

FEDERAL AID TO AIRPORTS: *PAST, PRESENT, AND FUTURE*



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This is the first of a two-part article prepared by Langhorne Bond, Federal Aviation Administrator and a member of the TRB Executive Committee. With the second part of Mr. Bond's article, in the next issue of *Transportation Research News*, TRB will publish comments on the subject by other aviation-oriented members of its Executive Committee. *Editor.*

On May 21, 1970, landmark legislation in the field of federal aid to airports was signed into effect. This was Public Law 91-258, of which Title I is the Airport and Airway Development Act of 1970 and Title II is the Airport and Airway Revenue Act of 1970. Congress had two principal motives in passing this legislation: first, to expand federal aid to airport development (along with ex-

pansion of funds for other airway facilities) and, second, to draw such funds mainly from a new Airport and Airway Trust Fund fed by aviation-user taxes, rather than from general U.S. Treasury monies. The second motive—to change the method of funding—was vitally related to the first, because the expansion of federal spending on airport and airway development called for in the new legislation was very large. Between the end of World War II and the end of the 1960s—a quarter of a century—federal grants-in-aid for airport development totaled a little over a billion dollars. The 1970 legislation called for twice that amount for the 1970s alone.

In the Congressional hearings on the new legislation, witnesses were divided on the best way to fund and carry out the federal role in airport aid. No one challenged the appropriateness of such aid itself, however; it seemed to be taken for granted under the long-standing federal commitment to foster air commerce. Indeed, witnesses repeatedly told Congress that federal aid was not only essential but would have to be expanded if an adequate national airport system was to be developed and maintained.

Quite different was the prevailing feeling about federal aid to airports 44 years earlier, when the federal role in fostering air commerce originated. That role was estab-



lished and assigned to the Secretary of Commerce by the Air Commerce Act of 1926, the cornerstone of federal involvement in civil aviation. However, a basic premise underlying the Air Commerce Act was that the federal government had no responsibility for developing civil airports. Rather, this responsibility lay with local government (mainly municipalities) or private enterprise. The Air Commerce Act, among other things, empowered the Secretary of Commerce to take various actions to foster air commerce, including the provision of air navigation facilities along the airways. Airports, however, were specifically excluded from this authorization. The law on this question was changed only when the Civil Aeronautics Act of 1938 reorganized the federal role in civil aviation.

Although the act prohibited the acquisition of any airport by purchase or condemnation, it included airports along with other navigational aids as eligible technical improvements. Congress thereby recognized that civil airports fulfilled a broader function than merely serving their own communities and constituted, therefore, an area of federal interest. The changing attitude of Congress toward the role of airports is further shown by the authorization in the Civil Aeronautics Act to conduct a study to determine whether the federal government should participate in the construction, improvement, development, operation, or maintenance of a national system of airports. The results of the study were presented to Congress in 1939, with recommendations that an adequate system of airports be recognized as a matter of national concern and a proper object of federal expenditure. Shortly after passage of the Civil Aeronautics Act, the primary consideration in airport construction became national defense, and this remained the case through World War II. It was not until after the war, therefore, that an air-commerce-oriented program of federal aid to airports emerged.

The federal government had long recognized the civil airport as an important entity in such matters as the economy, meeting the special needs of the Postal Service, and, of course, in support of the national defense. For example, although the prevailing view was that airport development was not a federal responsibility, during the 1920s federal funds were applied to airport development through the Post Office Department's Air Mail Service. During World War II, the exigencies of national defense spurred development in aviation and construction of many airports. In 1940, Congress appropriated \$40 000 000 to construct, improve, and repair up to 250 public airports judged essential for national defense. This Development of Landing Areas for National Defense (DLAND) Program eventually resulted in appropriations of \$383 031 875 for 535 airports. In 1944, an additional \$9 513 995 was spent under a similar program, the Development of Civil Landing Areas (DCLA) Program, for 29 airports.

The civil airports of the nation also received funds for development during the 1930s as part of the federal government's efforts to revive the national economy. In

1933 and 1934, the Civil Works Administration provided \$15 000 000 and \$934 000, respectively, for airport development. In 1935, the depression-born Works Program Administration (WPA) provided \$324 000 000 in federal funds to match \$111 000 000 in local funding for airport projects.

In May 1946, Congress took a major step to implement the 1938 airport survey's recommendations. With the passage of the Federal Airport Act, the federal government made a significant commitment to the nation's civil airport needs. This act was extended or amended at various times and remained in effect to provide federal grants for airports through 1969. The record of accomplishments under the Federal-Aid Airport Program (FAAP) between 1946 and 1969 shows that there was \$1.2 billion in federal funds matching \$1.3 billion in local funds for a total investment of \$2.5 billion. This money was used for 7964 projects at 2316 airports. There was \$377 million for land purchases for airport purposes, including land for approach-light systems; \$269 million for buildings; \$1.8 billion for construction of aircraft operating areas and on-airport roadways; and \$35 million for runway, taxiway, and apron lighting.

But there was a demand for still more airport development aid. This, along with the excessive delays caused by air traffic growth at major airports by 1968, led to a concerted effort by the federal government and industry that resulted in enactment of the Airport and Airway Development Act of 1970. For the first time, Congress set up an aviation trust fund based on aviation-user taxes; distribution of funds to airports served by air carriers was made on the basis of a formula that included an aeronautical factor (enplanements). All federal funds for airport development prior to 1970 had come from general revenues and were distributed on the basis of an area-population formula. The Airport and Airway Development Act authorized \$280 million annually through 1975, or nearly four times the highest amount (\$75 million) authorized annually under the Federal Airport Act. The Airport and Airway Development Act of 1970 was amended three times. It was amended in 1971 (Public Law 92-174) to incorporate provisions involving the use, preservation, and priority for expenditure of funds from the trust fund. The Airport Development Acceleration Act of 1973 (Public Law 93-44) made further amendments to the 1970 Act, increasing annual authorizations for FY 1974 and FY 1975 and increasing the federal contribution for grants at most airports. Most recently, the Airport and Airway Development Act Amendments of 1976 (Public Law 94-353) made several major changes to the act that affected (among other things) project eligibility, overall funding levels, distribution of funds, the project approval process, and the percentage of the federal contribution for most projects.

The Airport and Airway Revenue Act of 1970 (Title II of Public Law 91-258) authorized the establishment in the U.S. Treasury of a trust fund to be known as the Airport and Airway Trust Fund. The following aviation taxes fund it:

1. An 8 percent tax on airline fares applicable to the transportation of persons by air within the 50 states;
2. A tax of \$3/passenger departing any of the 50 states on an international flight;
3. A tax of 5 percent on air freight rates, applicable to air freight transportation within the 50 states;
4. A tax of 7 cents/gal on all aviation fuels purchased by noncommercial aviation (general aviation) in the United States;
5. An aircraft tax of \$25/year applicable to all civil aircraft (airline and general aviation), plus an annual tax of 3½ cents/lb for all turbine engine aircraft and an annual tax of 2 cents/lb for all piston-engine aircraft that weigh more than 2500 lb maximum certificated takeoff weight; and
6. An excise tax on aircraft tires and tubes.

The rationale behind the 1970 law was the establishment of a user-charge and trust-fund approach to airport and airway revenue raising and funding. User taxes on passenger fares, aviation gasoline, jet fuel, air freight way bills, etc., would be levied, and an airport and airway trust fund established under Title II. The proceeds of the Trust Fund, together with such other funds as Congress might wish to appropriate, would be used to defray costs under Title I, the airport and airway development portion of the law.

Two grant-in-aid programs were provided for under the 10-year 1970 Airport and Airway Development Act: the Planning Grant Program (PGP) and the Airport Development Aid Program (ADAP). The grant programs were financial assistance programs in which the federal government paid a predetermined share of approved airport planning and development project costs, and the airport owners at the various state and local levels who were eligible to participate in the programs paid the rest. The 1970 Act also provided that the funding authority of the grant-in-aid programs would expire on June 30, 1975, at the end of the act's first five years of operation. The object was to see what, if any, changes needed to be made before further funds were authorized for the act's remaining five years.

During the first five years, with the federal share for PGP projects at 66⅔ percent, PGP funds had been ex-

pendent at a rate of approximately \$7.5 million annually, or \$37.5 million for the five-year period. The act had given the Federal Aviation Administration (FAA) the authority to obligate up to \$15 million/year in any given year.

The PGP is authorized by Section 13 of the Airport and Airway Development Act. This section authorizes the FAA (through delegation from the Secretary of Transportation) to make grants to planning and public agencies for preparation of airport system and master plans, respectively, as those terms are defined in the act. System plans are developed by a state or areawide planning agency to formulate air transportation policy, determine airport facility requirements needed to meet forecast demands, and to establish the framework for detailed airport master planning. Airport master plans, drawn up by the airport owner, focus on the nature and extent of development required to meet the future aeronautical demand at a particular facility over a 20-year period. Since this program began, 1870 planning grants totaling \$86.8 million have been issued. Of these, 1689 were for master plans and the remaining 181 were for system planning projects. Included in the latter was the initiation of state system plans for 45 states, Puerto Rico, and the Trust Territory of the Pacific Islands.

At first, the federal government provided up to two-thirds of the cost of planning grant projects. However, the 1976 amendments to the Airport and Airway Development Act increased the federal share of planning projects. The federal government now provides 75 percent of the cost of airport system plans. The federal share of any airport master planning grant is that percent for which a project for airport development at that airport would be eligible. The Federal share ranges from 75 to 80 percent and may be higher in public-land states.

ADAP funding under the act—for which the federal share for large and medium hubs had been 50 percent and, for the smaller air carrier, general aviation, and reliever airports, 75 percent—had initially been \$280 million/year. By 1973, under the amendments to the act of that year, the annual level was \$310 million. Total ADAP funds obligated under the act over the five-year period totaled \$1.3 billion, a figure that exceeded by \$100 million the \$1.2 billion airport development aid



funds disbursed by the federal government in the entire 24-year history of the earlier Federal-Aid Airport Program. The \$1.3 billion had made it possible for FAA to approve and fund a total of 2434 ADAP projects during the five-year period. Of this number, 1528 had been completed at air carrier locations, 757 at general aviation airport locations, and 149 at reliever airport locations. The beneficiaries included 520 air carrier airports, 624 general aviation airports, and 81 reliever airports. For the air carrier airports, the federal funds expended came to \$1.09 billion, for general aviation airports to \$212.8 million, and for reliever airports to \$61.6 million.

With this infusion of additional federal money, 85 new airports were built and more than 1000 others significantly improved. The improvements included 178 new runways, 520 new taxiways, 201 runway extensions, hundreds of miles of security fencing, and fleets of crash, firefighting, and rescue equipment. They also comprised some of the most advanced approach-aid equipment available, including 28 instrument landing systems, 141 runway-end-identifying lighting systems, and 471 visual-approach slope indicators.

A basic feature of the act, and one that was notably helpful in implementing it during the five-year period, had been the preparation and publication of the 10-year National Airport System Plan (NASP) to provide data from which to anticipate and take care of the nation's future airport needs. A first edition of the NASP was published in September 1973 in 11 regional volumes; a narrative summary was kept current by computer printouts available at FAA regional offices. This plan envisaged a total of 4000 airports in the system at the end of the 10-year period and a total estimated development cost (in 1972 dollars) of \$6.5 billion.

The 1976 Amendments to the Airport and Airway Development Act of 1970 raised the annual program level from \$310 million, established in 1973, to a range of \$500 million to \$610 million over the five-year period through FY 1980. This provided \$435 to \$525 million/year for airports serving all segments of aviation, including a category of air carrier airports identified as "commuter service airports." It further provided \$65 million to \$85 million annually for general aviation airports, including airports that relieve congestion at high-density locations. It also revised the percentage of federal participation in eligible airport development upward from previous levels of 50 and 75 percent. ADAP participation at all except the busiest airports was 90 percent through September 30, 1978, and then dropped to 80 percent for FY 1979 and FY 1980.

Air carrier airports (other than commuter service airports) whose total annual passenger enplanements are 0.25 percent or more of the total annual passenger enplanements of all such airports receive federal participation at 75 percent. There are slight upward adjustments in a few states that contain a high percentage of public land that result in federal participation up to 93.75 percent of project costs.

The following items were made eligible under the

1976 Amendments: (a) snow removal equipment, (b) noise-suppressing equipment, (c) physical barriers and landscaping to diminish the effect of aircraft noise, (d) the acquisition of land for noise-compatibility purposes, and (e) terminal development (including multimodal terminal development) limited to non-revenue-producing public use areas directly related to the movement of passengers and baggage at airports that serve air carriers certificated by the Civil Aeronautics Board. (A maximum 50 percent federal share is allowed for terminal development, and no more than 60 percent of a sponsor's enplanement funds for any fiscal year can be obligated for this purpose.) The latest amendment also allowed a maximum of four states to administer the general aviation airport development portion of ADAP within their states, with the restriction that no grant could be made to any state under the State Demonstration Program after September 30, 1978.

The amendments permitted certifications to be accepted from sponsors that indicate that they will comply with all program statutory and administrative requirements. Other significant ADAP provisions included in the 1976 Amendments were an allowance for multiyear grants for projects extending over several years and funding for grants to states to assist them to develop their own general aviation airport development standards, other than standards for safety of approaches. A maximum of \$25 000 may be granted to a single state for development of standards.

A major accomplishment under the provisions of the Airport and Airway Development Act was the initiation in 1978 of the Satellite Airport Program. During FY 1979, the FAA allocated \$64.6 million for the development of satellite airports to relieve congestion at major air carrier airports. The objective of the program is to reduce the volume and mix of commercial aircraft at major air carrier airports by making neighboring satellite fields more attractive to private and business flyers. The money, allocated under the ADAP, went for 109 projects at 92 satellite airports in 50 metropolitan areas. A total of 86 satellite fields have been targeted for short-term improvement projects over the next three years. The second phase planned by the FAA could ultimately funnel funds to as many as 236 facilities identified as satellite airports. The type of airport development funded thus far includes improvements to increase capacity and instrument landing capability, as well as the acquisition of privately owned satellite facilities to guarantee their continued availability.

(to be continued in next issue)

