

Airport Improvement Program (AIP) Overview

Texas Aviation Conference
Ben Guttery, Texas ADO
April 2017



Federal Aviation
Administration



Objectives

- **Status of AIP Legislative Authority**
- **History and Summary of AIP**
- **AIP funding formulas**



AIP Legislative Requirements

- **Must have an authorization and appropriation to continue to award grants. (6-month minimum for AIP formulas to work)**
 - Authorization = authority to award grants
 - Appropriation = provides limit on obligations

Note: AIP Authorization expired at the end of FY 2014.



Temporary Extension in FY 2017

- **What does the Airport and Airway Extension Act of 2016 (the Extension) through September 30, 2017 mean for AIP?**
 - *The “Continuing Appropriations and Military Construction, Veterans, and Related Agencies Appropriation Act, 2017” extends funding levels through April 29, 2017.*
- 1. The Extension provides the authority to collect aviation taxes for deposit into the Airport and Airway Trust Fund (Trust Fund), and to expend money from the Trust Fund.
- 2. The Extension allows FAA Office of Airports (ARP) to continue to pay our employees so they can continue to provide oversight of all our ARP programs, in particular AIP.
- 3. The Extension allows ARP to continue to make payments on our 5,400 open grants. ARP averages payments on existing grants of over \$3 billion per year. During the 1st half of FY 2017 alone, ARP anticipates making payments on existing grants of about \$1.8 billion, reimbursing airport sponsors for costs incurred in 2016.



Temporary Extension in FY 2017

4. The Appropriation Extension provides FAA contract authority to obligate new grants from approximately 60% of the \$3.35 billion. Approximately 60% of entitlements funds will be available, along with limited discretionary funds.
5. ARP will be in a position to act upon grant request as airport sponsors are now getting 2017 projects ready for grant applications.
6. We are also preparing for multiple short-term extensions past April 29, 2017. We are working with the airport sponsors to complete the many pre-grant requirements, such as airspace reviews, gaining environmental approval, and completing design for bidding.



What is Airport Improvement Program?

- Grants to public agencies (and some private owners) for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS)
- Evolution of the FAA's Airport development and planning grant program:
 - 1946 – Federal-Aid Airport Program (FAAP)
 - 1970 – Planning Grant Program (PGP) & Airport Development Aid Program (ADAP)
 - Airport and Airway Development Act of 1970 established the Airport and Airway Trust Fund
 - 1982 – Airport Improvement Program (AIP)



PASSENGER TICKET AND BAGGAGE CHECK
SUBJECT TO CONDITIONS OF CONTRACT

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ISSUED BY **AMERICAN AIRLINES** ***

PASSENGER RECEIPT 1 of 1

DATE OF ISSUE 30AUG04 1505410

ISS. AGENT ID XTH CIF FARE BASIS /CENTRALIZED TBM

NAME OF PASSENGER (NOT TRANSFERABLE) **BLACK/BRIAN MR**

CARR FLIGHT CLASS DATE TIME STATUS NOT VALID BEFORE NOT VALID AFTER

TO ****NOT VALID FOR *** RETAIN THIS RECEIPT *****

ENDORSEMENTS/RESTRICTIONS ****TRANSPORTATION** THROUGHOUT YOUR JOURNEY***

ORIGINAL ISSUE ISSUED IN EXCHANGE FOR

FARE CALCULATION

CHI AA DFW 09.30 91.16NDG AA CHI 09.30 91.16NDG 200.92 ENDZPORDDFW XT5.00RY9.00XFD 04

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FARE

USD 200.92

US 15.08

7P 6.20

TOTAL X1 14.08

USD 236.20

FORM OF PAYMENT

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*****DUPLICATE*****



- Airport & Airway Trust Fund



- Airport Owner ("Sponsor")



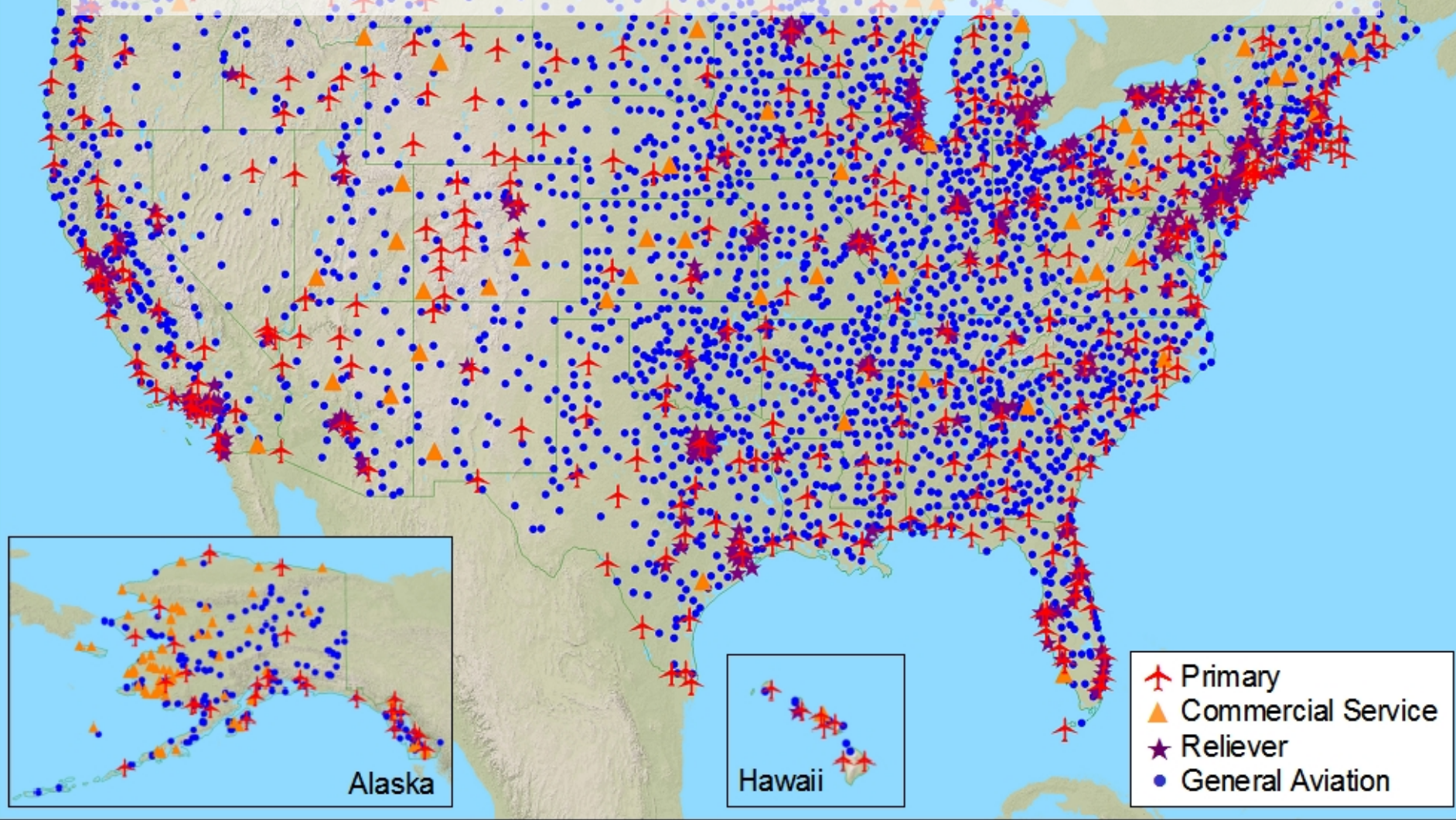
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What is eligible?

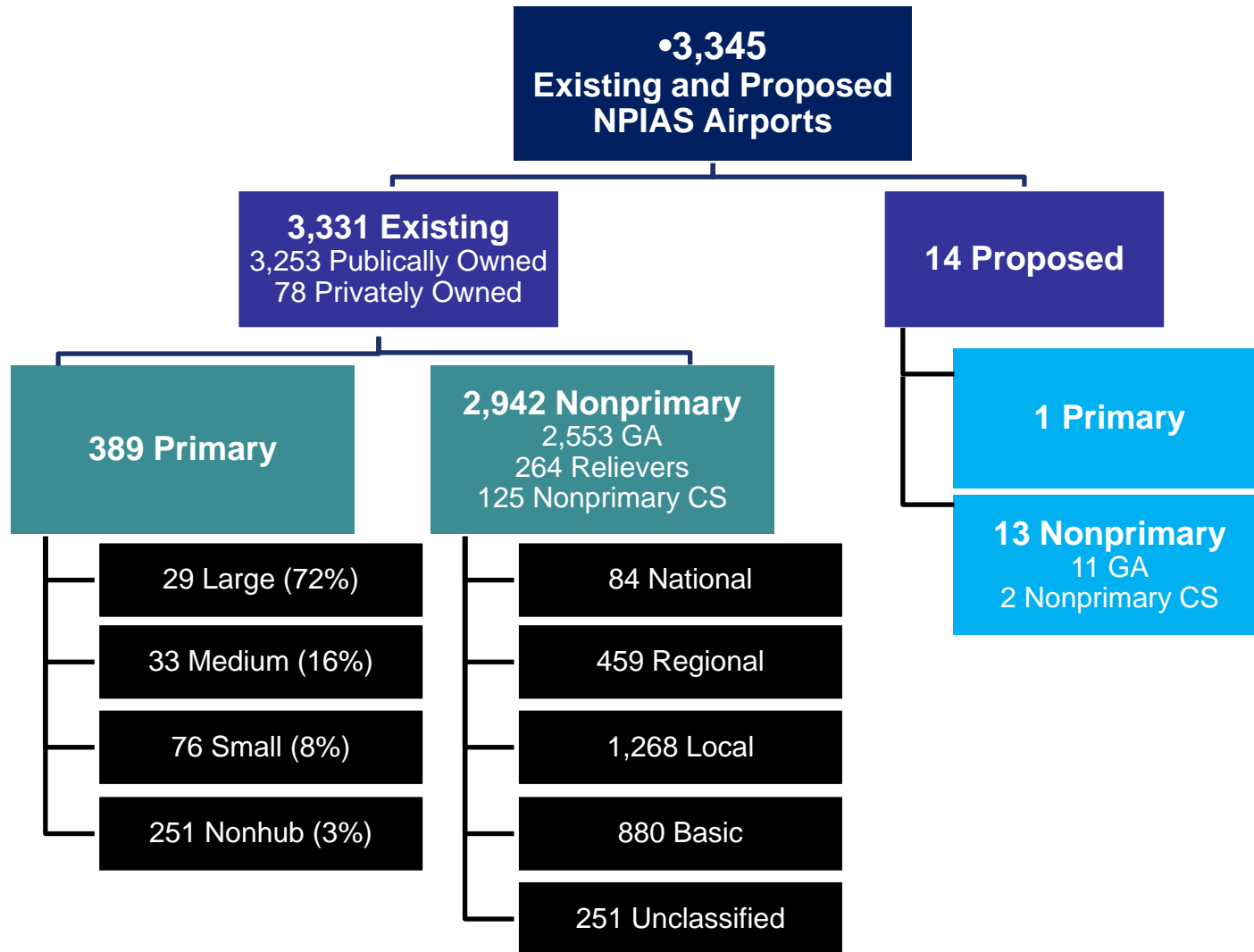
Eligible Projects	Ineligible Projects
Runway construction/rehabilitation	Maintenance equipment and vehicles
Taxiway construction/rehabilitation	Office and office equipment
Apron construction/rehabilitation	Fuel farms*
Airfield lighting	Landscaping
Airfield signage	Artworks
Airfield drainage	Aircraft hangars*
Land acquisition	Industrial park development
Weather observation stations (AWOS)	Marketing plans
NAVAIDs such as REILs and PAPIs	Training
Planning studies	Improvements for commercial enterprises
Environmental studies	Maintenance or repairs of buildings
Safety area improvements	
Airport layout plans (ALPs)	*Eligible under certain circumstances



•National Plan of Integrated Airport Systems

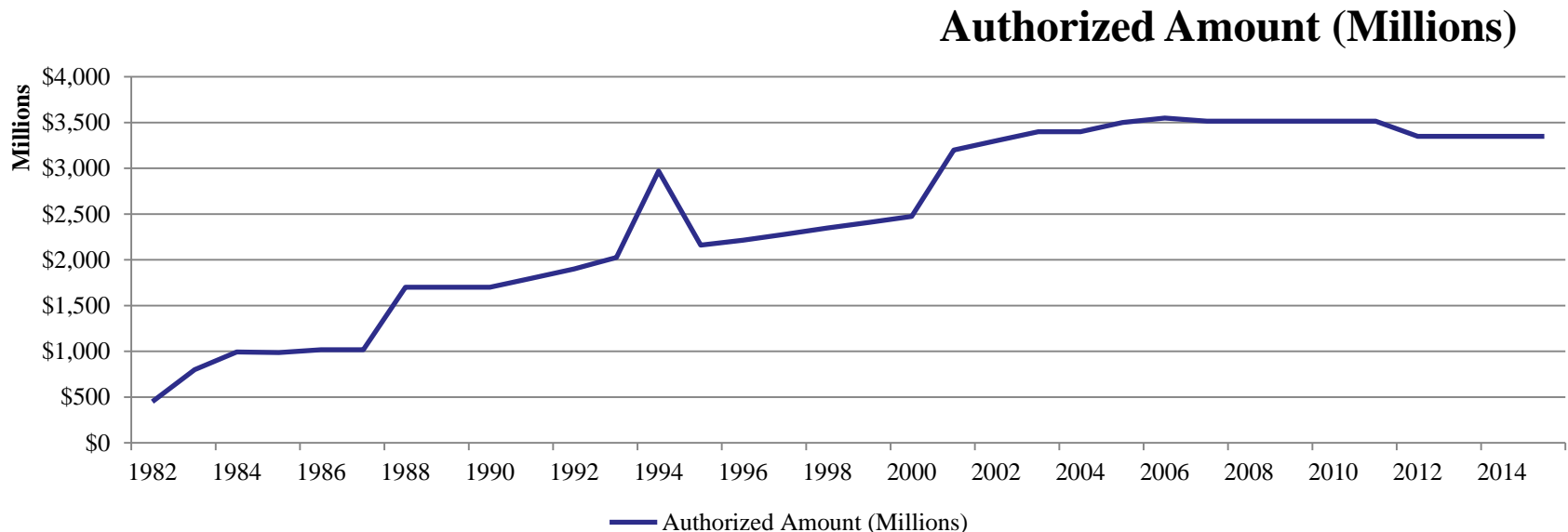


Airports in the NPIAS



How much funding is available?

- AIP funding has exceeded \$3 billion annually since 2001
- FAA funds up to 75% of the eligible project cost at major airports and up to 90% at small airports (some exceptions)
- Other funding sources include: local funds, Passenger Facility Charges (PFC), bond revenues, airport revenues.



Other Airport Revenue Sources

- Estimated airport infrastructure needs far exceed amount of AIP available
- About 50% of all airport capital funding is through airport revenue bonds
 - Primarily backed by two revenue sources
 - Airport revenue (rates and charges imposed on airlines and other users of the airport)
 - Passenger Facility Charges
 - Approximately one third of PFC revenue is used to pay off airport bonds (over \$900 million annually)
- PFC
- Airport Revenue
- Other



AIP Funding Breakdown

- **Three types of funding:**

1. Apportionments (formula driven to AIP)
2. Discretionary (set-asides & minimums)
3. Apportionment/Discretionary Hybrid

60% of AIP

40% of
AIP



AIP Apportionments

- **Passenger Entitlements**
 - Formula based on # of annual passenger boardings
 - \$1M min and \$22M max
- **Cargo Entitlements**
 - 3.5% of AIP (100 million lbs landed cargo rate)
 - 8% max/airport
- **State Funding**
 - State Apportionment (20% of AIP)
 - Based on state population and land mass
 - Nonprimary Entitlement (lesser of 1/5 of 5-year NPIAS development or \$150K)
- **Alaskan Supplemental**



AIP Apportionment/Discretionary Hybrid

- **Small Airport Fund**

- Made up of 87.5% of returned passenger entitlements from large and medium hub airports
 - \$3 PFC = 50% turnback
 - \$4/\$4.5 PFC = 75% turnback
- Small Hub airports get 1/7
- Non Hub airports get 4/7
- General Aviation get 2/7



AIP Discretionary

- **Set-Asides**

- Noise (35% of amount remaining after apportionments)
- Reliever (0.66% of amount remaining after apportionments)
- MAP (4% of amount remaining after apportionments)

- **Minimums**

- Capacity/Safety/Security/Noise (C/S/S/N)
 - 75% of remaining after set-asides (+) 2/3 of 12.5% returned ent.
- Pure Discretionary
 - 25% of remaining after set-asides (+) 1/3 of 12.5% returned entitlements



Thank You



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