



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #725

Aeronautics Air Traffic Control System (Transportation -- Local Transportation Assistance)

[LFB 2019-21 Budget Summary: Page 418, #7]

CURRENT LAW

The state's airport improvement program provides funding from state and federal sources for various types of airport projects at commercial and general aviation airports in the state. Within this program, the transportation fund-supported aeronautics assistance appropriation funds the state's share of the design and construction costs of airport improvement projects, which are primarily funded with federal (and local) funds.

While local governments are generally responsible for managing transportation projects funded under the other local assistance projects discussed above, projects funded in the airport improvement program are selected, designed, and managed by the state through the Department of Transportation's Bureau of Aeronautics (BOA). BOA works with airport owners (primarily local units of government) to define and prioritize airport needs, then manages the improvement project from planning through construction.

The base level funding for the aeronautics assistance program is \$13,336,500 SEG and \$56,156,000 FED annually. [The bill would also make standard budget adjustment reductions to these appropriations of \$99,200 SEG annually and \$30,200 FED annually.]

GOVERNOR

Increase funding by \$1,000,000 SEG annually for the aeronautics assistance program to assist local airports in their conversion to "Next Generation Air Traffic Control Systems."

DISCUSSION POINTS

1. The aeronautics assistance appropriation funds the state's share of the design and construction costs of local airport improvement projects, as well as BOA staffing and administrative costs (typically in range of \$2.5 million per year). As shown in the attachment to this paper, with the exception of onetime earmark funding, state aeronautics-related funding has been relatively constant over the past decade.

2. Eligible airport improvement projects under the aeronautics assistance program must be located at one of the 97 airports that are identified in the state's airport system plan, a list that includes both commercial carrier and cargo airports (eight) as well as general aviation airports (89). As with federal highway aid used in other local assistance programs, federal airport improvement aid generally requires a nonfederal match. The required non-federal match for primary commercial airports is generally 25%, while for smaller airports, the required match is generally between 5% and 10%.

3. In Wisconsin, the state's policy is to pay half of the required federal match and to require the local airport owner to pay the other half. Examples of eligible project types include runway and other airport pavements rehabilitation or replacement, airfield lighting, navigational aids, terminal buildings, air traffic control towers, snow removal and firefighting vehicles and related storage buildings, land acquisition, aircraft noise abatement, runway approach clearing and other safety initiatives.

4. The \$1.0 million SEG annually recommended by the Governor would help fund the implementation of Next Generation (NextGen) Air Transportation System. DOT indicates that this funding would be used to make infrastructure improvements that permit the state's large and medium general aviation airports to comply with NextGen's operational and technological standards. NextGen is a federal initiative led by the Federal Aviation Administration (FAA) and includes planning and implementation of new technologies (such as use of satellite-based technologies in place of radar), airspace procedures, and other airport modernization projects. A goal of NextGen is converting the nation's air traffic control system from a radar-based system with radio communication to a satellite-based system and to provide real time weather and traffic advisory information to properly equipped aircraft.

5. FAA plans to begin implementation of NextGen in 2020, with completion occurring in 2025. To meet this timetable, the Department requires a two to three-year window to assess state needs, complete surveys, project designs, bidding and construction of the improvements. DOT indicates if the Governor's recommended funding for this purpose is not provided, the state's implementation timeline would be delayed. Although the Department has not selected a specific list of projects toward which these funds would be applied, DOT indicates that programmed NextGen projects in the state would include costs related to surveys, planning, runway approach land acquisition, and runway approach clearing. While DOT has received federal funding for some navigation-related NextGen activities, no federal funds are available for these NextGen purposes. Further, if the Department is required to fund these NextGen project costs from its existing aeronautics budget, current airport improvement projects would have to compete these safety-related projects for funding. [Alternative 1]

6. The Governor's 2019-21 biennial recommendations would provide sufficient, estimated revenue to fund the increase for aeronautics assistance in the bill, as well other proposed, above-base budget state and local transportation programming. However, current law, transportation fund revenues available for above-base transportation programming are limited. Any decision to provide additional funding for aeronautics assistance would have to take into account the available balance in the transportation fund, as well as other transportation funding demands. Under current law revenues and base level appropriations, the 2019-21 biennium ending balance in the transportation fund is estimated as \$82.1 million.

7. Under a limited transportation budget and competing transportation programming priorities, the Committee could decide to address only some of the identified funding needs related to NextGen by instead providing \$500,000 annually at this time. [Alternative 2]

8. Given the existing demands for transportation funding in the Department's road-related programs, some may contend that no additional funding should be provided at this time. Further, in the 2017-19 biennium, aeronautical tax and fee revenue to the transportation fund is estimated at \$18.1 million, whereas annual SEG appropriations for this program would total \$28.6 million under the bill. Given that the amount appropriated exceeds the amount of transportation fund revenue generated directly from aeronautical taxes and fees, and that the state's transportation fund is often conceived of as a "user fee" system, some may argue that no additional funds should be provided. Conversely, the state's aeronautics system generates other economic and tax revenue benefits to the state that are not captured in terms of their direct effect on transportation fund collections. [Alternative 3]

ALTERNATIVES

1. Approve the Governor's recommendation and increase funding by \$1,000,000 SEG annually for the aeronautics assistance program to assist local airports in their conversion to "Next Generation Air Traffic Control Systems."

ALT 1	Change to	
	Base	Bill
SEG	\$2,000,000	\$0

2. Provide \$500,000 SEG annually for the aeronautics assistance program to assist local airports in their conversion to "Next Generation Air Traffic Control Systems."

ALT 2	Change to	
	Base	Bill
SEG	\$1,000,000	\$0

3. Take no action.

ALT 3	Change to	
	Base	Bill
SEG	\$0	- \$2,000,000

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Attachment

ATTACHMENT

State and Federal Aeronautics-Related Funding (\$ in Millions)

<u>Year</u>	<u>Aeronautics Assistance (SEG)</u>	<u>Aviation Education (SEG)</u>	<u>Federal Grants</u>	<u>Total</u>
2008-09	\$13.2	\$0.2	\$60.9	\$74.3
2009-10	13.2	0.2	91.3*	104.7
2010-11	8.2**	0.2	63.4	71.8
2011-12	13.1	0.2	52.0	65.3
2012-13	13.1	0.2	82.6	95.9
2013-14	13.1	0.2	51.9	65.2
2014-15	13.1	0.2	62.6	75.9
2015-16	13.3	0.2	41.5	55.0
2016-17	13.3	0.2	47.8	61.3
2017-18	18.9***	0.2	63.0	82.1

* Includes \$22.5 million associated with the American Recovery and Reinvestment Act of 2009.

** Reflects appropriation reduction plan adjustment.

*** Includes \$5.7 million in one-time funding for two airport improvement project earmarks.

Bureau of Aeronautics Expenditures (\$ in Millions)

<u>Year</u>	<u>Bureau Expenditures</u>
2008-09	\$2.2
2009-10	2.0
2010-11	2.4
2011-12	2.3
2012-13	2.3
2013-14	2.5
2014-15	2.5
2015-16	2.4
2016-17	2.4
2017-18	2.5