

national economic and social objectives. Transportation has always driven the economy, and it will do so in the future. In fact, as we are about to enter the 21st century, The Nation's economic strength will be as important, and perhaps more important, than its military strength. That is a position that was well-expressed in the statement of Secretary of Commerce Mickey Kanter to President Clinton in a Commerce Department report issued last summer.

Who should be responsible for the development and maintenance of the air transport system? Obviously the beneficiaries should be responsible for the funding of the system. The question is, who are the beneficiaries? Are they the direct users of the system? Yes. But there are many nondirect users of the system and many beneficiaries who never fly on one of the ATA member companies' aircraft, never fly on a regional airliner, and never fly in GA aircraft. Property values are higher where there is good transportation. Grandparents can see their grandchildren because they can fly on low-cost air carriers. Three thousand people can be employed in a little town of 4,000 because that town is linked to the rest of the Nation through a GA airport.

Air transportation is clearly vital to serve the needs of the nonusers, but it is also vital to serve the needs of the Federal Government. Today's debate is driven by the need to balance the budget. The most effective way of balancing the budget is to have a strong economy. The deficit was less than anticipated last year because the economy was better than anticipated. There was an article in the *Washington Post* (April 14, 1997) on how the deficit is lower than people had hoped for because the economy is stronger. In the final analysis the government benefits significantly from the air transportation system. Data from a 1993 study by Wilbur Smith indicated that air transportation in the early 1990s contributed \$771 billion annually to the national economy. A conservative estimate of tax revenues from the economic activity stimulated by aviation is about \$30 billion dollars—10 to 15 times the amount of investment that the Federal Government puts into the air transportation system. If the Federal Government walks away from its responsibilities for air transportation, it will be the loser, and our Nation will be the loser.

There needs to be a partnership among all components of the air transport system—major airlines, regional carriers, general aviation, large airports, small airports, and the Federal Government. The air transport system, especially airports, must be sustained and modernized. We must move forward collectively to solve the problems of air transport growth and development and make sure that we do not end up with a second-rate air transport system as we move into the 21st century.

## STATE AVIATION AGENCIES

*Lori Leberd*

*National Association of State Aviation Officials*

This presentation covers the following topics: background on state aviation agencies nationwide, airport system components, statewide aviation system planning, diversity of these plans by state, airport capital improvement plans, States' airport development needs, comments on other needs assessments presented today, and finally, recommendations and conclusions.

### Background

All 50 states, Guam, and Puerto Rico have state aviation agencies. All are members of the National Association of State Aviation Officials (NASAO). Four states are represented at today's meeting: Minnesota, Maryland, New Jersey, and Virginia. All states have statewide aviation system plans and airport capital improvement plans. Half of the states have prepared aviation economic impact studies. About ten percent of the states own and operate their own airports.

State aviation agencies are involved in a variety of funding programs. Forty-seven states provide a matching share for projects funded under the Airport Improvement Program (AIP). In addition, 12 states have their own aviation loan programs, and 20 states fund maintenance and navigational aid programs. States spend between \$450 and \$500 million annually on airport development. Twenty percent of those funds are used to match federal AIP grants; the remaining 80 percent goes for state-only grants and loans. The funding is provided for a variety of projects, including planning, construction, maintenance, land acquisition, and navigational aids. NASAO publishes a report annually titled *State Aviation Database* which includes data on each state's aviation programs and related financial information.

Specifically, in fiscal year (FY) 1995, states spent \$450 million on airport development. This funding was distributed to all categories of airports across the country. Of the \$450 million, a total of \$360 million was distributed as "state-only" funds, the bulk of which are allocated to funding projects at primary hub airports. A total of about \$235 million. In FY 1995, state-only funds were distributed to general aviation airports (\$73 million), reliever airports (\$22 million), nonprimary commercial service (\$7 million), and primary nonhub (\$23 million).

A look at the history of state apportionment funding for general aviation airports under AIP shows a substantial decline. In FY 1992, when AIP was at the \$1.9 billion

level, states were allocated about \$228 million (or 12 percent). In FY 1996, AIP declined to a low of \$1.45 billion, and states received \$159 million (11 percent) in apportionment funds. It is difficult to compare this funding history with the allocation this year, (FY 1997), because the Federal Aviation Authorization Act of 1996 added funding for reliever and non-primary commercial service airports into the state apportionment set-aside, increasing it to \$270 million.

Even more significant than the declining share of funding to the states over the past five years is the critical impact expected if the Clinton Administration's \$1 billion budget for AIP in FY 1998 is adopted. In this scenario, states will see a 50-percent cut in state apportionments, significantly affecting their ability to fund critical airport development projects. The state AIP share will decline from \$270 million to an unthinkable amount of only \$137 million.

Another negative impact on the states from last year's reauthorization legislation was the change in the system planning set-aside under AIP. The set-aside, an average of \$10 to \$13 million annually over the past several years, has been used by state aviation agencies to fund the preparation of statewide aviation plans. The legislation deleted this planning allocation from AIP.

### **Airport System Components**

State aviation agencies are involved in all categories of airports, from the large hub primary airport to the smallest general aviation facilities. They are directly involved in National Plan of Integrated Airports Systems (NPIAS) airports, as well as non-NPIAS facilities, and public and private-use general aviation (GA) airports. As noted earlier, many states own airports that vary in size from small GA fields to facilities as large as Baltimore-Washington International Airport (owned by the Maryland Aviation Administration).

### **Statewide Aviation System Planning**

Statewide aviation system plans are the primary vehicle for determining aviation development needs. State agencies follow a clearly defined and systematic process for determining capital needs and priorities for airports in their state. The planning effort is coordinated with local Metropolitan Planning Organizations (MPO) and FAA regional offices, as well as with the airport sponsors. The system plan is updated on a continual basis and provided to FAA as input to NPIAS and to MPOs for integration into local and regional transportation plans.

State aviation system plans are diverse across the country. They are developed to deal with complexity of overall aviation needs within the state and must take into consideration state aviation agency resources, state population and area, and transportation infrastructure needs, the types and sizes of airports, the number of NPIAS and non-NPIAS locations, and the variety of aviation user requirements.

An important result of the state system plan is preparation of airport capital improvement plans (CIP), which look at the specific development needs of individual airports. CIPs are prepared for all categories of airports in each state. The CIP is a five-year plan that includes by fiscal year, the type of project and the anticipated funding sources, e.g., FAA grants, passenger facility charges (PFC), and state or local funding. These projects are coordinated with FAA and the airport sponsor and prioritized by year.

### **NASAO Needs Surveys**

NASAO has surveyed its members on airport development needs. In 1996, in an effort to prepare for the AIP reauthorization process and to support appropriation of maximum federal funding, NASAO surveyed the states requesting funding and needs data for general aviation, reliever, and non-primary commercial service airports. NASAO did not request data on primary airports because ACI, ATA, and AAAE had already gathered this information. For the purposes of the NASAO survey, a need was defined as the "total amount of federal funds that your state is requesting in FY 1996 under your state's Airport Capital Improvement Plan." NASAO asked the states to consider in their response NPIAS airports, AIP-eligible work, safety and security mandates, new technology requirements, local community needs based on the information they had gathered through various planning documents and the CIPs developed for individual airports. The results of this survey are tabulated below.

### **FY 1996 Needs Survey Results**

The amount under AIP apportioned to the states in FY 1996 was \$159 million. As Table 1 shows, the needs defined by the states for general aviation alone were about \$500 million, indicating a shortfall in general aviation funding for FY 1996 of over \$340 million.

In 1997, NASAO, working with the U.S. General Accounting Office (GAO), conducted a survey of non-NPIAS airports. The non-NPIAS airports are facilities

TABLE 1 FY 1996 NEEDS SURVEY RESULTS

Airport Category	Number of Airports	Funding Needed	Responses	Response Rate
General Aviation	2522	\$500 million	51	98%
Reliever	225	\$360 million	38	73%
Non-primary CS	150	\$275 million	38	73%

that are eligible for state-only dollars. They include mainly public-use facilities. The major finding of this survey was that there are at least \$100 million in additional needs that are not even described in the NPIAS.

There were some limitations in the data gathered. In many cases, states constrained their needs estimate to remain within the federal allocation that they expected to receive under AIP. State agencies calculated their state apportionment funding for that fiscal year and then limited their needs assessment to fit within that funding constraint. Other limitations were: 1) the survey requested only expected federal funding and did not include other sources, 2) not all states responded, 3) most of the work included was AIP eligible, and 4) non-NPIAS data were not always provided.

### Other Needs Assessments

NASAO is pleased that the needs data considered by GAO in the preparation of their needs report, included NASAO inputs. NASAO is particularly pleased with two of GAO's findings:

1) "planned costs are usually less than the actual costs," which states have found to be the case across the country, and 2) "as the total number of passengers at an airport decreases the airport's reliance on AIP funds increases." That is very important to many of the smaller general aviation airports within the states.

The ATA assessment basically looked at primary airports and had little information on non-AIP eligible work. AAAE and ACI estimated general aviation needs at about \$667 million. Based on data gathered by NASAO (which was only the 90 percent federal share), the estimate was about \$600 million for FY 1996. If that is calculated as a total funding need, the figure becomes \$667 million. NASAO's needs estimate therefore agrees with that of AAAE and ACI. This also holds true in the reliever and non-primary service airport categories.

In looking at NPIAS, a majority of the input is from a bottom-up approach taken by state aviation system plans and MPO documents. However, NPIAS does not include

ineligible AIP work and non-NPIAS airports. The other concern with the NPIAS data is that inputs from the block grant states are limited.

### Conclusions

For large airports, increased PFCs and additional revenues from nonairline sources are viable options. But that really does not help smaller airports. NASAO has already discussed with FAA a variety of innovative ways to stretch AIP funds further. One possibility is a flexible federal share. States are willing to increase their share of AIP from five or ten percent up to as much as 20 or 30 percent, whatever is needed to make AIP go further. Of course, there are some states that cannot do this, and they will have to remain at a five-percent match. For the states that have the resources and the right conditions, flexibility would help in allocating AIP funds to go further within their state.

Another option is greater flexibility in the use of state specifications in AIP projects. NASAO has asked FAA to look into replacing FAA pavement standards at airports with a pavement strength of 60,000 lb. or less, to an approved state specification. Using state specifications at smaller airports will provide a significant cost savings in AIP projects. Another possible option is lessening the federal procurement standard required under AIP (like the Davis-Bacon Act). But this may be a little more difficult to achieve.

NASAO recommends that states pursue new sources of grant funds. The states realize that the federal budget for airport development is declining, and that they will be expected to provide additional dollars in the future for the aviation system. This will not be easy. Most states, like the federal government, face tight financial constraints.

NASAO recommends maintaining a bottom-up approach to aviation planning. It is very important that states, as well as airport sponsors and MPOs, be able to make inputs into NPIAS and other national aviation plans. AIP should be continued for all categories of airports. NASAO agrees with the many other meeting

attendees that there is a need to determine a realistic estimate of the cost of airport system development nationwide. NASAO will continue to bring these funding needs to the attention of Congress and the Administration. NASAO plans to continue to work with FAA to pursue innovative ways to improve AIP, to support more overall funding for the program, and to make the dollars go further. NASAO remains committed to the important partnership that exists between the state aviation agencies, FAA, and airport sponsors.

## THE VIEWS OF METROPOLITAN PLANNING ORGANIZATIONS ON AIRPORT SYSTEM CAPITAL REQUIREMENTS

*H. Alan Speak*

*Southwestern Pennsylvania Regional Planning Commission*

### Introduction and Background

For those in the aviation industry, the acronym MPO may not be well known, even though it has been around for about 35 years. It stands for Metropolitan Planning Organization. These organizations undertake areawide planning and transportation planning in the metropolitan areas of the country. MPOs primarily focus on surface transportation planning (highways and transit facilities) and have a rigorous transportation planning process that was clearly defined by the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1992. While metropolitan areas have been required to undertake the 3C process of "continuing, cooperative and comprehensive" planning since 1962, ISTEA calls for a more integrated planning process to better meet the needs of all constituencies. In addition, ISTEA provides metropolitan areas more control over transportation decisions in their metropolitan area.

Over the past 15 years, with the encouragement of FAA, a few MPOs have undertaken the preparation of a metropolitan/regional airport system plan. This aviation system planning was funded with the system planning set-aside for states and metropolitan areas that was contained in federal legislation. The more prominent of the MPOs that have participated in this aviation system planning process are Los Angeles, Oakland, Salt Lake City, Dallas, St. Louis, Detroit, Atlanta, Philadelphia, and Pittsburgh.

At best there is a loose affiliation of MPOs across the country that talk with one another about aviation system planning. While the MPOs have a national association, the National Association of Regional Councils, NARC, they are everything to all MPOs, regional planning

commissions, Council of Governments, etc.; and aviation is not a top-priority issue with them.

When TRB stated that they wanted a collective view of the industry, rather than multiple, fragmented, individual opinions, I knew it would be difficult to prepare a statement for MPOs and I can assure you that was the case. MPOs as a group do not have a capital needs list for airport improvements in metropolitan areas across the country. Individual MPOs, such as Philadelphia, have prepared a capital needs program as part of their Regional Airport System Plan. The Philadelphia program clearly identifies airport capital needs to 2020. Furthermore, they estimate that only 60 percent of those capital needs will be constructed due to the reduction in the AIP.

In late January 1997 the Secretary of the Department of Transportation published in the Federal Register a proposed policy statement encouraging Metropolitan Planning Organizations and Airport Operators to cooperate in transportation planning. This policy statement was directed at the MPOs serving urbanized areas of one million or more in population and clearly indicated that funding of aviation system planning activities in the large metropolitan areas would receive a high priority within the FAA and DOT. While DOT and FAA, through this policy statement, encourage airport operators to become involved and cooperate in the transportation planning process in metropolitan areas, it is difficult to see the aviation mode being considered an equal partner in the transportation planning process when their own aviation system planning process at the national level is wanting.

As you may know, NEXTEA, National Economic Crossroads Transportation Efficiency Act, has been released by the administration. It is believed that the administration's proposal will serve as the starting point for a reauthorization bill. However, it is also believed that there will be significant changes in the legislation. This piece of legislation will form the next generation of legislation for surface transportation and should incorporate provisions to assure participation in the process by the aviation stakeholders.

As mentioned above, there are relatively few MPOs that are currently involved in the aviation system planning process. However, we have been able to assemble in a short time the views of representatives from Philadelphia, St. Louis, and Pittsburgh who have considerable experience in aviation system planning. We believe this statement is representative of Metropolitan Planning Organizations. Representatives from Philadelphia, Roger Moog, and St. Louis, Paula Raney, are in attendance at this workshop. William Keller from the St. Louis MPO actively participated in the development of this statement but was unable to attend this workshop.