

North Central Texas Council of Governments Air Transportation Advisory Committee

Funding Workshop – October 6, 2016

Background Material and Questions for the Federal Aviation Administration Southwest Region Airports and the Texas Department of Transportation Aviation Division

The following material is presented to provide context for the questions that follow regarding funding for Texas general aviation (GA) airports. The Air Transportation Advisory Committee (ATAC) Funding Subcommittee has been coordinating with the Texas Airport Council to gather information and develop questions for this workshop. The information and data provided in Section 1 was provided by the Texas Airport Council.

SECTION 1: BACKGROUND

Grant Funding for GA Airports in Texas

The primary source of grant funding for Texas GA airports is the Federal Aviation Administration (FAA) Airport Improvement Program (AIP). Money for AIP comes from the Airport and Airways Trust Fund, which is funded by taxes on airline tickets, air cargo waybills, and aviation fuels. For GA airports, AIP funding comes in three forms:

- State Apportionment, which is based on an area/population formula;
- Non-Primary Entitlement (NPE), which is \$150,000 annually to each eligible airport;
- Discretionary funds, which is whatever is left over after various entitlements and apportionments are calculated; unused/unexpended AIP funds are also turned back to the discretionary pot.

It is important to note that the funds supporting the NPE program were once part of the State Apportionment allocation, *i.e.*, the annual level of State Apportionment funds that the Texas Department of Transportation (TxDOT) Aviation Division received prior to implementation of the NPE program by Congress. State Apportionment funding was reduced so that GA airports could “enjoy” a \$150,000 annual entitlement.

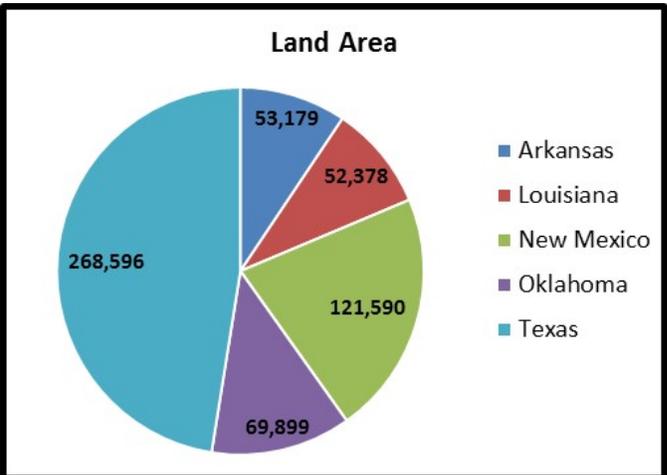
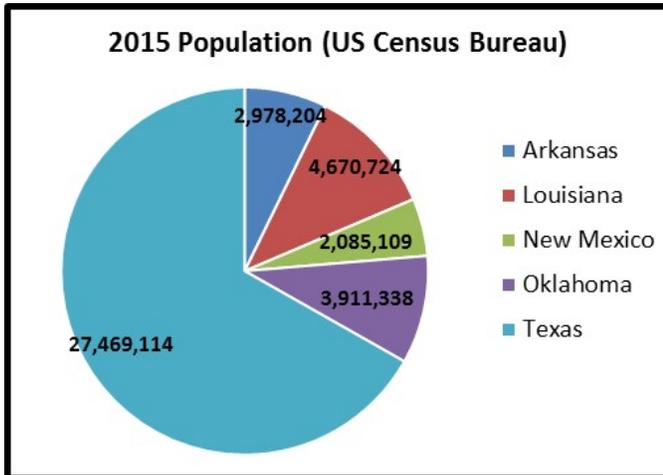
The FAA Southwest Region receives approximately 11% of the total discretionary funding available nationwide, which is then directed in roughly 75-80% proportion to air carrier airports and 20-25% to GA airports. In non-Block Grant states, airports work with an FAA Program Manager in the local Airport District Office (ADO) when applying for grant funding. Texas is one of 10 states in the Block Grant Program. Texas receives funding for its GA airports from FAA in a lump sum and TxDOT Aviation acts as FAA’s agent in distributing the funds in the form of grants. Texas GA airports work with a TxDOT Aviation Program Manager to secure funding for their projects. GA airports in the other four states in the FAA Southwest Region – Arkansas, Louisiana, New Mexico, and Oklahoma – are in non-Block Grant States and thus coordinate all federal funding (including discretionary funds) directly with FAA Program Managers in their local Airport Development Office (ADO).

In Texas, the state provides some additional funding, about \$16 Million annually, although the amount can vary, to GA airports. This funding is available to all airports in the Texas Airports System Plan (TASP) including many that are not in FAA’s National Plan of Integrated Airport Systems (NPIAS) and are

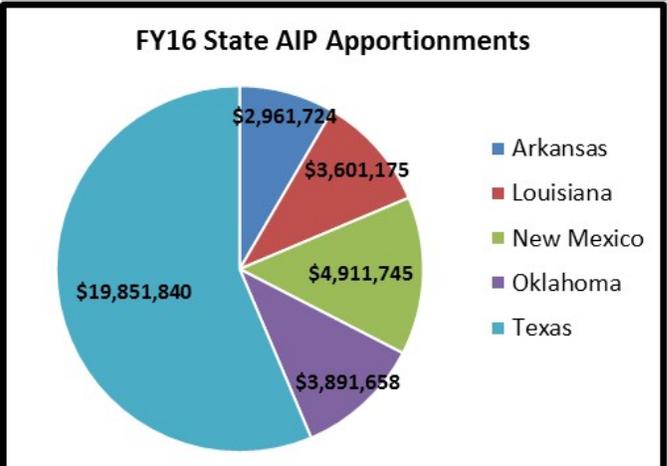
therefore not eligible to receive AIP funding. The State money can also be used to support projects that are not eligible for AIP funding or would be considered low priority by FAA standards, such as the Routine Airport Maintenance Program (RAMP).

FY16 AIP Funding for Texas GA Airports

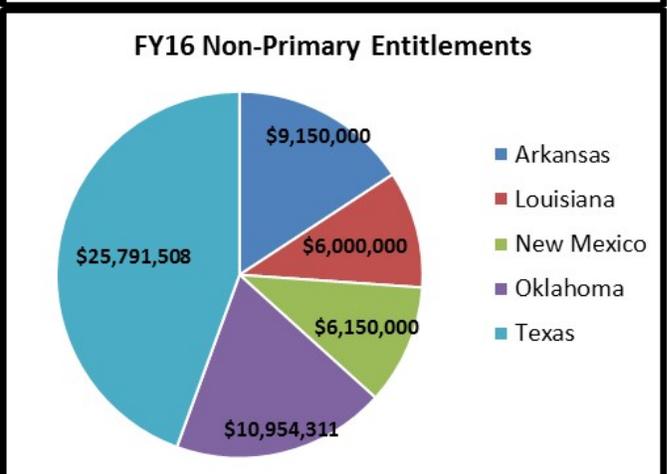
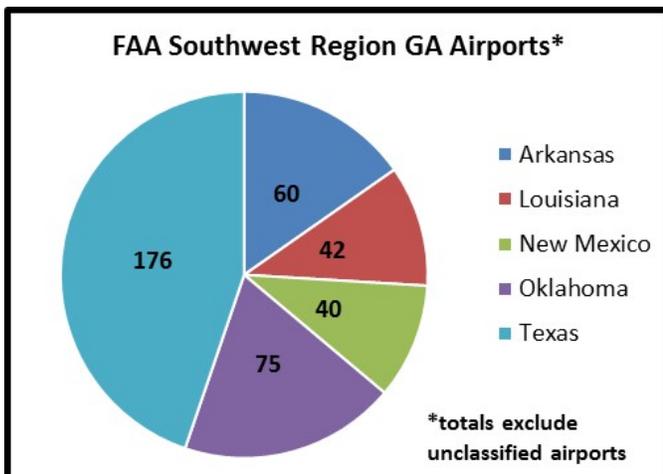
The distribution of State Apportionment funding is formula-driven, based on population and land area, and is, therefore, consistent from year to year. The following three charts compare the relative population, land area, and FY16 State Apportionment AIP funding provided to GA airports in the five states of the FAA Southwest Region.



Per the two charts above, Texas has 66.8% of the population and 47.5% of the total land area of the FAA’s five-state Southwest Region. The chart at right shows that Texas receives 56.4% of the available State Apportionment AIP funding in the Southwest Region, commensurate with its land area and population in relation to the other four states in the region.



Non-Primary Entitlement funding is distributed based on the number of eligible airports; with a very few exceptions, each eligible airport receives



\$150,000 in annual NPE funding. The two charts below show the number of NPE-eligible GA airports in each of the five Southwest Region states and the total NPE funding received by airports in each state. (GA airports that are “unclassified” in the FAA’s ASSET and ASSET2 studies are not presently receiving NPE funding.)

Texas has 44.8% of the NPE-eligible airports in the region, and received 44.4% of the total NPE funding in FY16; again, the funding levels are commensurate with the relative numbers of airports in each of the five states. Note that NPE funding totals are significantly larger than the State Apportionment totals: in FY16, State Apportionment funding for GA airports in the FAA Southwest Region totaled \$35,218,142 (37.8%) while NPE funding totaled \$58,045,819 (62.2%). Also, while State Apportionment funding is generally directed to higher-priority projects within a state (on a competitive basis), NPE funding is an entitlement to each eligible airport that is awarded to annually regardless of need.

Conclusion: Based on feedback from airports, Texas GA airports have no serious concerns or issues with the State Apportionment and NPE funding distribution within the five-state FAA Southwest Region.

FY10-FY15 AIP Discretionary Funding for Texas GA Airports

Discretionary funding is another matter entirely. Texas GA airports should have serious issues with the distribution of discretionary funds.

Table A below shows the amounts of discretionary funding (by state) awarded to GA airports in the FAA Southwest Region for the six-year period FY10 through FY15.

Table A – FAA SWR Discretionary Funding Allocations by State

Fiscal Year	2010		2011		2012		2013		2014		2015		TOTAL	
Arkansas	\$4,878,017	15.9%	\$8,796,327	25.8%	\$17,796,250	57.8%	\$5,218,000	41.8%	\$3,603,210	26.7%	\$1,824,990	5.8%	\$42,116,794	27.5%
Louisiana	\$1,043,048	3.4%	\$2,719,277	8.0%	\$0	0.0%	\$2,989,265	24.0%	\$599,627	4.4%	\$8,068,733	25.6%	\$15,419,950	10.1%
New Mexico	\$9,238,538	30.2%	\$5,927,842	17.4%	\$3,366,789	10.9%	\$627,580	5.0%	\$4,932,199	36.5%	\$17,648,832	56.1%	\$41,741,780	27.3%
Oklahoma	\$5,127,092	16.8%	\$5,200,000	15.3%	\$4,633,020	15.0%	\$3,639,078	29.2%	\$4,378,781	32.4%	\$3,150,000	10.0%	\$26,127,971	17.1%
Texas	\$10,300,000	33.7%	\$11,400,000	33.5%	\$5,000,000	16.2%	\$0	0.0%	\$0	0.0%	\$795,000	2.5%	\$27,495,000	18.0%
TOTAL AIP Discretionary	\$30,586,695		\$34,043,446		\$30,796,059		\$12,473,923		\$13,513,817		\$31,487,555		\$152,901,495	

In FY12, FAA became concerned about TxDOT Aviation’s management of block grant AIP funds due to a large program balance, which was NPE banking by airports of their four year totals capped at \$600,000 each. Consequently, FAA elected to stop providing discretionary funds to TxDOT until this was addressed to the satisfaction of FAA. As a result, Texas received a reduced allotment of discretionary funds in FY12, zero discretionary funds in FY13 and FY14, and only a small amount in FY15. Neither TxDOT nor FAA effectively communicated this decision to the parties most affected; the Texas GA airports and the reliever airports in particular. This year (2016) the full scope of the problem became apparent and steps were taken by TAC to address the issues. In TAC’s more recent conversations with FAA they have indicated that they believe TxDOT has adequately addressed their concerns and will receive its normal allocation of discretionary funding in FY16. Unfortunately for Texas Airports, the withholding of AIP discretionary money resulted in reduced funding availability across the State and subsequent pent-up demand for project funding essential to Texas GA airports, Reliever Airports in particular.

The Case for a Larger Share of AIP Discretionary Funding for Texas GA Airports Moving Forward

As illustrated in Table A, the highest two years for Texas were FY10 and FY11. These years could be regarded as “normal” or “typical” years of discretionary fund distribution. However, Texas received only slightly more than one third of the available funding in these years.

A 30-35% share of available AIP discretionary funds for Texas is unacceptably low in relation to the proportion and importance of Texas GA airports in the NPIAS. Airports have heard from FAA that only projects at Reliever airports in Texas were being considered for discretionary funding, while “significant” or larger GA airports in the other four states were being allowed to compete for discretionary funds. This is inherently unfair to Texas GA airports, there should not be two standards applied within the same FAA Region.

TxDOT Aviation’s 2017-19 draft ACIP (Aviation Capital Improvement Plan) assumes Texas would receive an annual average of approximately \$10 million in federal discretionary funding throughout the period. This appears to assume that Texas will receive a 30-35% share of an assumed \$30-35 Million in available discretionary funding going forward, which is consistent with what FAA has previously indicated should be expected. Texas should be receiving a significantly larger share (on average) of the available discretionary funding. While the actual amounts and proportions may fluctuate from year to year based on how well Texas airport projects compete – and agree that grant awards should be made on a competitive basis using the established priority system –Texas airports should be receiving no less than 50% (on average) of available discretionary funding and arguably as much as 70% or more. Assuming that \$30-35 Million is available annually in discretionary funding, that translates to \$15-25 Million that should be coming to Texas every year. A proposed higher average share of discretionary funding is strongly supported by data on the number, size, and importance of Texas GA airports relative to airports in the four other Southwest Region states.

To add, the numbers and sizes of commercial service airports in the FAA Southwest Region gives a good idea of populations served and areas where there is congestion in the airport system, necessitating healthy GA Reliever airports. Table B below shows the numbers of commercial service airports (by hub size) in the five-state region.

Table B – FAA SWR Commercial Service Airports

State	Commercial Service - Hub Size				Total CS
	Large	Medium	Small	Non	
Arkansas	0	0	2	2	4
Louisiana	0	1	1	5	7
New Mexico	0	1	0	4	5
Oklahoma	0	0	2	1	3
Texas	2	4	5	13	24
SW Region	2	6	10	25	43
TX % of Total	100.0%	66.7%	50.0%	52.0%	55.8%

Texas airports clearly dominate the FAA Southwest Region: Texas has the region’s only large hub airports (Houston Intercontinental and Dallas/Fort Worth International) and four of the six medium

hub airports. It is additionally worth noting that Texas’ two largest metropolitan areas, Dallas/Fort Worth and Houston, are each served by a large hub and a medium hub airport.

Table C – FAA SWR GA Airport Classifications/Designations

State	General Aviation - ASSET Classification					Total GA	Reliever ASSET Classifications			Total Reliever
	National	Regional	Local	Basic	Unclass.		National	Regional	Local	
Arkansas	1	11	29	19	13	73	0	1	1	2
Louisiana	0	9	19	14	7	49	0	2	1	3
New Mexico	0	8	11	21	5	45	0	1	0	1
Oklahoma	2	5	40	28	23	98	2	1	0	3
Texas	8	31	90	47	10	186	8	12	3	23
SW Region	11	64	189	129	58	451	10	17	5	32
TX % of Total	72.7%	48.4%	47.6%	36.4%	17.2%	41.2%				71.9%

Looking at GA airports in Table C above, Texas again dominates the FAA Southwest Region, particularly with respect to the larger and busier (National category and designated Reliever) GA airports: Texas has eight of eleven National category airports and 23 of 32 designated Relievers in the Region.

Texas GA Reliever airports are also dominant by other measures including number of aircraft operations (take-offs and landings), number of instrument (IFR) operations, numbers of based aircraft, and numbers of based jet aircraft, as illustrated in Table D below.

Table D – FAA SWR GA Airport Operations and Based Aircraft Comparisons

State	Total Relievers*	ASSET Classifications*			IFR Operations*	% of IFR Ops	Total Operations*	% of Total	Based Jets*	% of Jets	Based Aircraft*	% of Based
		National	Regional	Local								
TEXAS	21	6	12	3	183,523	71.9%	1,613,010	71.2%	489	76.2%	4,572	70.9%
OKLAHOMA	3	2	1	0	40,735	15.9%	292,064	12.9%	115	17.9%	925	14.4%
LOUISIANA	3	0	2	1	26,732	10.5%	211,468	9.3%	27	4.2%	539	8.4%
ARKANSAS	2	0	1	1	0	0.0%	82,125	3.6%	10	1.6%	258	4.0%
NEW MEXICO	1	0	1	0	4,414	1.7%	67,469	3.0%	1	0.2%	150	2.3%

Table D excludes data from Houston’s Ellington Field (EFD) and Fort Worth’s Alliance Airport (AFW) because those two airports do not participate in the state block grant program. Even excluding those two airports, Texas Relievers account for 70% of the airports, more than 70% of the IFR and total operations, and more than 70% of based jet aircraft and total based aircraft. Relievers in the large metropolitan areas (Dallas/Fort Worth and Houston) are particularly significant because those areas experience congestion and delay at the air carrier airports whereas air carrier airports elsewhere in the region see relatively little congestion.

Discretionary funds are generally awarded on a competitive basis to provide the greatest benefit to the system. Reliever airports in congested areas should compete very well for those funds, particularly when those airports need funding for high-priority safety projects. Texas has more large GA airports with more activity than the other four states in the region combined. It defies logic to imagine that Texas’ largest and busiest GA airports do not have unmet needs for significant projects that would compete very well against other airports in the region, particularly in light of FAA’s decision to withhold discretionary funding from Texas airports beginning in FY12 (which has resulted in a large backlog of deferred/delayed projects).

Conclusion: Texas GA airports should receive 50-70% of the available discretionary funds going forward based on the supporting data provided above.

SECTION 2: QUESTIONS

Funding Levels

1. FAA & TxDOT: Given the data and discussion above, how does Texas receive a larger share of the available discretionary funding moving forward?
2. FAA: What is the reasoning for limiting discretionary funding to Reliever airports only in Texas, while there is no such limitation in the other four states in the region?
3. TxDOT: We understand funding for airports from the State of Texas has not been increased for many years. How can we work with TX-DOT Aviation to pursue increased annual funding for airport improvements that might be used for planning, studies, RAMP grants, and capital improvements on small GA airports?
4. TxDOT: Larger reliever airports are in need of addition financial assistance for small projects, airfield repairs, and maintenance. What can we expect for RAMP funding in the future? Is there a possibility to increase RAMP funding above the current \$50,000 per-airport reimbursement limit?
5. What are the prospects for increased levels of AIP funding in the FAA Reauthorization bill? Are you aware of any initiatives that will affect funding for GA airports in particular?
6. FAA: You must understand the dilemma created by NPE fund banking in Texas. How can we help convince decision makers that Texas must be allowed additional flexibility in its management of NPE?
7. TxDOT: Are you represented during meetings at FAA SWR where discretionary funds are discussed and tentatively allocated? If not, how can TxDOT be a representative?

Project Selection Process

8. FAA & TxDOT: Are there resources where we can learn more about the selection criteria, funding amounts, and schedules for the project selection processes?
9. TxDOT: Are airport development worksheets used in the selection of projects for funding? If so, please explain. In addition, what is the process for an airport to update an airport development worksheet?
10. TxDOT: Are Airport Master Plans used during the project selection process? If so, please explain.
11. TxDOT: Do you reference the General Aviation System Plans or other regional system plans in the project selection process? If so, please explain.
12. TxDOT: Could you go through the annual submission calendar and critical deadlines? Is there a resource (website) where these dates are posted to the public?
13. TxDOT: Can you provide digital standardized, interactive forms for project submittals?
14. TxDOT: Are there public meetings held for the Aviation Capital Improvement Program including the selection criteria, funding amounts, and schedules? If so, what resource can be used to be aware of these public meetings?

Funding Programming Process

15. TxDOT: Would TX-DOT Aviation provide estimated timeframes and general processes to get projects programmed and funded?

Communication/Transparency

16. TxDOT: Are there ways we can better work with the TX-DOT Aviation Division to enhance transparency and communications? For example, we would like to see an airport funding process established that might help TX-DOT in their negotiation with FAA for discretionary funds?
17. FAA and TxDOT: Please inform general aviation partners, commercial aviation partners, TAC and other interested parties of issues such as federal “adjustments” of any funding source in the future.

Project Eligibility

18. Some of the Reliever airports provide ARFF services (even though it is not required) because the nature of our operations, significant levels of large jet traffic, make it prudent to do so and our customer bases demand it. However, ARFF vehicles have not been considered eligible for AIP funding participation at airports that do not have Part 139 certification. Given FAA’s recent initiatives towards “one level of safety” including, for example, the requirement for Relievers to conduct Wildlife Hazard Assessments (WHAs) and the likely requirement for certain airports to develop SMS programs, would FAA and TX-DOT Aviation consider providing some level of AIP funding for ARFF vehicles at Relievers where jet traffic exceed some threshold level?