDOT did not charge users for the actual cost of chartering the flights but instead billed passengers at the normal rate for using the State plane. For example, in July 2004, IDOT chartered a plane to fly five passengers from Springfield to Chicago. The agency was billed at the normal rate resulting in a total amount billed of \$277.16. IDOT’s cost to charter the plane was \$2,464.21. IDOT has not chartered any flights since July 2004.

Exhibit 2-4
COSTS OF OPERATING THE STATE’S AIRCRAFT PROGRAM
 Fiscal Years 2003 – 2006 (in Thousands)

IDOT’s Costs in Cost Analysis Summary Reports

<u>Cost Description</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
Outside Repairs	\$263.6	\$610.3	\$548.3	\$517.2
In-House Aircraft Parts	571.9	426.9	404.2	447.0
Fuel	413.8	536.1	665.7	789.0
Allocated Maintenance Costs	808.6	915.7	980.5	877.0
Allocated Pilot Costs	<u>1,272.7</u>	<u>1,101.6</u>	<u>1,111.2</u>	<u>961.6</u>
Total	<u>\$3,330.7</u>	<u>\$3,590.5</u>	<u>\$3,709.8</u>	<u>\$3,591.8</u>

Additional Costs Not Included by IDOT

<u>Cost Description</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
Training: Pilots and Mechanics	\$ 179.1	\$ 232.4	\$ 218.9	\$ 324.9
Travel	38.4	37.2	33.3	40.6
Liability Insurance	159.2	167.2	167.2	103.1
Airport Fees	134.2	91.6	81.1	21.7
First Class Flight Physicals	2.5	2.8	2.2	3.2
Management Salaries	444.2	375.7	445.4	449.8
Support Salaries	7.1	7.2	7.5	6.3
Building Costs	69.8	66.0	54.5	110.0
Office Supplies	3.2	3.2	2.1	2.3
Charter Flights	130.6	57.2	2.5	0.0
Depreciation	<u>365.2</u>	<u>365.2</u>	<u>365.2</u>	<u>365.2</u>
Total Additional Costs	<u>\$ 1,533.5</u>	<u>\$ 1,405.6</u>	<u>\$ 1,379.8</u>	<u>\$ 1,427.1</u>

Total Cost of Operating the State’s Aircraft	<u>\$ 4,864.2</u>	<u>\$ 4,996.1</u>	<u>\$ 5,089.6</u>	<u>\$ 5,018.9</u>
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Source: OAG analysis of IDOT Cost Analysis Summary reports and cost data.

Exhibit 2-4 shows the costs of operating the State’s aircraft program. The first part of the exhibit shows the costs that IDOT included in its Cost Analysis Summary reports. The second part of the exhibit shows additional costs of the program that, according to federal OMB Circular No. A-126, should be included, and also the cost of charter flights. IDOT has started to look at incorporating these additional costs into its cost analysis.

IDOT has also looked at allocating certain maintenance items, such as engine overhauls, over the expected life of those procedures. IDOT’s practice had been to expense the item in the year incurred. When analyzing costs by aircraft, this creates years with artificially high costs if a large maintenance project was performed that year. However, allocating these expenses over the expected life eliminates that problem and can provide a better picture of the cost of operating the aircraft over a period of time. IDOT did provide some new reports that allocated various maintenance procedures. Exhibit 2-4 does not incorporate this new practice because, to present

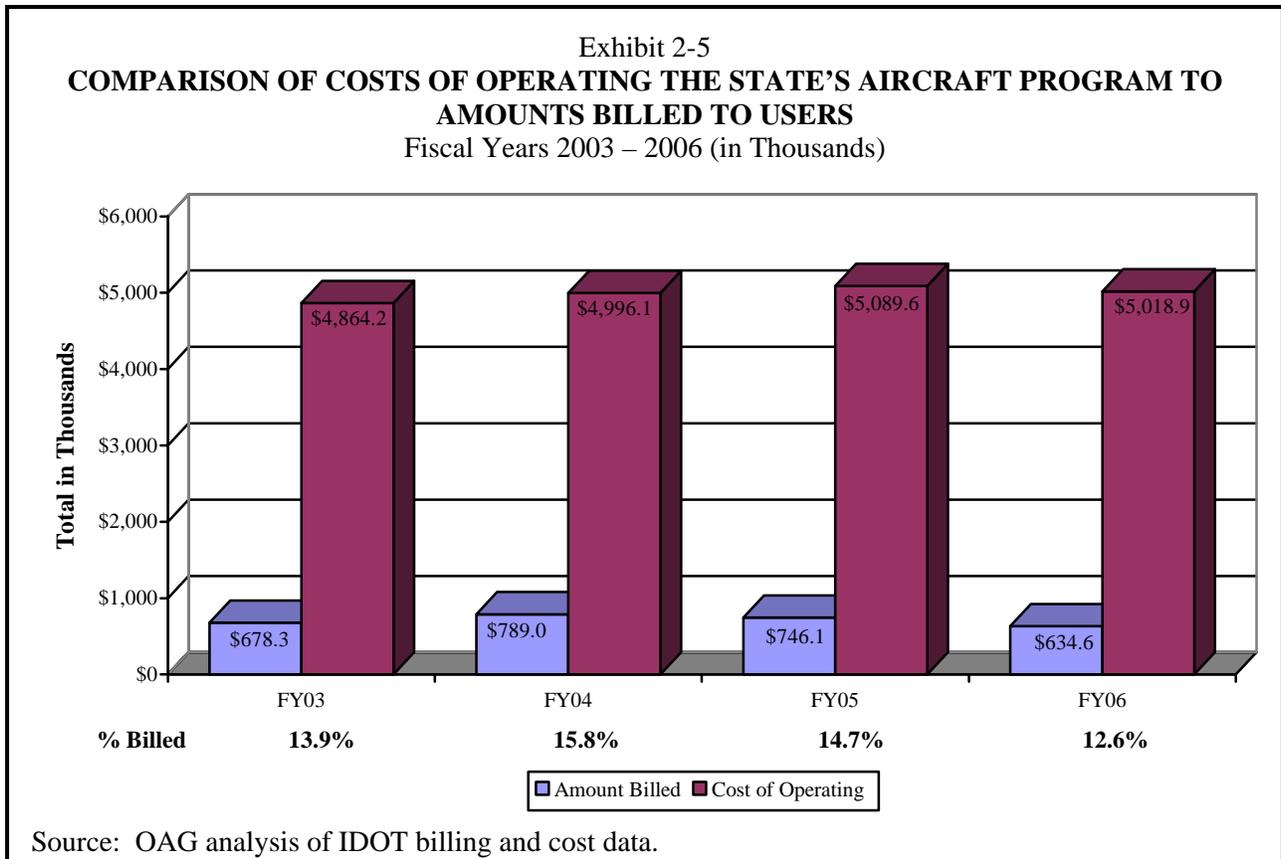
accurate costs for this report, it would have been necessary to go back several years prior to the audit period to begin allocating these types of costs.

STATE AIRCRAFT PROGRAM COSTS	
RECOMMENDATION NUMBER 1	<i>The Department of Transportation should include all direct and indirect costs when assessing the cost of the State’s aircraft program. The Department should use the costs defined in Federal OMB Circular No. A-126 as a starting point in determining all of the costs of operating the State’s aircraft program.</i>
DEPARTMENT OF TRANSPORTATION’S RESPONSE	<p>The department agrees with the recommendation.</p> <p>Corrective Action:</p> <p>The department agrees to use OMB Circular No. A-126 as a guide in determining all of the costs of operating the state’s aircraft program.</p> <p>Expected Date of Completion:</p> <p>Fiscal Year 2006 was completed in December 2006. The department will assess the state’s aircraft program annually at the end of each Fiscal Year.</p>

COMPARISON OF COSTS TO AMOUNT BILLED

The amounts billed by IDOT to users of the State’s aircraft were not sufficient to cover the cost of operating the State’s aircraft for fiscal years 2003 – 2006. On average the amounts billed covered only 14.3 percent of the cost of operating the State’s aircraft over the four-year period. Since amounts billed to users do not cover costs, money from other sources such as the Road Fund and the General Revenue Fund are being used to subsidize the cost of air transportation services.

The third determination of Legislative Audit Commission Resolution Number 135 asked us to determine whether reimbursements paid by State agencies were sufficient to cover the costs associated with operating the State’s fleet. Exhibit 2-5 shows the amounts billed to users were not sufficient to cover the cost of operating the State’s aircraft. Although the costs of operating the State’s aircraft totaled \$19.97 million, users were only billed a total of \$2.85 million over the four-year period.



CURRENT RATE STRUCTURE

The business rate charged to users of the State’s aircraft has not been increased since 1981. The rate for personal and political users was last increased in 1995. As discussed in the previous section, rates charged to users do not cover the costs of operating the State’s aircraft program. IDOT lacks a system or methodology to set the rates that are charged to users. IDOT also lacks a written policy that would require a periodic examination of the rate structure to determine if rates need to be adjusted.

The rates charged to users are listed in IDOT’s Air Transportation Guidelines. The first version of the Air Transportation Guidelines, which was called the Air Transportation Policies and Procedures Manual, established the initial rate of \$0.25 per seat-mile for both business users and personal/political users. Exhibit 2-6 shows a timeline of the rates charged since the first Air Transportation Guidelines went into effect in 1979.

In 1981, the rates were increased to \$0.35 per seat-mile for both business users and personal/political users. In 1991, IDOT implemented a new computer system that utilized nautical miles as opposed to statute miles. A nautical mile is approximately 1.15 statute miles. Rates were converted from \$0.35 per statute seat-mile to \$0.41 per nautical seat-mile. In 1993 and again in 1995, the rate for personal/political users was increased to its current rate of \$0.75 per seat-mile. In summary, the rate for business users has not been increased since 1981 and the rate for personal and political users has not been increased since 1995.

IDOT was unable to provide an explanation for why rates have not been adjusted since the last rate increase. IDOT did provide some memos with dates ranging from June 1995 to February 2000 that discussed the issue of rates charged to users. However, rates were not increased. IDOT did not provide any more recent documentation to indicate that the rate structure was examined.

IDOT lacks a system or methodology to set the rates that are charged to users. IDOT also lacks a written policy that would require a periodic examination of the rate structure to determine if rates need to be adjusted. Federal OMB Circular No. A-126 and federal statutes require federal agencies to recover the costs of operating their aircraft for use by other agencies, other governments, or non-official travelers. The Circular discusses two methods for establishing rates: (1) the full cost recovery rate and (2) the variable cost recovery rate.

State statute specifies that “*Charges for the transportation shall not exceed the expenses incurred and costs involved in providing air transportation and may include expenses for equipment, personnel, and operational expenses.*” (20 ILCS 2705/2705-225) The statute indicates that IDOT is not to profit from its charges but is unclear as to whether it intended that IDOT recover all of its costs of operating air transportation services. A 1975 report titled “Investigation of the Use and Control of State-Owned Transport Aircraft” issued by the Legislative Audit Commission stated, “It is clear from the reading of the statutory authority, that the General Assembly intended that at best the function be self-supporting. However, there is no duty imposed to be self-supporting.”

Exhibit 2-6 HISTORICAL RATES CHARGED FOR EXECUTIVE FIXED WING AIRCRAFT		
Date	Cost per Seat-Mile	
	Business	Personal/ Political
07-01-79	\$0.25/ mile	\$0.25/ mile
07-01-81	\$0.35/mile	\$0.35/mile
07-01-91 ¹	\$0.41/mile ¹	\$0.41/mile ¹
09-01-93	\$0.41/mile	\$0.61/mile
09-01-95	\$0.41/mile	\$0.75/mile
Note: ¹ Rates were converted to nautical miles which equals approximately 1.15 statute miles. This was <u>not a price change</u> but simply a conversion to the nautical system. Source: OAG analysis of IDOT data.		

The Travel Regulation Council has established Administrative Rules that require that “All travel shall be by the most economical mode of transportation available considering travel time, costs, and work requirements.” (80 Ill. Adm. Code 3000.300) If agencies do not know the true cost of using the State’s aircraft, they cannot determine if using the State’s aircraft provides the most economical mode of transportation.

REVIEW RATES CHARGED TO USERS	
RECOMMENDATION NUMBER 2	<i>The Department of Transportation should develop a written policy that requires a periodic review of its rates charged to users of the State’s aircraft. The Department should also develop a methodology to set the rates charged to users and determine the costs that should be recovered. If IDOT develops a rate that does not recover the full cost of operating the State’s aircraft, the full cost information should be made available so that it will make transparent the amount of subsidy involved in providing aircraft services.</i>
DEPARTMENT OF TRANSPORTATION’S RESPONSE	The department agrees with the recommendation. Corrective Action: The department has developed a policy to annually review the cost of operating the state’s aircraft and review the rates charged to the users of state aircraft. Results will be forwarded to the Secretary of Transportation for review.

Cost Per Passenger Mile of Operating the Executive Aircraft Fleet

IDOT officials have stated that their goal is not to recover the cost of operating the State’s aircraft. However, if the goal was to recover the cost, IDOT would need to raise the rate charged for the executive aircraft from \$0.41 per seat-mile to \$1.85 per seat-mile. Based on the costs and passenger miles flown over the previous four fiscal years, IDOT’s average cost for the four Beechcraft King Air aircraft is \$9.81 per mile. The Beechcraft King Air’s seating capacity is nine passengers. Based on nine passengers, the average cost per seat-mile is \$1.09. However, since the average number of passengers carried per flight is 5.3, to recoup the total cost, an average cost per seat-mile of \$1.85 would need to be charged.

Exhibit 2-7 shows the costs for each of the Beechcraft King Air Airplanes for fiscal years 2003 – 2006. The exhibit also shows the total passenger miles flown and the average cost per passenger mile. Passenger miles represent the miles flown when the aircraft are carrying passengers. The analysis used passenger miles as opposed to total miles flown because IDOT does not bill passengers for positioning legs. If the goal was to recover the cost of operating the State’s aircraft, the billable rate would need to be based on passenger miles since these are the only miles billed.

Exhibit 2-7 COST PER PASSENGER MILE OF OPERATING THE BEECHCRAFT KING AIR AIRCRAFT Fiscal Years 2003 – 2006					
	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>Total</u>
Costs of Operating the Beechcraft King Air Aircraft					
Beechcraft N961LL	\$647,369	\$735,511	\$812,247	\$768,471	\$2,963,598
Beechcraft N971LL	\$641,753	\$678,843	\$765,841	\$837,441	\$2,923,878
Beechcraft N981LL	\$698,212	\$748,053	\$759,599	\$775,166	\$2,981,030
Beechcraft N991LL	<u>\$651,416</u>	<u>\$1,234,657</u>	<u>\$689,283</u>	<u>\$770,881</u>	<u>\$3,346,237</u>
Total costs	<u>\$2,638,751</u>	<u>\$3,397,064</u>	<u>\$3,026,969</u>	<u>\$3,151,958</u>	<u>\$12,214,743</u>
Note: Totals may not add due to rounding.					
Cost Per Passenger Mile Calculation					
Total passenger miles	313,233	331,648	323,154	276,727	1,244,762
Cost per passenger mile	\$8.42	\$10.24	\$9.37	\$11.39	\$9.81
Cost per passenger seat-mile based on capacity of 9 seats	<u>\$0.94</u>	<u>\$1.14</u>	<u>\$1.04</u>	<u>\$1.27</u>	<u>\$1.09</u>
Average passengers	4.9	5.4	5.4	5.3	5.3
Cost per passenger seat-mile based on average passengers	<u>\$1.72</u>	<u>\$1.90</u>	<u>\$1.73</u>	<u>\$2.15</u>	<u>\$1.85</u>
Current Business Rate Per Seat-Mile					
Current business rate per seat-mile	<u>\$0.41</u>	<u>\$0.41</u>	<u>\$0.41</u>	<u>\$0.41</u>	<u>\$0.41</u>
Source: OAG analysis of IDOT cost information and flight data.					

Cost Per Passenger Hour of Operating the Executive Helicopter Fleet

To recover the cost of operating the executive helicopter fleet, IDOT would need to increase the amount charged from \$84.00 per seat-hour to \$1,861.50 per seat-hour. Based on the costs and passenger hours flown over the previous four fiscal years, IDOT’s average cost for the two Sikorsky helicopters is \$6,701.42 per hour. The Sikorsky’s seating capacity is six passengers. Based on six passengers, the average cost per seat-hour is \$1,116.90. However, since the average number of passengers carried per flight is 3.6, to recoup the total cost, an average cost per seat-hour of \$1,861.50 would need to be charged. IDOT currently charges \$84.00 per seat-hour.

Exhibit 2-8 shows the cost for each of the Sikorsky helicopters for fiscal years 2003 – 2006. Similar to the previous exhibit, this exhibit shows the total passenger hours flown. Passenger hours represent the hours flown when the aircraft are carrying passengers. Also like

the previous exhibit, the analysis uses passenger hours flown as opposed to total hours flown because IDOT does not bill for positioning legs. If the goal was to recover the cost of operating the State’s aircraft, the billable rate would need to be based on passenger hours since these are the only hours billed. IDOT officials noted that in addition to executive transportation services, the Sikorsky helicopters are used for other functions such as emergency management purposes.

Exhibit 2-8 COST PER PASSENGER HOUR OF OPERATING THE SIKORSKY HELICOPTERS Fiscal Years 2003 – 2006					
	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>Total</u>
Costs of Operating the Sikorsky Helicopters					
Sikorsky N751LL	\$409,592	\$252,177	\$308,871	\$453,357	\$1,423,997
Sikorsky N761LL	<u>\$176,769</u>	<u>\$286,265</u>	<u>\$511,233</u>	<u>\$477,984</u>	<u>\$1,452,251</u>
Total costs	<u>\$586,361</u>	<u>\$538,442</u>	<u>\$820,104</u>	<u>\$931,342</u>	<u>\$2,876,248</u>
Note: Totals may not add due to rounding.					
Cost Per Passenger Hour Calculation					
Total passenger hours	100.3	120.6	102.3	106.1	429.2
Cost per hour	\$5,845.10	\$4,465.93	\$8,020.58	\$8,780.72	\$6,701.42
Cost per seat-hour based on capacity of 6 seats	<u>\$974.18</u>	<u>\$744.32</u>	<u>\$1,336.76</u>	<u>\$1,463.45</u>	<u>\$1,116.90</u>
Average passengers	3.6	3.7	3.7	3.4	3.6
Cost per seat-hour based on average passengers	<u>\$1,623.64</u>	<u>\$1,207.01</u>	<u>\$2,167.72</u>	<u>\$2,582.56</u>	<u>\$1,861.50</u>
Current Rate Per Seat-Hour					
Current rate per seat-hour	<u>\$84.00</u>	<u>\$84.00</u>	<u>\$84.00</u>	<u>\$84.00</u>	<u>\$84.00</u>
Source: OAG analysis of IDOT cost information and flight data.					

COST EFFECTIVENESS OF IDOT’S AIR OPERATIONS

IDOT has not fully analyzed the cost effectiveness of its air operations and has not examined whether alternative means exist to fulfill the travel needs of State employees. In addition, IDOT has not analyzed the optimum fleet size needed. Periodically examining its cost effectiveness and optimal fleet size is critical in identifying opportunities to reduce aircraft costs and in identifying inefficiencies.

The sixth determination of Legislative Audit Commission Resolution Number 135 asked us to determine whether IDOT has analyzed the cost-effectiveness of its air operation and examined whether alternative means exist to fulfill the travel needs of State employees. We asked IDOT to provide any reports or analysis completed on the cost effectiveness of its air operations. Initially, IDOT was only able to provide two dated reports conducted in the 1970s. The first report, “Investigation of the Use and Control of State-Owned Transport Aircraft”, was conducted by the Legislative Audit Commission and dated December 1975. The second was a report by the Governor’s Task Force on Air Transportation in the State of Illinois and was dated April 1977.

In October 2006, IDOT provided a more recent analysis of the costs of operating the executive aircraft. The analysis, which was limited to the four Beechcraft King Air airplanes, was a three-year cost analysis covering fiscal years 2003 – 2005. The analysis included pilot costs, maintenance costs, fuel, parts, depreciation, insurance, administration and support costs, and building costs. Based on a cost per hour calculation, the analysis concluded that the average cost per seat for the Springfield to Midway shuttle service would be \$200.72 for a one-way flight. IDOT currently charges \$59.86 per seat for a one-way flight.

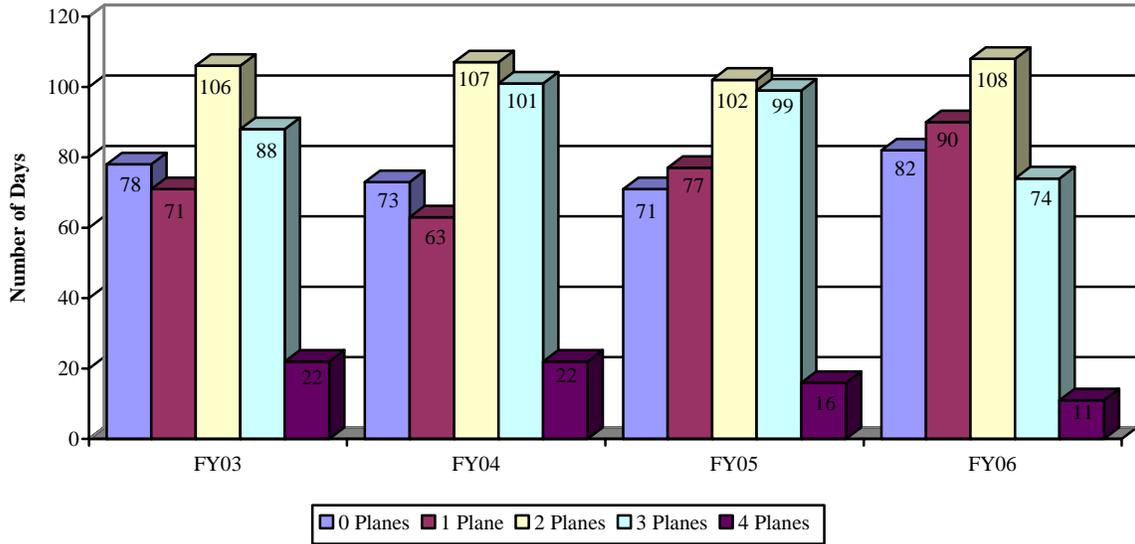
The analysis was limited to the four Beechcraft planes and did not include a written report. The analysis consisted of a three-page spreadsheet that calculated the costs of the aircraft. The analysis was conducted by IDOT’s Budget Office at the direction of the Secretary of Transportation. The report did not result in any budget adjustments or changes in the rates being charged.

IDOT has also not conducted an analysis of the optimal size of its fleet. Exhibit 2-9 shows aircraft utilization for the Beechcraft airplanes and the Sikorsky helicopters. The exhibit shows the number of days that no aircraft were used continuing up to the number of days where all aircraft were utilized.

As illustrated in Exhibit 2-9, in fiscal year 2006, for the four Beechcraft airplanes, there were 82 days where none were used, 90 days when one aircraft was used, 108 days when two of the aircraft were used, 74 days when three of the aircraft were used, and 11 days when all four aircraft were used. For the two Sikorsky helicopters, in fiscal year 2006, there were 288 days when neither helicopter was used, 74 days when one helicopter was used, and 3 days when both helicopters were used.

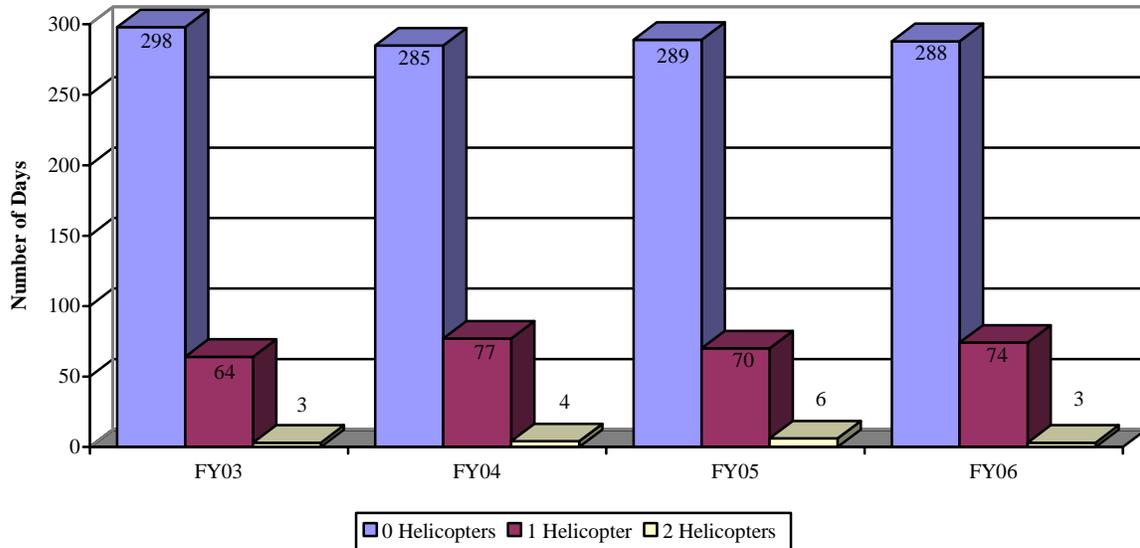
**Exhibit 2-9
EXECUTIVE AIRCRAFT UTILIZATION
Fiscal Years 2003 – 2006**

**NUMBER OF DAYS AIRCRAFT IN USE
(Beechcraft Airplanes)**



Note: The number of days where no Beechcraft aircraft were utilized represents weekends and holidays where there were no special flight requests.

**NUMBER OF DAYS AIRCRAFT IN USE
(Sikorsky Helicopters)**



Source: OAG analysis of IDOT flight data.

Since the shuttle flies on weekdays, the number of days where no Beechcraft aircraft were utilized represents weekends and holidays where there were no special flight requests. Also, aircraft need to be taken out of service for periods of down time throughout the year for maintenance reasons. Because of this, not all aircraft would have been available every day throughout the year.

EXAMINE COST EFFECTIVENESS OF AIR OPERATIONS	
RECOMMENDATION NUMBER 3	<i>The Department of Transportation should periodically examine the cost effectiveness of its air operations. The analysis should also determine the optimum fleet size and whether all current aircraft are needed.</i>
DEPARTMENT OF TRANSPORTATION’S RESPONSE	<p>The department agrees with the recommendation.</p> <p>Corrective Action:</p> <p>The department has developed a policy to annually review the cost of operating the state’s aircraft and review the rates charged to the users of state aircraft. The department will periodically review optimal fleet size and appropriateness for the state’s Aeronautical missions. Results will be forwarded to the Secretary of Transportation for review.</p>

Chapter Three

USERS OF THE STATE'S AIRCRAFT

CHAPTER CONCLUSIONS

Flight requests from State agencies are not made in writing as required by statute. State statute specifies that “*All requests for air transportation shall be made in writing and shall be signed by the executive officer or employee of the office, department, or agency.*” (20 ILCS 2705/2705-225) Contrary to State statute, all flight requests are made by calling the Illinois Department of Transportation (IDOT).

Passengers are not attesting to the purpose of the flight when signing the flight manifest as required in IDOT’s Air Transportation Guidelines. The Guidelines require that, when signing the flight manifests, all passengers attest to the purpose of the flight. The Guidelines go on to define three categories of utilization: official State business, personal business, and political business. Passengers did not attest to the purpose of the flight in 95 percent (113 of 119) of the flights tested. In addition, not all of the passengers listed on the flight manifest signed the manifest in eight percent (9 of 119) of the flights tested.

IDOT does not charge business users for any positioning legs associated with a requested flight. These positioning legs are also referred to as “dead-head” legs, meaning that there are no passengers on board. Positioning legs add costs that are not recovered through billing the users of the State’s aircraft.

The shuttle flights represented 73 percent of all executive aircraft flights during fiscal years 2003 – 2006 and averaged 5.6 passengers per flight. Special flight requests represented 25 percent of executive aircraft flights and averaged 4.0 passengers per flight. The remaining flights were air operations flights such as for maintenance and training. The top user of the State’s aircraft was the Governor’s Office. The top 25 users of the State’s aircraft accounted for 86 percent of all amounts billed for the four-year period.

PROCEDURES FOR BOOKING FLIGHTS

The procedures for booking flights varied among users of the State’s aircraft. We selected a random sample of 60 flight passengers for fiscal years 2003 – 2006 and surveyed the using entities from that sample. A total of 22 entities were sampled with 19 responding to the request.

Most of the entities in our sample did not use a written request/authorization form. Of the 19 users that responded, 4 utilized a

The Attorney General’s Office is an example of an agency with strong travel controls related to the use of the State’s aircraft. Controls in place at the Attorney General’s Office include:

- Use of a travel request form;
- Requiring prior written approval for using the State plane; and
- A policy that defines who is allowed to use the State plane.

travel request form. Although not utilizing a form, many users indicated that requests were documented in writing via e-mail. Other responses noted that employees would contact individuals within the agency that were authorized to approve travel. Another control utilized by some users was a restricted list of employees within the agency that were approved for travel.

The survey asked users whether an analysis was required to determine if using the State’s aircraft was the most economical travel alternative. Of the 19 responses, 7 indicated that an analysis was required. However, in most cases, this did not appear to be a formalized analysis. For example, one agency responded yes and stated they use the regulations set forth by the Governor’s Travel Control Board. Another responded that all authorizing agents make a determination that the travel is necessary and that the most economical mode of travel is used. For our sample of 60 passengers, we asked for travel documentation including any analysis of the most economic mode of transportation. None of the responders provided this analysis for the flights in our sample.

PROCEDURES AT IDOT

Flight requests from State agencies are not made in writing as required by statute. Also, passengers are not attesting to the purpose of the flight when signing the flight manifest as required in IDOT’s Air Transportation Guidelines.

Flight Scheduling Procedures

IDOT’s Air Transportation Guidelines delineate the procedures used to schedule a flight. Each agency that uses the State’s aircraft is to designate a permanent scheduler that will be the agency’s primary contact for scheduling flights. An alternate scheduler is also selected to fill in when the permanent scheduler is not available. All flight requests are made by calling IDOT.

According to the Guidelines, the primary reasons for assigning a scheduler for each agency are: (1) to assure proper authorization of flight requests, (2) to reduce the number of parties contacting the Bureau of Air Operation’s scheduler, (3) to promote flight coordination with agencies, and (4) to simplify the scheduling procedure.

Contrary to State statute, all flight requests are made by calling IDOT. State statute specifies that “*All requests for air transportation shall be made in writing and shall be signed by the executive officer or employee of the office, department, or agency.*” (20 ILCS 2705/2705-225) A written request form would document proper authorization of all flights. A written request could also incorporate a statement of the purpose of the flight.

FLIGHT REQUESTS MADE IN WRITING	
RECOMMENDATION NUMBER 4	<i>The Department of Transportation should ensure that all flight requests are made in writing as required by statute or seek legislative change to alter the requirement.</i>
DEPARTMENT OF TRANSPORTATION’S RESPONSE	<p>The department agrees with the recommendation.</p> <p>Corrective Action:</p> <p>The department will seek a change in legislation to remove the requirement of flight requests made in writing.</p> <p>Expected Date of Completion:</p> <p>December 31, 2007</p>

Signing the Flight Manifest

A flight manifest listing all of the passengers is prepared prior to each flight. IDOT’s Air Transportation Guidelines require each passenger to sign the flight manifest. During testing, we reviewed 120 flight manifests from fiscal years 2003 through 2006. One flight manifest from our sample could not be located by IDOT officials. Not all of the passengers listed on a manifest signed the flight manifest in eight percent (9 of 119) of the flights tested. This included manifests where there was no signature, manifests where the signature was initialed indicating someone else had signed for the passenger, and manifests where another passenger signed their own name next to another passenger. In addition to these nine manifests, there were other manifests where it appeared that a passenger signed the manifest for another passenger but did not put their initials after the signature.

Indicating the Purpose of the Flight

Passengers are not attesting to the purpose of the flight when signing the flight manifest as required in IDOT’s Air Transportation Guidelines. IDOT’s Air Transportation Guidelines require that, when signing the flight manifests, all passengers attest to the purpose of the flight. The Guidelines go on to define three categories of utilization: official State business, personal business, and political business. As discussed in Chapter One, the use of the State’s aircraft for personal or political business can only be scheduled by the elected constitutional officers of the executive branch and the leaders of the General Assembly. Personal and political users are charged a higher rate than business users.

Although the Guidelines require all passengers to identify and attest to the purpose of the flight, we determined that for 95 percent (113 of 119) of flights tested, the passengers did not designate whether the flight was for business, personal, or political purposes. These manifests did not include a section on the form for designating the purpose of the flight. A different manifest form was used for Bell helicopters. This manifest form included sections to designate whether the purpose of the flight was for EMS, Emergency, Law Enforcement, or Business.

These manifests accounted for most (4 of 6) of those in our sample that attested to the purpose of the flight. The other two flights in our sample where the passengers attested to the purpose of the flight were part of the same manifest that distinguished one political flight leg and one business flight leg.

Currently, IDOT presumes all flights to be for business purposes unless otherwise indicated by the using entity. According to IDOT officials, most users indicate the purpose of the flight at the time of scheduling. However, one agency would often indicate a flight was for personal or political purposes after the fact. An examination of billing records confirmed that after receiving its monthly bill, the agency would notify IDOT of any flights or passengers that should have been billed at the personal or political rate instead of the business rate. IDOT would then prepare a new bill to send to the agency.

By having passengers attest to the purpose of the flight when signing the manifest, the proper use of the State’s aircraft is reaffirmed. Not having passengers attest to the purpose of the flight could result in improper use of the State plane or in users being charged the incorrect rate.

IDOT’s Air Transportation Guidelines clearly allow the State’s aircraft to be used for personal or political business for certain users. Other states are mixed with some allowing personal and political use and others not allowing this practice. For example, a recent audit of the state of Texas discussed requirements that prohibit the use of Texas aircraft to attend political events.

INDICATING THE PURPOSE OF THE FLIGHT	
RECOMMENDATION NUMBER 5	<i>The Department of Transportation should ensure that all passengers sign the flight manifest and attest to the purpose of the flight when signing the flight manifest, as required in its Air Transportation Guidelines.</i>
DEPARTMENT OF TRANSPORTATION’S RESPONSE	<p>The department agrees with the recommendation.</p> <p>Corrective Action:</p> <p>The department will change the Air Transportation Guidelines to have each scheduler attest to the passenger’s purpose of trip when requesting the flight. The department will hold two mandatory training sessions for agency directors or designee and/or schedulers, one in Chicago and one in Springfield, on an annual basis to convey the significance of the scheduler’s role in the state aircraft operations.</p> <p>Expected Date of Completion:</p> <p>August 2007</p>

Justification for Flights

IDOT gives responsibility for justifying flights to the requesting entity. IDOT’s Air Transportation Guidelines specifically state that “Justification for any flight will be the sole responsibility of the requesting entity.” IDOT will respond to flight requests as long as the aircraft and personnel are available to provide the requested flight. While IDOT does not deny requests, officials stated that they will counsel users on other options if a request does not appear to be feasible.

Positioning Legs

IDOT does not charge business users for any positioning legs associated with a requested flight. For some flight requests, the aircraft must be flown to the requested location and then returned to its home base at the end of the flight. These positioning legs are also referred to as “dead-head” legs, meaning that there are no passengers on board.

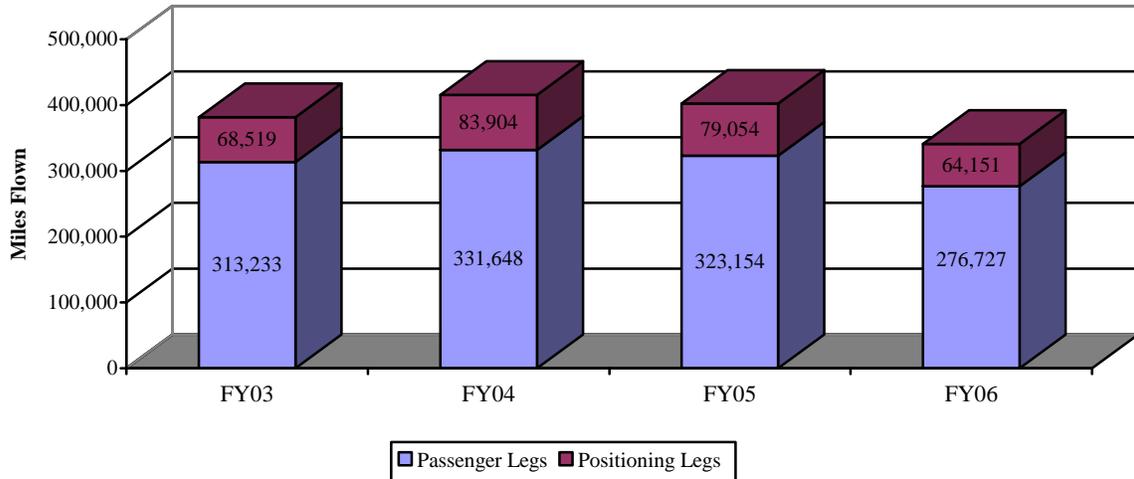
Positioning legs add costs that are not recovered through billing the users of the State’s aircraft. For instance, if a special flight is requested to fly passengers from Chicago to Springfield and the aircraft is located in Springfield, passengers are not billed for the mileage associated with flying the empty aircraft to Chicago to pick them up.

According to IDOT’s Air Transportation Guidelines, business users are only charged for the air mileage of the requested routing which would not include positioning legs. Conversely, if an aircraft is used entirely for personal or political purposes, the user is charged for the entire round trip, including any positioning legs.

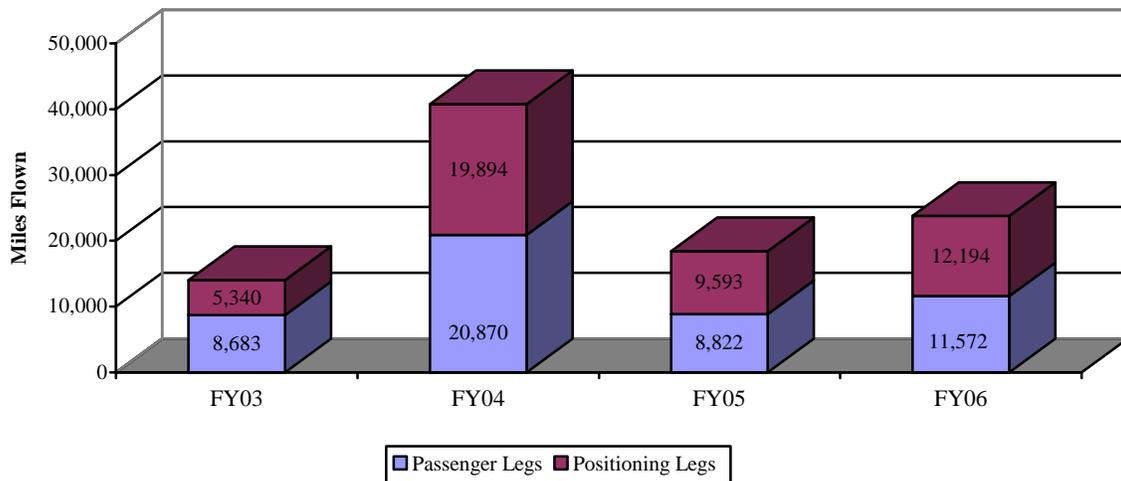
Exhibit 3-1 shows the miles of both positioning legs and passenger legs for fiscal years 2003 – 2006. As the exhibit shows, positioning legs represent a substantial amount of miles flown. For example, in fiscal year 2006, the Beechcraft planes flew 487 positioning legs for a total 64,151 miles. This represented 20 percent of the legs and 19 percent of the miles flown. The Sikorsky helicopters flew 138 positioning legs for 12,194 miles. This represented 47 percent of the legs and 51 percent of the miles flown.

Exhibit 3-1
MILES FLOWN FOR POSITIONING AND PASSENGER LEGS
 Fiscal Years 2003 – 2006

BEECHCRAFT AIRPLANES



SIKORSKY HELICOPTERS



Source: OAG analysis of IDOT flight data.

IDOT should consider charging users for positioning legs. Federal OMB Circular No. A-126 notes that when an agency is determining the variable cost for a proposed trip, all time required to position the aircraft to begin the trip and to return the aircraft to its normal base of operations should be included in the cost calculation. Tennessee’s guidelines for using its state’s aircraft specifies that users are to be charged for any “dead-head” legs necessary to accommodate the flight.

POSITIONING LEGS	
RECOMMENDATION NUMBER 6	<i>The Department of Transportation should consider charging business users for positioning legs required to accommodate flight requests.</i>
DEPARTMENT OF TRANSPORTATION’S RESPONSE	<p>The department agrees with the recommendation.</p> <p>Corrective Action:</p> <p>The department agrees to consider and is working with agency schedulers to optimize aircraft utilization and maximize aircraft usage on all flight leg segments.</p> <p>Expected Date of Completion:</p> <p>Immediately</p>

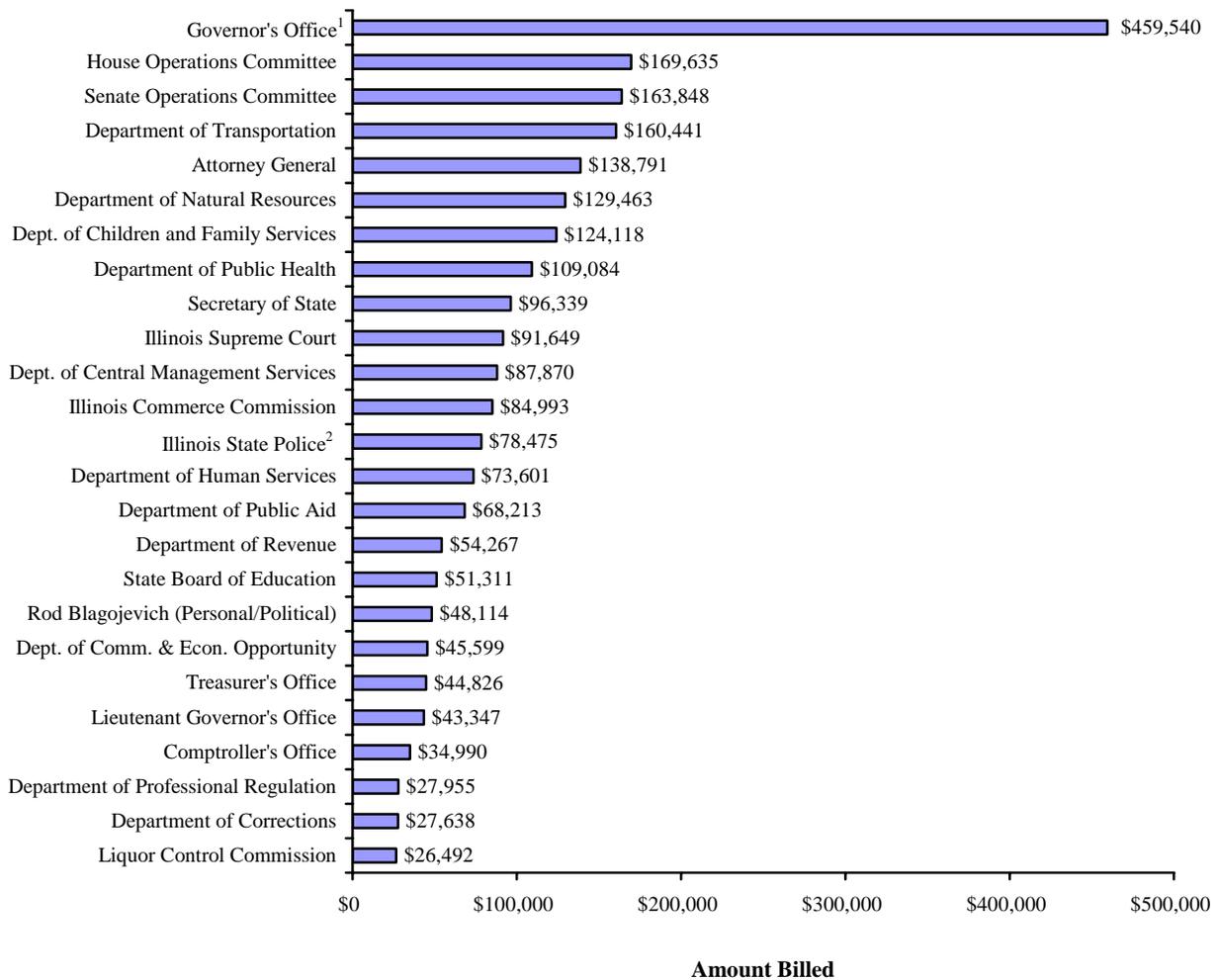
USERS OF THE STATE’S AIRCRAFT

The second determination of Legislative Audit Commission Resolution Number 135 asked us for a categorization of the users of the State planes by flight destination, time of day, and agency. The following sections also discuss: the categorization of users by the purpose of the flight, flights with only one or two passengers, and out-of-state flights.

By User

Exhibit 3-2 lists the top 25 users of the State’s aircraft based on billings for fiscal years 2003 – 2006. These 25 entities represented 86 percent of all amounts billed for the four-year period. The Governor’s Office was the top user representing 16.1 percent of the total amount billed which was more than twice the amount of the second highest entity. Appendix D lists all of the users and the amounts billed for fiscal years 2003 – 2006.

Exhibit 3-2
TOP 25 USERS OF THE STATE’S AIRCRAFT BASED ON TOTAL BILLINGS
 Fiscal Years 2003 – 2006



Notes: ¹The Governor’s Office includes the Governor’s Office of Management and Budget (\$104,219).
²Illinois State Police includes the Executive Security Detail (\$76,173).

Source: OAG analysis of IDOT billings.

Flight Categories of Individual Users

The flight data included a reason column that indicated the category of aircraft utilization for each user. As discussed in Chapter One, IDOT’s Air Transportation Guidelines define three categories of aircraft utilization: official State business, personal business, and political business. Exhibit 3-3 shows a categorization of users of the State’s aircraft for fiscal years 2003 – 2006. The ‘Other’ category consisted mainly of EMS helicopter flights which have since been discontinued.

Exhibit 3-3 FLIGHT CATEGORIES OF INDIVIDUAL USERS OF THE STATE’S AIRCRAFT Fiscal Years 2003 – 2006					
Category	FY03	FY04	FY05	FY06	Total
Official State Business	10,846	12,131	11,599	10,195	44,771
Political Business	33	64	41	20	158
Personal Business	37	23	64	19	143
Other ¹	105	3	-	-	108
Total	11,021	12,221	11,704	10,234	45,180

Note: ¹Consisted mainly of EMS helicopter flights which have since been discontinued.
Source: OAG analysis of IDOT flight data.

The vast majority of flights were categorized as official State business. During the four-year period, 45,180 passengers used the State’s aircraft. Of those 45,180 passengers, 44,771 (99%) were categorized as official State business. However, as discussed previously, passengers are not attesting to the purpose of the flight when signing the flight manifest as required in IDOT’s Air Transportation Guidelines.

To test the accuracy of the flights categorized in IDOT’s flight system, we selected a random sample of 60 flight passengers for fiscal years 2003 – 2006. All of the flights randomly selected were business flights. We asked the users billed for those flights whether the flight was for business, personal, or political purposes. None of the responses indicated that any flights were for personal or political purposes.

Classifying Flights by Flight Destination and Time of Day

Classifying flights by flight destination and time of day can be difficult. The shuttle flights are easily classified since they are scheduled flights between two destinations. However, special flight requests are more difficult to classify. Some flights are single leg requests from one location to another and are easily classified. Other special flight requests involve multiple legs of travel that may involve stops in several locations at various times. The following sections discuss the various types of flights.

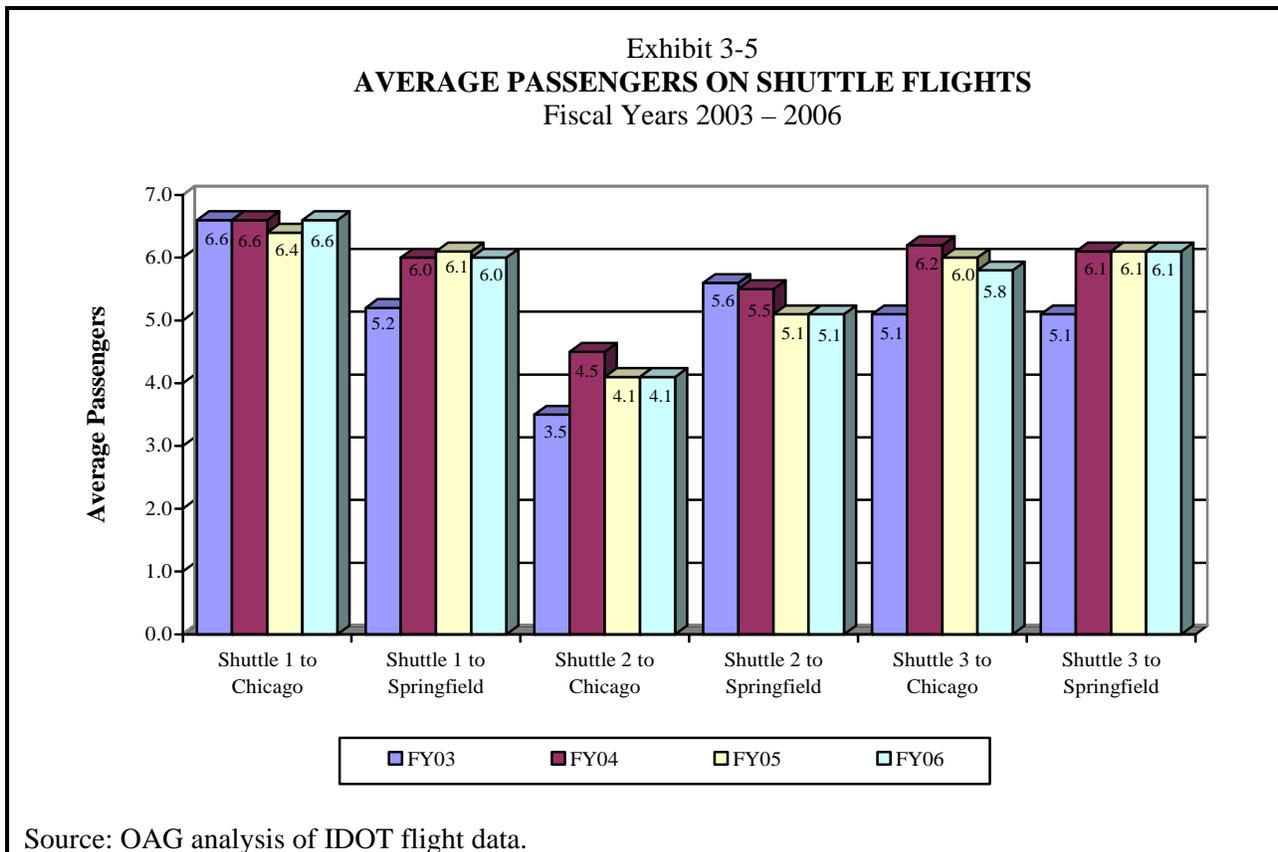
Shuttle Flights

IDOT operates a Springfield-Chicago and Chicago-Springfield shuttle service that operates on weekdays and offers three round trips daily. Exhibit 3-4 shows the scheduled departure and arrival times for the shuttles. The first shuttle is a morning shuttle that leaves Springfield at 7:30 a.m. with a return flight arriving at 9:45 a.m. The second shuttle is a midday shuttle that leaves Springfield at 10:30 a.m. and returns to Springfield in the afternoon at 2:45 p.m. The third shuttle is an evening shuttle that leaves Springfield at 4:45 p.m. and returns at 7:00 p.m. If demand is high, IDOT also schedules additional shuttle flights that are called shuttle overflow. The departure times coincide with the regularly scheduled shuttles.

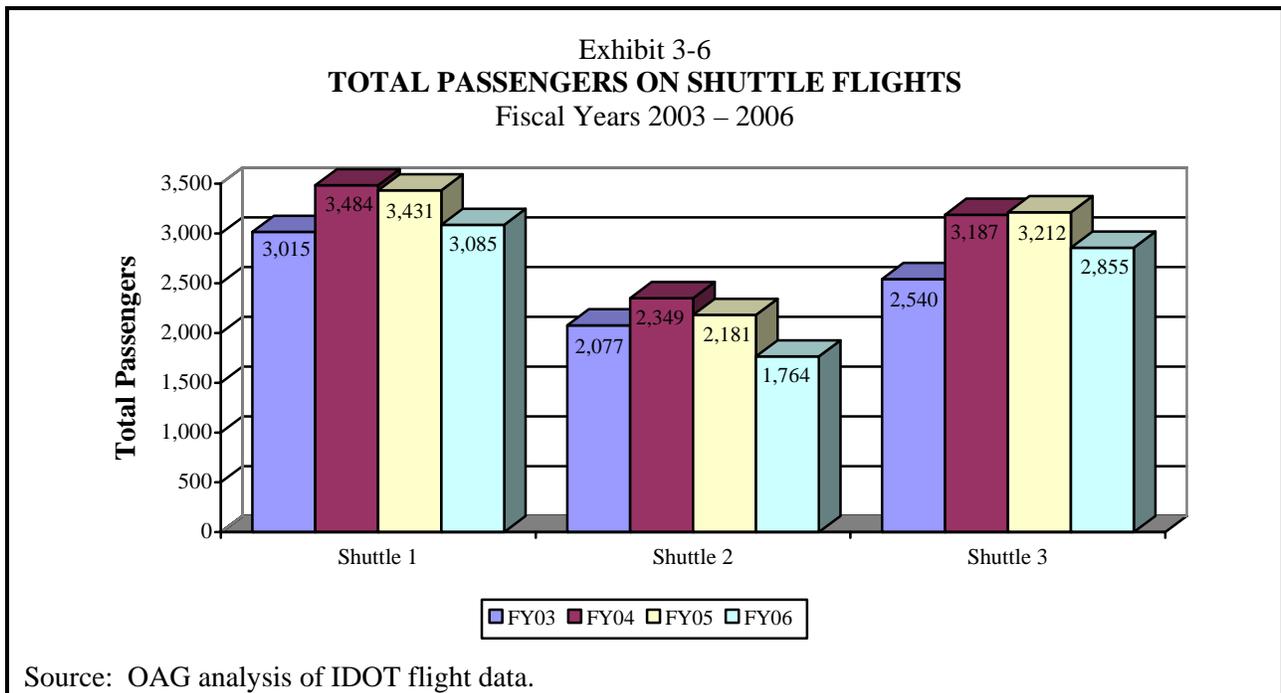
Exhibit 3-4 SHUTTLE FLIGHT SCHEDULE			
Springfield to Midway		Midway to Springfield	
Departs	Arrives	Departs	Arrives
7:30 a.m.	8:30 a.m.	8:45 a.m.	9:45 a.m.
10:30 a.m.	11:30 a.m.	1:45 p.m.	2:45 p.m.
4:45 p.m.	5:45 p.m.	6:00 p.m.	7:00 p.m.

Source: IDOT website.

Exhibit 3-5 shows the average number of passengers for each of the shuttles during fiscal years 2003 – 2006. The shuttle flights represented 73 percent of all executive aircraft flights over the four-year period and averaged 5.6 passengers per flight. The average number of passengers ranged from a low of 3.5 on Shuttle 2 to Chicago in fiscal year 2003 to a high 6.6 on Shuttle 1 to Chicago in fiscal years 2003, 2004, and 2006.



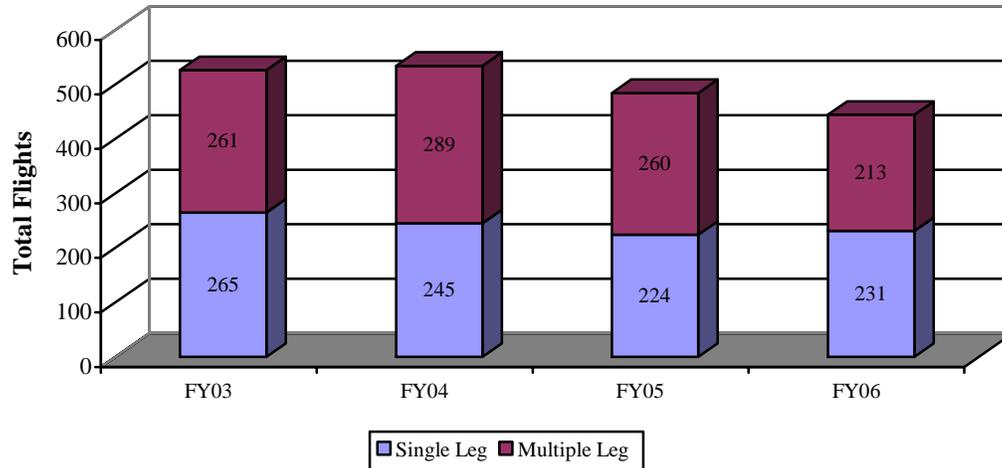
Over 33,000 passengers flew on the State shuttles during fiscal years 2003 – 2006. Exhibit 3-6 shows the total passengers on shuttle flights for each year. As shown in the exhibit, the morning shuttle (Shuttle 1) is utilized more than the midday or evening shuttles.



Special Flights

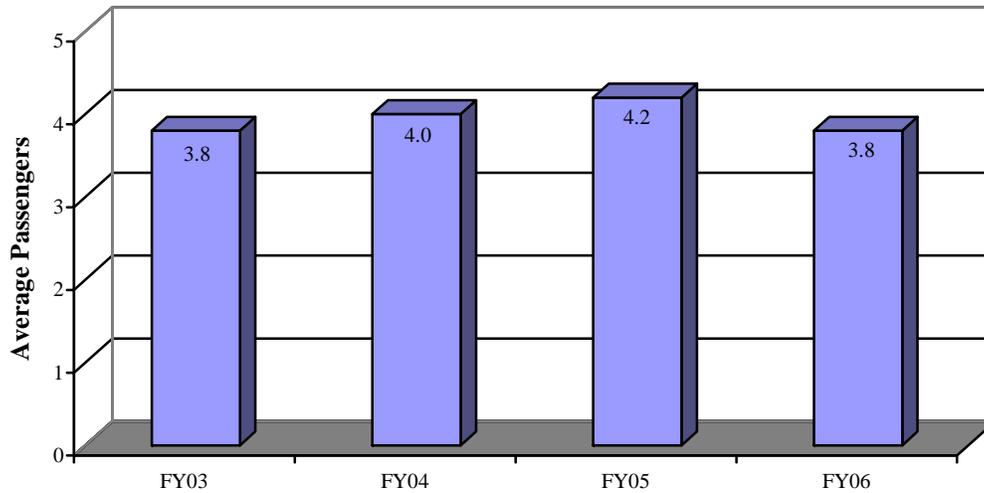
In addition to operating the shuttle flights, IDOT responds to various special flight requests. During fiscal years 2003 – 2006, State executive aircraft were used for 1,988 special flights which represent 25 percent of all executive aircraft flights. The time of day of travel varies based upon the request. Some flights are single leg requests and fly from one location to another (i.e., Springfield to Chicago). Other flights are multiple leg requests and fly to several locations (i.e., Chicago to Moline to Champaign to Springfield). As can be seen in Exhibit 3-7, the number of single leg flights versus the number of multiple leg flights was fairly equal over the last four fiscal years. Exhibit 3-8 shows the average number of passengers for special flights during fiscal years 2003 – 2006. The average number of passengers ranged from 3.8 to 4.2 passengers per flight and averaged 4.0 passengers per special flight over the four-year period.

Exhibit 3-7
TOTAL NUMBER OF SPECIAL FLIGHTS
Fiscal Years 2003 – 2006



Source: OAG analysis of IDOT flight data.

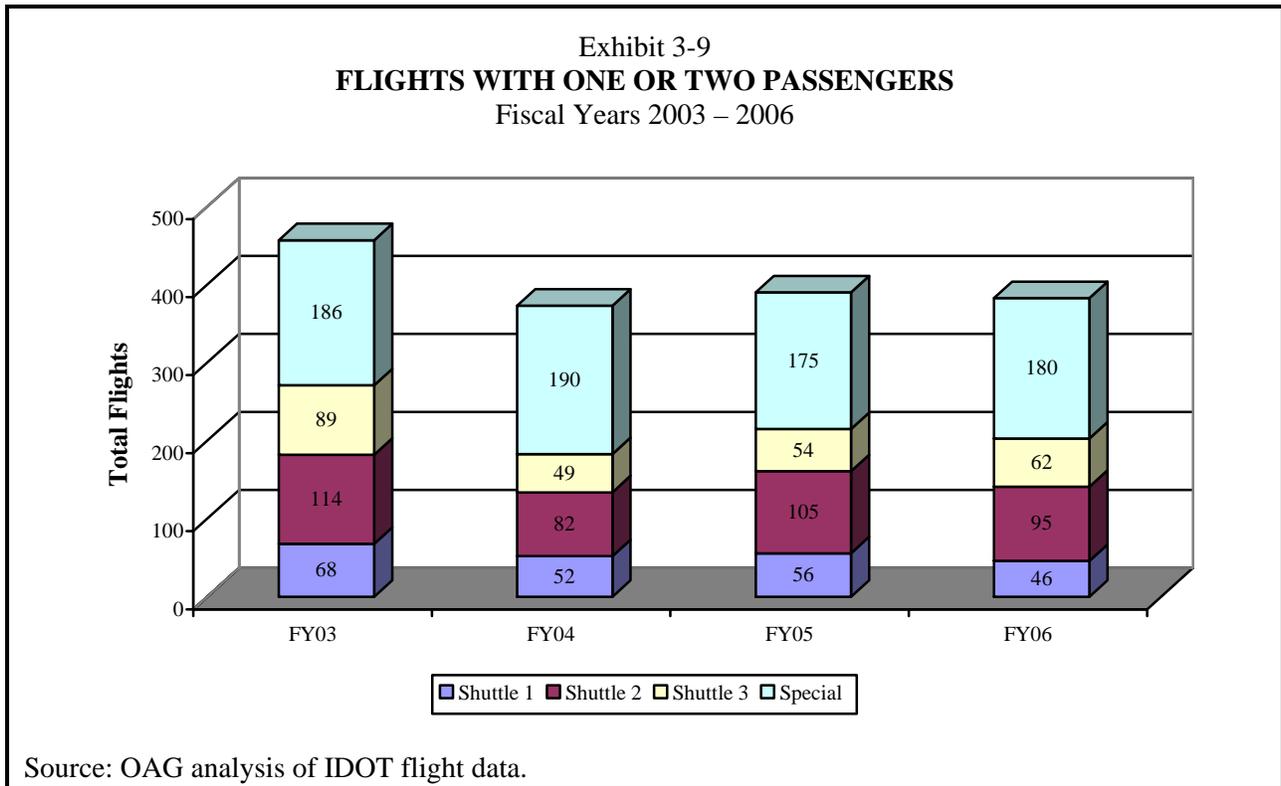
Exhibit 3-8
AVERAGE PASSENGERS ON SPECIAL FLIGHTS
Fiscal Years 2003 – 2006



Source: OAG analysis of IDOT flight data.

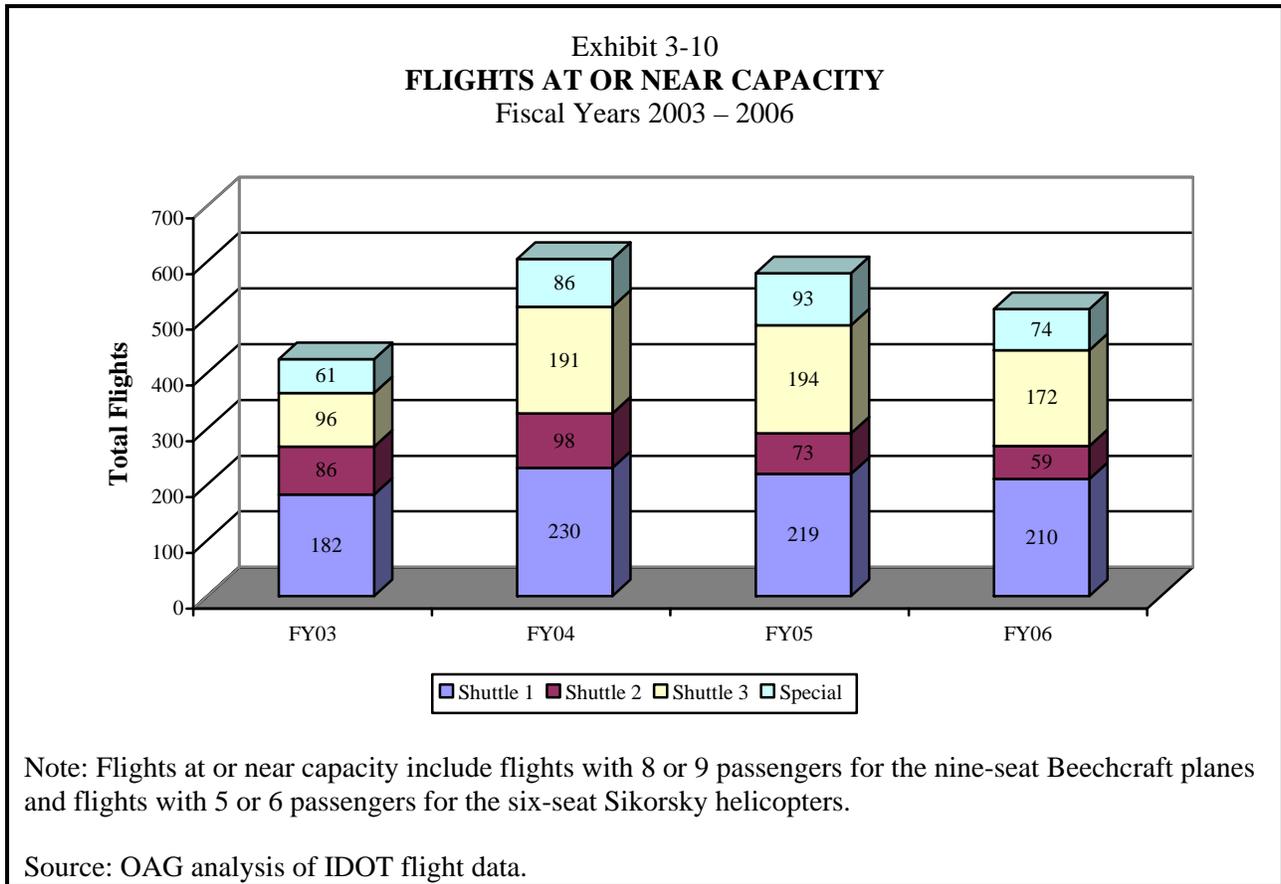
Flights with 1 – 2 Passengers

During the four-year period, 20 percent (1,603 of 8,106) of executive aircraft flights carried only one or two passengers (excluding flights such as maintenance or training flights). As discussed in Chapter One, IDOT bills per passenger unless the flight is exclusively for personal or political purposes. In those cases, IDOT would bill a per plane rate. Of the 1,603 flights with one or two passengers, only 4 were billed at the per plane rate. For the remainder of the flights, IDOT charged the using entities for the one or two passengers on the flights. Special flights accounted for 46 percent of the flights with one or two passengers during the four-year period (see Exhibit 3-9). Shuttle 1 had the lowest occurrence (14%) of flights with one or two passengers over the four-year period.



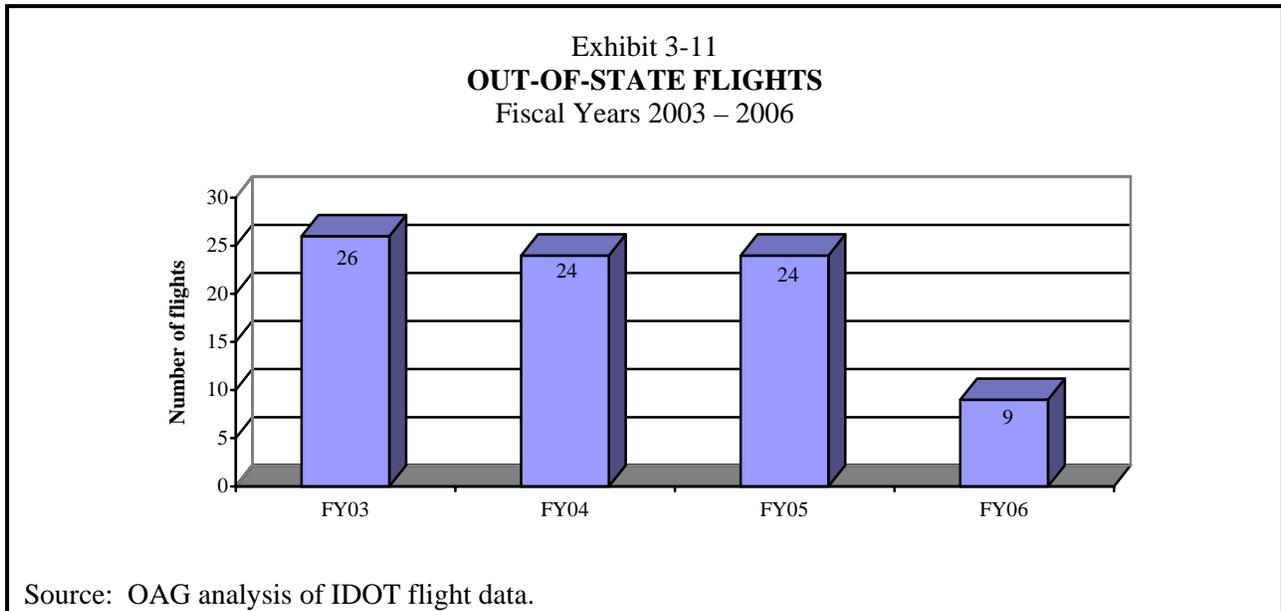
Flights At or Near Capacity

During the four-year period, 26 percent (2,124 of 8,106) of executive aircraft flights flew at or near capacity. Flights at or near capacity include flights with 8 or 9 passengers for the nine-seat Beechcraft planes and flights with 5 or 6 passengers for the six-seat Sikorsky helicopters. Shuttle 1 and Shuttle 3 represented 70 percent of the flights at or near capacity. Shuttle 2 and special flights represented the remaining 30 percent. Exhibit 3-10 shows the number of flights at or near capacity by type of flight for fiscal years 2003 – 2006.



Out-of-State Flights

The State’s aircraft can also be utilized for out-of-state flights. During fiscal years 2003 – 2006, State executive aircraft flew a total of 83 out-of-state flights to 39 different cities. Forty-nine percent of these flights (41 of 83) were to cities in bordering states, which included Dubuque, Iowa; St. Louis, Missouri; and Paducah, Kentucky. The remainder of flights were to non-bordering states such as Ohio, Tennessee, and North Carolina, as well as to Washington D.C. Exhibit 3-11 shows the number of out-of-state flights for fiscal years 2003 – 2006.



Chapter Four

COMPARISON TO COMMERCIAL FLIGHTS

CHAPTER CONCLUSIONS

Rates charged by commercial airlines are higher than the rates charged by the Illinois Department of Transportation (IDOT) but lower than the actual cost incurred by IDOT to provide the service. There are currently two commercial airlines that fly between Springfield and Chicago. United Airlines flies between Springfield and Chicago O'Hare with a State rate of \$140 for a one-way capacity controlled fare and a \$204 one-way rate that is always available if seats are available. Big Sky Airlines flies between Springfield and Chicago Midway with an introductory one-way rate of \$79 which eventually will rise to \$109.

IDOT currently charges \$59.86 for a one-way shuttle flight between Springfield and Chicago Midway. However, IDOT has not increased business rates since 1981 and the cost to provide the service is substantially higher. Based on the average cost per passenger seat-mile for the four-year period, IDOT would need to charge \$270.10 for a one-way shuttle flight to cover the cost of operating the State's aircraft.

The vast majority of flights (87%) for the executive aircraft are between Chicago and Springfield. Shuttle flights represented 73 percent (5,900 of 8,106) of all flights during fiscal years 2003 – 2006. Other special flights between Chicago and Springfield accounted for an additional 14 percent (1,157 of 8,106) of flights over the same time period. Flights to other cities that offer commercial flights accounted for only 1 percent (87 of 8,106) of all flights over the four-year period.

COMPARISON TO COMMERCIAL FLIGHTS

The fourth audit determination of Legislative Audit Commission Resolution Number 135 asked us to compare the cost paid by State employees for flights on the State plane to amounts charged by commercial airlines operating out of the same cities.

The State lacks a centralized system that tracks specific modes of transportation such as commercial air travel. The State has available the total amount on a travel voucher for each traveler but not the specific charges for the various expenses such as transportation.

Comparing rates of current fares is also difficult. Fares for commercial flights vary depending on when the ticket is purchased and seat availability. However, the Governor's Travel Control Board has established rates for flights between Springfield and Chicago. As discussed later in this chapter, 87 percent (7,057 of 8,106) of flights using the State planes were for flights between Springfield and Chicago.

Survey Results

We conducted a survey regarding the use of the State’s aircraft. A total of 22 entities were surveyed with 19 responding to the request. One question asked was how frequently travelers experienced instances when an employee wished to use the State plane but because of availability was not able to get on the flight. Exhibit 4-1 shows the results from the survey responses received. All of the users responding indicated some instances of a lack of flight availability.

Two responses indicated two frequency ranges depending on the timing of the flight. One response listed 10% - 25% during legislative non-session dates and 26% - 50% during legislative session dates. Another response listed 10% - 25% when there are three flights per day and 26% - 50% when there are two flights per day. IDOT temporarily suspended the midday shuttle at the end of May 2006 because demand for shuttle flights is not as great when the Legislature is out of session. IDOT estimated that suspending one round-trip flight per day over the summer would save an estimated 9,600 gallons of fuel.

Exhibit 4-1 FREQUENCY OF LACK OF AVAILABLE SEATS ON THE STATE SHUTTLE	
Estimated Frequency	Responses
Never	-
Less than 10%	5
10% to 25% ¹	6
26% to 50% ¹	9
51% to 75%	1
Greater than 75%	-
Note: ¹ Two survey responses indicated two frequency ranges depending on the timing of the flight. Source: OAG survey of users of the State’s aircraft.	

The survey also asked what alternative means of travel are used when the State’s aircraft was not available and also what factors limit the use of commercial travel as an alternative. Users responded that they consider traveling by vehicle – either personal or State vehicle (17 responses), by train (13 responses), and by commercial plane (9 responses). Other responses included teleconferencing, carpooling, and cancelling the trip.

When considering commercial flights, users cited the cost of commercial travel as a limiting factor in 17 of the responses received. Other factors limiting the use of commercial flights included travel time (11 responses) and flight availability (11 responses).

Governor’s Travel Control Board

The Governor’s Travel Control Board (Board) has jurisdiction over travel by employees and officers of all State agencies except those under the jurisdiction of another travel control board. The Board periodically issues Travel Updates to agency travel coordinators. These Travel Updates have addressed air travel. Exhibit 4-2 summarizes Travel Updates related to commercial air travel.

Exhibit 4-2 GOVERNOR'S TRAVEL CONTROL BOARD TRAVEL UPDATES FOR COMMERCIAL FLIGHTS BETWEEN SPRINGFIELD AND CHICAGO		
Date Issued	Summary of Update	Rate Information (One-way Rate Unless Otherwise Noted)
07-23-01	Announced that American Trans Air (ATA) would begin service between Springfield and Midway beginning August 13, 2001.	Rate should not exceed \$118 + taxes and fees
09-06-01	Announced that ATA had established special rates for State employees.	\$107 based on seat availability \$118 always available
10-04-01	As a result of post 9/11 security measures, provided guidelines for travel and to reassure employees that delays at airports were at a minimum. Travelers with tickets should arrive at least 45 minutes prior to departure.	Unchanged from 09-06-01
02-19-02	Announced changes to address the reservation process (new phone number and ability to purchase an electronic ticket enabling employee to bypass the ticket counter) and the time travelers spend at Midway Airport (changes to reduce time to get to gates and planes).	\$271 round trip (equates to \$135.50 one way) for a fully refundable ticket
11-01-05	Announced that United Airlines is the only carrier offering direct air travel from Springfield to Chicago. Flights are to O'Hare airport. Employees should arrive at least one hour prior to departure.	\$140 capacity controlled fare \$204 always available if seats are available
09-19-06	Announced that prior approval by the Board is required for any flights in excess of the \$140 rate.	Unchanged from 11-01-05
Source: OAG summary of Governor's Travel Control Board Travel Updates.		

In July 2001, the Board announced new service between Springfield and Midway Airport provided by American Trans Air (ATA). The new service replaced previous flights provided by Great Lakes Aviation between Springfield and Meigs Field. According to the Travel Update dated September 6, 2001, the rates offered for a one way ticket were a \$107 rate based on seat availability and a \$118 rate that was always available. The rates did not include taxes and fees. A February 2002 update established the round trip rate at \$271. ATA discontinued flights between Springfield and Midway in January 2005.

In November 2005, the Board issued a Travel Update noting that United Airline flights between Springfield and Chicago O'Hare airport were now the only direct flights between Springfield and Chicago. The rates offered were a \$140 capacity controlled rate and a \$204 rate that was always available if seats were available. A recent update in September 2006 required prior approval by the Board for any rate above the \$140 rate.

In October 2006, Big Sky Airlines announced new air service between Springfield and Chicago Midway beginning in December 2006. A one way ticket was announced at an introductory rate of \$79 which would gradually increase to a regular rate of \$109. The Governor's Travel Control Board has not yet issued a Travel Update related to the new air service.

There is not a State rate for flights between other cities in Illinois such as Chicago to Peoria or Chicago to Bloomington. The State does not negotiate rates for these flights because there is not enough demand.

Flights Between Chicago and Springfield

The vast majority of flights for the executive aircraft are between Chicago and Springfield. Shuttle flights represented 73 percent (5,900 of 8,106) of all flights during fiscal years 2003 – 2006. Other special flights between Chicago and Springfield accounted for an additional 14 percent (1,157 of 8,106) of flights over the same time period.

The State shuttle previously operated between Springfield Capital Airport and Chicago Meigs Field. However, in March 2003, Meigs Field was closed and the shuttle began flying out of Midway Airport. Commercial flights through ATA also operated between Springfield and Chicago Midway until January 2005. So during that time period, shuttle flights competed directly against commercial flights. After ATA discontinued flights to Midway, the only commercial flights between Chicago and Springfield were through O’Hare Airport until the recent announcement by Big Sky Airlines.

Flights to Other Cities That Offer Commercial Flights

Flights to other cities that offer commercial flights were limited. Flights to other cities that offer commercial flights accounted for only 1 percent (87 of 8,106) of all flights during fiscal years 2003- 2006. Besides flights between Springfield and Chicago, flights are available between Chicago and Bloomington, Champaign, Moline, Peoria, and St. Louis. Flights are also available between Springfield and St. Louis. Exhibit 4-3 shows flights on the State’s aircraft for these selected cities. The State’s aircraft flew a total of 87 flights between these cities over the four-year period.

Exhibit 4-3 FLIGHTS TO OTHER CITIES THAT OFFER COMMERCIAL FLIGHTS Fiscal Years 2003 – 2006	
Flights Between	Number of Flights
Bloomington – Chicago	12
Champaign – Chicago	13
Moline – Chicago	8
Peoria – Chicago	32
St. Louis – Chicago	17
St. Louis – Springfield	5
Total	87
Source: OAG analysis of IDOT flight data.	

Comparison of Rates

Rates charged by commercial airlines are higher than the rates charged by IDOT but lower than the actual cost incurred by IDOT to provide the service. Exhibit 4-4 compares the rates charged and the cost to provide the service. There are currently two commercial airlines that fly between Springfield and Chicago. United Airlines flies between Springfield and Chicago O’Hare with a State rate of \$140 for a one-way capacity controlled fare and a \$204 one-way rate that is always available if seats are available. Big Sky Airlines flies between Springfield and Chicago Midway with an introductory one-way rate of \$79 which eventually will rise to \$109.

IDOT currently charges \$59.86 for a one-way shuttle flight between Springfield and Chicago Midway. However, as discussed in Chapter Two, IDOT has not increased business rates since 1981 and the cost to provide the service is substantially higher. Based on the average cost per passenger seat-mile for the four-year period, IDOT would need to charge \$270.10 for a one-way shuttle flight to cover the cost of operating the State’s aircraft.

Exhibit 4-4 COMPARISON OF RATES One-Way Flights	
United Airlines – Springfield to O’Hare	\$140 capacity controlled \$204 always available if seats are available
Big Sky Airlines – Springfield to Midway	\$79 introductory rate \$109 normal rate
IDOT rate – Springfield to Midway	\$59.86
IDOT rate needed to recover cost – Springfield to Midway	\$270.10
Source: CMS Travel Updates and OAG analysis of IDOT cost information and flight data.	

APPENDICES

APPENDIX A
LAC Resolution Number 135

Legislative Audit Commission

RESOLUTION NO. 135

Presented by Senator Lauzen

WHEREAS, the Illinois Department of Transportation (IDOT) operates six flights every business day between Springfield and Chicago;

WHEREAS, there are private industry alternatives;

WHEREAS, FY06 line item appropriations for operations of IDOT's Aeronautics Division total \$12.4 million, of which \$8.8 million or over 70% is appropriated from the Road Fund;

WHEREAS, employees of State agencies using IDOT's planes are charged for their flights;

WHEREAS, those reimbursements may not be sufficient to fully-fund the related operating costs;

WHEREAS, the Road Fund may be subsidizing the State flights; therefore

BE IT RESOLVED, BY THE LEGISLATIVE AUDIT COMMISSION that the Auditor General is directed to conduct a management audit of the Illinois Department of Transportation's aeronautics operations; and be it further

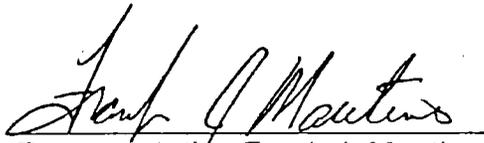
RESOLVED, that the audit include but not be limited to, the following determinations for fiscal years 2003 through 2006:

- All direct and indirect costs associated with operating the State planes;
- A categorization of the users of the State planes by flight destination, time of day and agency;
- The total reimbursements paid by State agencies for flights taken by their respective employees and a determination of whether those reimbursements were sufficient to cover costs associated with operating the State's fleet;
- A comparison of the cost paid by State employees for flights on the State plane to amounts charged by commercial airlines operating out of the same cities;
- To the extent that information is available, a determination of whether any flights were for a personal or non-official purpose; and
- Whether IDOT has analyzed the cost-effectiveness of its air operation and examined whether alternative means exist to fulfill the travel needs of State employees; and be it further

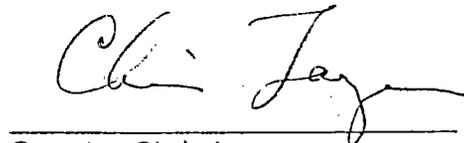
RESOLVED, that the Illinois Department of Transportation and any other State agency, entity or person that may have information relevant to this audit cooperate fully and promptly with the Auditor General's Office in its conduct; and be it further

RESOLVED, that the Auditor General report his audit conclusions no later than January, 2007, and distribute the report upon completion in accordance with Section 3-14 of the Illinois State Auditing Act.

Adopted this 10th day of August, 2005.



Representative Frank J. Mautino
Co-chair



Senator Chris Lauzen
Co-Chair

APPENDIX B
Audit Methodology

AUDIT METHODOLOGY

This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit objectives for this management audit were those as delineated in Legislative Audit Commission Resolution Number 135 (see Appendix A), which directs the Auditor General to conduct a management audit of the Illinois Department of Transportation's aeronautics operations. The audit objectives are listed in the Introduction section of Chapter One. Fieldwork for this audit was conducted between August and October 2006.

In conducting the audit, we reviewed applicable State and federal statutes and rules. We reviewed compliance with those laws to the extent necessary to meet the audit's objectives. Any instances of non-compliance we identified are noted in this report. We also reviewed management controls and assessed risk relating to the audit's objectives. A risk assessment was conducted to identify areas that needed closer examination. Any significant weaknesses in those controls are included in this report.

We interviewed representatives from IDOT's Division of Aeronautics. We also met with the Springfield Airport Authority and officials from two agencies, the Secretary of State and the Department of Natural Resources, that use the State's aircraft.

We examined flight information from IDOT's Flight Operation System for all flights during fiscal years 2003 – 2006. Flight information from all flights is entered into IDOT's Flight Operation System. We performed various analytical procedures on the data to address the determinations.

We also examined cost information for all direct and indirect costs associated with operating the State's aircraft. The cost information is discussed in detail in Chapter Two.

We reviewed a judgmental sample of 120 flight manifests from fiscal years 2003 – 2006. Thirty flights were selected from each year including 25 executive flights and 5 utility flights. Flights were selected for a variety of reasons including: flights with only one passenger, flights on weekends, flights for the highest users, regular shuttle flights and specially requested flights, flights out of state, and flights that had both political/personal and business users.

The flights in the sample were examined to determine if all passengers signed the flight manifest and also to determine if the passengers attested to the purpose of the flight when signing the flight manifest. The sample was also used to test the accuracy of IDOT's Flight Operation System. All of the flight data analyzed for this report came from IDOT's Flight Operation System.

We surveyed a random sample of users of the State's aircraft. A random sample of 60 passengers was selected from flights during fiscal years 2003 – 2006. Fifteen passengers were selected from each year. The entities billed for those passengers were sent a survey that inquired about their practices related to the use of the State's aircraft. Surveys were sent to the following 22 entities.

- Administrative Office of the Illinois Courts
- Attorney General
- Civil Service Commission
- Comptroller's Office
- Department of Central Management Services
- Department of Children and Family Services
- Department of Commerce & Economic Opportunity
- Department of Human Services
- Department of Public Health
- Department of Professional Regulation
- Department of Transportation
- Governor's Office
- House Operations
- Illinois Commerce Commission
- Illinois State Lottery
- Office of Management & Budget
- Pollution Control Board
- Secretary of State
- Senate Operations
- State Board of Education
- State Board of Elections
- Treasurer's Office

We received responses from 19 of the 22 entities sampled. Those that did not respond were the Department of Public Health, the Office of Management & Budget, and the Treasurer's Office.

Entities were asked various questions including whether they use a written request form, whether an analysis of the most economical mode of transportation is required, what alternative modes of travel are used, and what factors limit the use of commercial flights. Those entities were also provided specific information on the flights selected in the sample and asked to verify if the information was correct, the specific purpose of travel, and whether the flight was for business, personal, or political purposes.

Results from samples used in this audit have not been projected to the universe and should not be projected.

APPENDIX C
Air Transportation Guidelines

ILLINOIS DEPARTMENT OF TRANSPORTATION

AIR TRANSPORTATION GUIDELINES

Revision 3 (01/09/2003)

**ILLINOIS DEPARTMENT
OF TRANSPORTATION
DIVISION OF AERONAUTICS
January 9, 2003**

ILLINOIS DEPARTMENT OF TRANSPORTATION

AIR TRANSPORTATION GUIDELINES

I. General

A. The following guidelines govern the use of State aircraft for air transportation services. These guidelines are intended to promote equitable, consistent, efficient administration and insure full disclosure and complete accountability regarding the air fleet utilization.

II. Statutory Authority

A. The statutory authority for air transportation services is set forth in the Civil Administrative Code, Section 49.02a (20ILCS 2705/49.02a) as follows:

“The Department of Transportation may provide air transportation for officers and employees of the Offices, Departments, and Agencies of the State Government, and charge such Office, Department or Agency for such transportation. Charges for such transportation shall not exceed the expenses incurred and costs involved in providing air transportation, and may include expenses for equipment, personnel and operational expenses...

Except as provided herein all requests shall be filled in the following priority: (1) the Governor, (2) the Lieutenant Governor, (3) the legislative leaders of the General Assembly, specifically, the President and minority leader of the Senate and the Speaker and minority leader of the House of Representatives, (4) the Judges of the Supreme Court, (5) the Attorney General, (6) the Secretary of State, (7) the Comptroller, (8) the Treasurer, (9) other members of the General Assembly; and thereafter as provided by the Department of Transportation.”

B. The statutory authority for establishing the Air Transportation Revolving Fund is set forth in the State Finance Act. Section 6m (30ILCS 105/6m) as follows:

“All fees and other moneys received by the Department of Transportation from any officer, department or agency of the State for providing air transportation to or for such officer, department or agency shall be paid into the Air Transportation Revolving Fund. The moneys in this fund shall be used by the Department of Transportation only for equipment, personnel, operational expenses and such other expenses as may be incidental to providing air transportation for officers, department or agencies of the State Government.”

III. Air Transportation Policies

A. Statement of Purpose:

The Department of Transportation, Division of Aeronautics, Bureau of Air Operations is responsible for operating and maintaining an air transportation services program which provides executive and emergency air transportation services to State officials, Departments, Agencies and other authorized users on a 24-hour, seven day a week basis.

B. Categories of Aircraft Utilization:

In order to insure full disclosure and complete accountability, the following definitions set forth the purpose of the flight which all passengers must identify and attest to by signing the aircraft manifest when using the State's aircraft:

1. Official State Business – Travel via State aircraft in an official capacity to conduct the business of the State of Illinois. Business use is limited to the elected constitution officers of the executive branch; the leaders of the General Assembly (President and minority leader of the Senate and the Speaker and minority leader of the House of Representatives); members of the General Assembly; Judges of the Supreme Court; other elected state officials; officers and employees of other government entities; and other individuals traveling under the auspices of a state agency for state purposes.

All travel by the Governor and Lieutenant Governor within the State of Illinois, other than for political purposes, shall be deemed official state business unless otherwise designated by them as personal travel. Since the Illinois Constitution requires executive branch statewide elected officers to maintain a residence at the seat of government during their terms of office, these elected constitutional officers and their spouses may travel via state aircraft between their permanent residence and their constitutionality required residence as part of official state business.

Family members of business users may fly on a seat available basis. Family members may fly at the state business rate when representing the state in an official capacity. Family members will be charged at the personal (mixed-use) rate when not representing the state in an official capacity.

2. Personal Business – Travel via State aircraft to conduct affairs of a personal nature. Personal business may be scheduled only by the elected constitution officer as the executive branch and the leaders of the General Assembly (President and minority leader of the Senate and the Speaker

and minority leader of the House of Representatives). Personal users will be charged for the costs of flights in accordance with current rate structure and billing procedure.

3. Political Business – Travel via State aircraft to conduct affairs of a political nature. The political use of State aircraft is limited to the elected constitutional officers of the executive branch and the leaders of the General Assembly (President and minority leader of the Senate and the Speaker and minority leader of the House of Representatives.) Political users will be charged for the costs of flights in accordance with current rate structure and billing procedures.

C. General Guidelines:

1. All requests for air transportation will be filled in accordance with Executive Order Number 8 (1985) (see Attachment A).
2. Spouses of the following state officials shall maintain the status and passenger priority equal to that of their respective husband/wife for scheduling and billing purposes:
 - a. Elected constitutional officers of the executive branch, and
 - b. Leaders of the General Assembly (President and minority leader of the Senate and the Speaker and minority leader of the House of Representatives).
3. The Division of Aeronautics will respond to all authorized flight requests within the capabilities of the available equipment and personnel. The Division of Aeronautics will determine which aircraft will be utilized for each flight requested.
4. It is the responsibility of each elected constitution officer of the executive branch and the leaders of the General Assembly (President and minority leader of the Senate and the Speaker and minority leader of the House of Representatives), the head of each Office, Department, Agency or Commission using State aircraft to assure that all flight requests received from that organization are properly authorized. Justification for any flight will be the sole responsibility of the requesting entity.

D. Security Personnel:

Security personnel are paid by the Department of State Police unless the entire leg is political; then the political user pays for the security personnel.

If security personnel are the only passengers on a leg (to meet an official or after dropping an official off), their seats are charged to the Department of State Police regardless of the nature of the official's activity.

Air Transportation Scheduling Procedures

A. Appointment of the Agency Schedulers

Each agency or organization that anticipates use of state aircraft for air transportation services will designate an individual as the air transportation permanent scheduler and a second individual as the alternate scheduler. These internal agency schedulers are to coordinate with the Bureau of Air Operations scheduling section to help achieve the most effective use of the state fleet of aircraft and helicopters. The primary reasons for assigning an internal scheduler for each agency are: (1) to assure proper authorization of flight requests, (2) to reduce the number of parties contacting the Bureau of Air Operation's scheduler, (3) to promote flight coordination with agencies, and (4) to simplify the scheduling procedure.

The air transportation scheduling assignments should be given to no more than two individuals who are centrally located in the agency and within the same office. These scheduling duties would be additional duties assigned to established positions with the current organization. In order to assure the validity of all flight requests, each agency or organization will continually keep Air Operations apprised in writing of the names of the permanent and alternate schedulers.

B. Responsibilities of the Agency Scheduler

The permanent scheduler will be the agency's primary contact with the Division of Aeronautics on the subject of flight scheduling and availability. He/She will be responsible for arranging flights, forwarding alternations or cancellations assigning internal priorities, maintaining records and keeping the alternate scheduler well versed on the system's operation.. The alternate scheduler should be prepared to fill-in for the permanent scheduler in the case of sickness, personal leave, vacation or any similar circumstances.

C. All requests should be made by the agency scheduler as soon as they become aware of a request. All requests for travel via Department of Transportation aircraft should be received no later than the morning of the day preceding the date of travel. Normally, flights are determined and scheduled the afternoon, one (1) day prior to the flight, i.e., Wednesday's flights are built on Tuesday, Thursday's on Wednesday, Friday's on Thursday, Saturday's and Sunday's on Friday, and Monday's are formulated on Friday. Exceptions to the above guidelines will be subject to the availability of aircraft and crew.

D. Flight Scheduling Procedures

All flight requests will be made to the Bureau of Air Operations at 785-8381 or 8328. If an adjustment in time is necessary to accommodate flight scheduling, the Air Operations dispatcher will advise the agency scheduler of necessary changes at that time. A passenger manifest will be prepared prior to each flight and taken aboard the aircraft by a pilot. Each passenger must sign the flight manifest and is responsible to verify the flight purpose thereon. At the conclusion of the flight, the Division of Aeronautics will prepare the necessary billing documentation. All passengers are requested to be present and ready to board the aircraft at the departure point at least ten minutes prior to departure time. This will enable the pilot to depart on schedule and meet all subsequent schedules on time. The cooperation of each passenger is needed in order to avoid inconveniences to other passengers. If a passenger is unavoidably delayed in arriving at the airport, a call to the Air Operations dispatcher is requested prior to the scheduled departure time. Do not count on the flight automatically delaying 10 minutes to wait on late arrivals. If the passenger fails to arrive for a confirmed flight, without properly canceling with the Bureau of Air Operations, the user agency will be billed for the reserved seat.

E. Flight Cancellation

In order to preclude being billed for the trip, all passengers must cancel their seat prior to the flight's scheduled departure time. Upon receipt of cancellation, a cancellation number will be issued by the Division of Aeronautics for confirmation and record-keeping purposes.

V. Rate Structure and Billing

A. All users of executive air transportation shall be charged in accordance with the guidelines herein set forth. Charges will be computed based on the purpose of flights (Official State Business; Political; Personal) and the applicable aircraft rate schedule. (See Appendix A, Air Fleet Rates)

B. Executive Air Transportation

1. Official State Business

Charges for trips designated as Official State Business shall be as follows:

- a. Fixed Wing Aircraft: Charges to the individual user will be computed by multiplying the actual air mileage (nautical miles) of the requested routing multiplied by the applicable seat-mile rate.

- b. Helicopter: Charges to the individual user will be computed by multiplying the actual time from the aircraft tachometer multiplied by the applicable hourly rate.

Routing: For maximum utilization of aircraft, a user may be routed via points other than those requested, but will not be charged for other than requested point-to-point mileage. Since more than one user may be scheduled to travel on the same flight, each user will be charged according to their respective requested routing.

2. Personal or political

Charges for trips designated as Personal or Political shall be as follows:

a. Personal/Political Exclusive Use (Round Trip)

Executive Fixed Wing Aircraft: Charges to the Personal/Political user will be computed by multiplying the actual round trip air mileage (nautical miles) by the appropriate plane mile rate. The Personal/Political user will be charged for the entire round trip of the aircraft (including return to base).

Helicopter: Charges to the Personal/Political user will be computed by multiplying the actual time from the aircraft tachometer times the applicable hourly rate. The personal/Political user will be charged for the entire round trip of the aircraft (including return to base).

- b. Mixed Use: Utilization of an aircraft for both official state business and personal/political business on the same legs is considered mixed use. With mixed use, the business user pays at the business rate; the personal/political user pays the personal/political mixed-use rate for shared legs. On exclusive legs (including repositioning legs or diversions made necessary to serve the personal/political user) the personal/political user pays the personal/political plane-mile or hourly rate.
- c. Minimum Charge: When a flight is diverted from an official state business flight to include a leg/legs for personal/political business, the charges will be assessed based on either the differential mileage between the business trip and the personal political trip or a \$100 landing fee, whichever is greater. The charges would be computed as follows:

Fixed Wing: (A) The differential mileage times the applicable plane mile rate, or
(B) A fee of \$100.00 per landing.

- Rotary Wing: (A) The differential flight time times the applicable hourly rate, or
(B) A fee of \$100.00 per landing.

C. Monthly Billing

The Division of Aeronautics will bill each user on a monthly basis. The cut-off date for billing will be the end of each month. Each user will receive an Accounts Receivable Invoice (bill) by the 15th of the following month which will identify the date of the flight; aircraft number; flight identification; passenger's name; passenger's point of origin and destination; and the respective charges.

APPENDIX A
Air Fleet Rates
Air Transportation Guidelines
Illinois Department of Transportation

Effective September 1, 1995

Type Aircraft	Seats	State Business Rate	Personal/Political Rate
Fixed Wing Fleet			
King Air 350	9	\$0.41/seat-mile	Mixed Use: \$0.75/seat mile Exclusive Use: \$6.00/plane-mile
Cessna 337	4	\$0.41/seat-mile	NOT APPLICABLE
Cessna 210	5	\$0.41/seat-mile	NOT APPLICABLE
Cessna 206	5	\$0.41/seat-mile	NOT APPLICABLE
Cessna 182	3	\$0.41/seat-mile	NOT APPLICABLE
Helicopter Fleet			
Sikorsky S-76	6	\$84.00/seat- hour	Exclusive Use: \$504.00/hour Mixed Use: \$84.00/seat/hour
Bell 206	5	\$84.00/seat-hour	NOT APPLICABLE

APPENDIX B
Springfield-Chicago-Springfield Shuttle
Air Transportation Guidelines
Illinois Department of Transportation

The Springfield-Chicago-Springfield Shuttle operates on weekdays (State Holidays excepted) utilizing Chicago Meigs Airport (conditions permitting). Three round trips are provided at the scheduled times listed below. Diversions from the scheduled route/times are not permitted.

Aircraft and seats will be assigned as per priorities set forth in Executive Order #8. In the case of equal priorities, time of request will be used.

Cut-Off time: For the weekday shuttle only, there will be a cut-off time of 12:00 noon, the day prior, Friday for Monday's flights. At that time seats will be assigned per above. No bumping will be allowed after 12:00 noon. Seats are reserved. Any requests after 12:00 noon will be wait listed by the time of request.

Springfield-Chicago-Springfield Shuttle Schedule

Depart Springfield	7:30 a.m.	10:30 a.m.	4:45 p.m.
Arrive Chicago	8:20 a.m.	11:20 a.m.	5:35 p.m.
Depart Chicago	8:45 a.m.	1:45 p.m.	6:00 p.m.
Arrive Springfield	9:35 a.m.	2:35 p.m.	6:50 p.m.



SPRINGFIELD, ILLINOIS

EXECUTIVE ORDER

NUMBER 8 (1985)

ESTABLISHING AIR TRANSPORTATION
PASSENGER PRIORITY SCHEDULE

In the hurried pace of State government, there is a pressing need for State officials to attend meetings at various points within the State. There is more demand for efficient air transportation than the fleet of State aircraft can deliver. To be practical and fair in making available the air transportation provided by the Department of Transportation, a schedule of priority is needed.

Unless otherwise provided by law, I hereby direct the Department of Transportation to fill requests for air transportation in the following order:

- (1) the Governor,
- (2) the Lieutenant Governor,
- (3) the four legislative leaders of the General Assembly (The President and minority leader of the Senate and the Speaker and minority leader of the House of Representatives),
- (4) the Judges of the Supreme Court,
- (5) the Attorney General,
- (6) the Secretary of State,
- (7) the Comptroller,
- (8) the Treasurer,
- (9) the remaining members of the General Assembly,
- (10) the Governor's Chief of Staff and the Chiefs of Staff of the four legislative leaders,
- (11) the Senior Staff of the Office of the Governor,
- (12) the directors of the departments and agencies of the executive branch of State government,
- (13) the Chief of Staff of each of the above elected officers as designated by them in the same order as provided above for the elected officers,
- (14) the remaining staff of the Office of the Governor,
- (15) the assistant and deputy directors and division chiefs of the departments, agencies and officials in the same order as provided above for such departments, agencies and officials, and
- (16) the remaining staffs and employes of the departments, agencies and officials in the same order as provided above for such departments, agencies and officials.

This Executive Order shall become effective upon execution.

James R. Thompson
James R. Thompson
GOVERNOR

APPENDIX D

Amounts Billed to Users of the State's Aircraft Fiscal Years 2003 – 2006

Appendix D
AMOUNTS BILLED TO USERS OF THE STATE'S AIRCRAFT
Fiscal Years 2003 – 2006

Agency	FY03	FY04	FY05	FY06	Total
Governor's Office ¹	\$110,618	\$133,805	\$125,360	\$89,757	\$459,540
House Operations Committee	\$36,933	\$48,272	\$45,624	\$38,806	\$169,635
Senate Operations Committee	\$34,135	\$43,421	\$45,138	\$41,154	\$163,848
Department of Transportation	\$49,274	\$40,243	\$34,292	\$36,632	\$160,441
Attorney General	\$26,345	\$34,605	\$38,636	\$39,205	\$138,791
Department of Natural Resources	\$27,813	\$50,776	\$28,846	\$22,028	\$129,463
Department of Children and Family Services	\$32,053	\$34,060	\$28,912	\$29,092	\$124,118
Department of Public Health	\$22,054	\$30,364	\$31,499	\$25,167	\$109,084
Secretary of State	\$27,443	\$23,031	\$18,835	\$27,030	\$96,339
Illinois Supreme Court	\$25,135	\$26,099	\$21,609	\$18,805	\$91,649
Department of Central Management Services	\$13,360	\$18,633	\$29,461	\$26,416	\$87,870
Illinois Commerce Commission	\$30,102	\$23,705	\$15,803	\$15,384	\$84,993
Illinois State Police ²	\$20,881	\$20,178	\$19,415	\$18,001	\$78,475
Department of Human Services	\$14,490	\$26,425	\$18,372	\$14,314	\$73,601
Department of Public Aid	\$8,234	\$17,787	\$24,262	\$17,931	\$68,213
Department of Revenue	\$7,002	\$16,790	\$16,169	\$14,307	\$54,267
State Board of Education	\$21,180	\$6,764	\$11,134	\$12,233	\$51,311
Rod Blagojevich/Friends of Blagojevich (Personal/Political)	\$3,564	\$23,466	\$15,227	\$5,856	\$48,114
Department of Commerce & Economic Opportunity	\$12,267	\$16,455	\$9,702	\$7,176	\$45,599
Treasurer's Office	\$13,803	\$14,991	\$9,271	\$6,762	\$44,826
Lieutenant Governor's Office	\$9,831	\$10,586	\$12,774	\$10,156	\$43,347
Comptroller's Office	\$10,946	\$7,094	\$8,991	\$7,958	\$34,990
Department of Professional Regulation	\$4,282	\$5,627	\$8,387	\$9,659	\$27,955
Department of Corrections	\$1,039	\$5,544	\$14,138	\$6,917	\$27,638
Liquor Control Commission	\$6,621	\$7,363	\$7,121	\$5,387	\$26,492
Office of Banks & Real Estate	\$7,564	\$9,338	\$5,088	\$2,813	\$24,804
Environmental Protection Agency	\$4,027	\$8,747	\$8,472	\$3,173	\$24,419
State Board of Elections	\$3,909	\$3,651	\$5,268	\$6,345	\$19,173
Office of the Appellate Defender	\$5,410	\$4,130	\$4,729	\$4,729	\$18,998
Illinois Workers' Compensation Commission	\$3,125	\$5,268	\$5,026	\$5,245	\$18,663
Emergency Management Agency	\$3,627	\$8,054	\$2,190	\$2,808	\$16,678
Illinois Department of Employment Security	\$4,622	\$4,909	\$3,199	\$3,831	\$16,560
Speaker of the House	\$3,869	\$3,965	\$4,150	\$3,771	\$15,754
Illinois State Lottery	\$4,208	\$4,370	\$4,843	\$1,916	\$15,336
Department of Labor	\$496	\$5,567	\$5,328	\$2,694	\$14,084
Southern Illinois University	\$3,368	\$2,677	\$4,017	\$3,860	\$13,922
Capital Development Board	\$1,715	\$3,563	\$4,250	\$3,841	\$13,369
Department of Insurance	\$3,022	\$2,813	\$4,130	\$2,754	\$12,719
Tom Cross/Citizens to Elect Tom Cross (Personal/Political)	\$348	\$2,120	\$7,006	\$1,487	\$10,960
Board of Higher Education	\$2,979	\$3,891	\$2,634	\$1,197	\$10,701
Illinois State Toll Highway Authority		\$255	\$2,905	\$6,673	\$9,833
Illinois Community College Board	\$4,836	\$2,699	\$1,197	\$838	\$9,570
Illinois Racing Board	\$2,848	\$1,616	\$2,694	\$2,394	\$9,553
Department on Aging	\$1,346	\$1,077	\$3,108	\$3,771	\$9,303
Department of Veterans' Affairs	\$432	\$2,035	\$2,875	\$3,053	\$8,395
Human Rights Commission	\$3,595	\$1,497	\$1,137	\$1,437	\$7,666
Citizens for Frank Watson (Personal/Political)	\$4,178	\$1,228	\$1,361	\$506	\$7,273

Appendix D
AMOUNTS BILLED TO USERS OF THE STATE'S AIRCRAFT
Fiscal Years 2003 – 2006

Agency	FY03	FY04	FY05	FY06	Total
Illinois Gaming Board	\$3,766	\$1,497	\$718	\$958	\$6,939
Teachers' Retirement System	\$2,540	\$120	\$2,335	\$778	\$5,773
Illinois Planning Council on Developmental Disabilities	\$2,481	\$599	\$1,497	\$1,137	\$5,713
Comprehensive Health Insurance Plan Board	\$2,997	\$778	\$419	\$958	\$5,152
Illinois Arts Council	\$1,565	\$1,271	\$1,097	\$1,137	\$5,070
University of Illinois at Springfield	\$989	\$838	\$1,137	\$1,556	\$4,521
State Labor Relations Board	\$3,673	\$359	\$479		\$4,511
Illinois Finance Authority	\$2,980	\$861	\$251	\$239	\$4,332
Economic & Fiscal Commission		\$1,556	\$1,197	\$1,257	\$4,011
Speaker Michael Madigan/Friends of Madigan (Personal/Political)	\$1,563	\$1,168	\$724	\$241	\$3,697
Executive Ethics Commission			\$1,197	\$2,394	\$3,592
State Fire Marshal	\$1,123	\$778	\$718	\$898	\$3,518
Pollution Control Board	\$2,346	\$599	\$359	\$180	\$3,484
University of Illinois	\$639	\$1,124	\$1,029	\$672	\$3,464
Illinois Educational Labor Relations Board	\$810	\$838	\$1,197	\$539	\$3,384
Department of Agriculture	\$1,398	\$898	\$359	\$239	\$2,894
Senator P. Philip (Personal/Political)	\$2,191				\$2,191
Corps of Engineers Rock Island District		\$343	\$1,798		\$2,141
Historic Preservation Agency		\$838	\$299	\$944	\$2,081
Property Tax Appeal Board	\$750	\$299	\$599	\$359	\$2,007
Illinois Student Assistance Commission	\$242		\$120	\$1,414	\$1,776
Office of the Executive Inspector General				\$1,736	\$1,736
Court of Claims	\$1,055	\$60	\$239	\$120	\$1,474
Financial Institutions	\$251	\$1,137			\$1,388
Legislative Audit Commission	\$376	\$239	\$359	\$239	\$1,214
Regional Transportation Authority	\$604	\$479			\$1,083
Civil Service Commission	\$245	\$120	\$359	\$299	\$1,023
WGN News			\$869		\$869
Illinois Housing Development Authority	\$299	\$120	\$264	\$180	\$863
Corrine Wood (Personal/Political)	\$811				\$811
Illinois Criminal Justice Information Authority		\$120	\$359	\$299	\$778
Office of the Auditor General	\$251	\$299	\$120		\$670
Office of the Architect of the Capitol		\$599			\$599
Lisa Madigan (Personal/Political)		\$551			\$551
State Employees' Retirement System	\$248	\$60		\$239	\$547
Judges' Retirement System	\$186	\$120	\$239		\$545
State's Attorneys Appellate Prosecutor	\$439	\$60			\$499
CBS News Channel 2	\$251	\$228			\$479
Catch-all for Personal/Political			\$462		\$462
NBC News Channel 20	\$383				\$383
Prisoner Review Board	\$314	\$60			\$374
Judicial Inquiry Board		\$120	\$239		\$359
Illinois Rural Bond Bank	\$235	\$120			\$354
Procurement Policy Board			\$239	\$60	\$299
Department of Nuclear Safety	\$264				\$264
Local Governmental Law Enforcement Officers Training Board				\$239	\$239

Appendix D
AMOUNTS BILLED TO USERS OF THE STATE'S AIRCRAFT
 Fiscal Years 2003 – 2006

Agency	FY03	FY04	FY05	FY06	Total
Local Labor Relations Board		\$239			\$239
Citizens for Topinka (Personal/Political)	\$202				\$202
Delinquent Accounts	\$569	\$(379)			\$190
New York Times			\$149		\$149
ABC News Channel 7	\$67	\$59			\$126
Pension Laws Commission	\$125				\$125
Northeastern Illinois University		\$120			\$120
Associated Press		\$70			\$70
Prairie State 2000 Authority	\$63				\$63
Department of Human Rights			\$60		\$60
Western Illinois University		\$60			\$60
Citizens for Ryan (Personal/Political)	\$55				\$55
Military and Naval			\$20		\$20
Total	\$678,280	\$788,975	\$746,093	\$634,580	\$2,847,928

Notes: ¹The Governor's Office includes the Governor's Office of Management and Budget (\$104,219).
²Illinois State Police includes the Executive Security Detail (\$76,173).

Source: OAG analysis of IDOT billing records.

APPENDIX E
Agency Responses



Illinois Department of Transportation

Office of the Secretary
2300 South Dirksen Parkway / Springfield, Illinois / 62764
Telephone 217/782-5597

January 12, 2007

MEMORANDUM TO WILLIAM G. HOLLAND, AUDITOR GENERAL,
STATE OF ILLINOIS

SUBJECT: The Illinois Department of Transportation's Responses to the
Management Audit Report on the Department of Transportation's Aeronautics'
Operations

On August 10, 2005, the Legislative Audit Commission adopted LAC Resolution Number 135 directing the Office of the Auditor General (OAG) to conduct a management audit of the Illinois Department of Transportation's (IDOT's) Aeronautics' Operations. We agree in principle with many of the recommendations provided in your report. The department has taken into consideration your Office's recommendations and will be implementing appropriate corrective action where necessary.

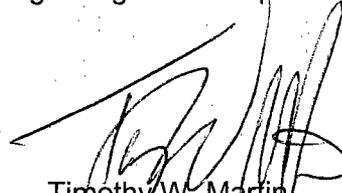
The report expressed concerns that the department needed to perform an analysis of the cost-effectiveness of its air operations and adjust billing rates accordingly. The department has always tracked the cost of its air operations in its accounting systems and had performed a cost analysis of its air operations in the past. The department has now performed an even more comprehensive cost analysis of the cost of its air operations. The department is also implementing policies and procedures to ensure that such a calculation is performed on an annual basis prior to the budgeting process. The department is also in agreement that it should review the current rate structure being billed to recover costs to operate the shuttle from passengers who use it.

The department's air operations are a vital and important resource for state government and homeland security, especially in light of the continued uncertainty regarding the reliability of scheduled private-sector air transportation between Springfield and Chicago for the state legislators and constitutional officers.

The department's goal is to address the OAG's concerns and implement corrective action as expeditiously as possible. The department is constantly exploring new protocols and best practices to make our operations more effective and efficient.

William G. Holland, Auditor General
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Attached for your use are the Illinois Department of Transportation's responses to the recommendations relating to your draft audit report on IDOT's Aeronautics' Operations. If you have any questions regarding these responses, please contact me.

A handwritten signature in black ink, appearing to read 'Timothy W. Martin', is written over the typed name and title.

Timothy W. Martin
Secretary

Attachment

Illinois Department of Transportation's Responses to the Office of the Auditor General's Management Audit Report on the Department of Transportation's Aeronautics' Operations

Recommendation Number 1:

The Department of Transportation should include all direct and indirect costs when assessing the cost of the State's aircraft program. The department should use the costs defined in Federal OMB Circular No. A-126 as a starting point in determining all of the costs of operating the State's aircraft program.

Response:

The department agrees with the recommendation.

Corrective Action:

The department agrees to use OMB Circular No. A-126 as a guide in determining all of the costs of operating the state's aircraft program.

Expected Date of Completion:

Fiscal Year 2006 was completed in December 2006. The department will assess the state's aircraft program annually at the end of each Fiscal Year.

Recommendation Number 2:

The Department of Transportation should develop a written policy that requires a periodic review of its rates charged to users of the State's aircraft. The department should also develop a methodology to set the rates charged to users and determine the costs that should be recovered. If IDOT develops a rate that does not recover the full cost of operating the State's aircraft, the full cost information should be made available so that it will make transparent the amount of subsidy involved in providing aircraft services.

Response:

The department agrees with the recommendation.

Corrective Action:

The department has developed a policy to annually review the cost of operating the state's aircraft and review the rates charged to the users of state aircraft. Results will be forwarded to the Secretary of Transportation for review.

Recommendation Number 3:

The Department of Transportation should periodically examine the cost effectiveness of its air operations. The analysis should also determine the optimum fleet size and whether all current aircraft are needed.

Response:

The department agrees with the recommendation.

Corrective Action:

The department has developed a policy to annually review the cost of operating the state's aircraft and review the rates charged to the users of state aircraft. The department will periodically review optimal fleet size and appropriateness for the state's Aeronautical missions. Results will be forwarded to the Secretary of Transportation for review.

Recommendation Number 4:

The Department of Transportation should ensure that all flight requests are made in writing as required by statute or seek legislative change to alter the requirement.

Response:

The department agrees with the recommendation.

Corrective Action:

The department will seek a change in legislation to remove the requirement of flight requests made in writing.

Expected Date of Completion:

December 31, 2007

Recommendation Number 5:

The Department of Transportation should ensure that all passengers sign the flight manifest and attest to the purpose of the flight when signing the flight manifest, as required in its Air Transportation Guidelines.

Response:

The department agrees with the recommendation.

Corrective Action:

The department will change the Air Transportation Guidelines to have each scheduler attest to the passenger's purpose of trip when requesting the flight. The department will hold two mandatory training sessions for agency directors or designee and/or schedulers, one in Chicago and one in Springfield, on an annual basis to convey the significance of the scheduler's role in the state aircraft operations.

Expected Date of Completion:

August 2007

Recommendation Number 6:

The Department of Transportation should consider charging business users for positioning legs required to accommodate flight requests.

Response:

The department agrees with the recommendation.

Corrective Action:

The department agrees to consider and is working with agency schedulers to optimize aircraft utilization and maximize aircraft usage on all flight leg segments.

Expected Date of Completion:

Immediately