

Coburn Amendment 91 – To Reduce the Federal Cost Share of Airport Improvement Projects

The Current Federal Cost-Share of 95 % for Non-Primary Airports is the Highest of all Airports

- Current law allows for federal cost-shares of up to 95 percent for non-primary airports (49 USC 47109(a)) receiving Airport Improvement Program (AIP) grants. This is 20% higher than the same cost-share for other airports qualifying for this \$4 billion program.
- This high federal cost-share has contributed to dozens of low-priority AIP projects that crowd out more important aviation projects and prohibit effective leveraging of valuable AIP funds.

The Current Federal Cost-Share of 95 % Encourages Wasteful Projects

- Because of the small local commitment, small airports are encouraged to find projects to fund with valuable Airport Improvement Project grants. Often, this results in non-priority projects being funded, such as:
- The Pellston Regional Airport in northern Michigan, which averaged 66 departing passengers a day in 2009, receiving \$7.5 million from federal taxpayers to build a 34,500-square-foot, lodge-style building with three stone fireplaces, ticket counters with stone facade and exposed log beams decorating the business center, observation deck and lounge with picture windows. State and local costs totaled \$900,000. Since the terminal opened in 2004, the number of departures has dropped 22 percent and the number of departing passengers has decreased by 32 percent.¹
- Kentucky's Williamsburg-Whitley County Airport receiving \$11 million in federal money to build an airport with a 5,500-foot lighted runway, a Colonial-style terminal with white columns, and hundreds of acres for growth, even though it doesn't have any airline passengers and is used only by private airplanes. On a typical day, the airport has just two or three flights.²
- A general aviation airport with 46 planes on 45-acres in Delaware getting a new 4,200-foot runway built. This project was funded through a \$909,806 stimulus grant – an award that was promptly criticized by the DOT IG for its questionable economic merit. Since 2001, the state [has] collected about \$13.7 million in AIP grants for the runway construction project.” Another \$6 million is expected to complete this project by 2015. The stimulus award was part of \$1.1 billion in the bill designated for AIP projects. Barely two weeks after the grant was awarded, the IG singled out the Delaware Airpark grant as one of six that didn't meet the FAA's threshold for establishing the highest priority projects for stimulus grants. “We found no evidence in FAA's project justification documents that Agency officials considered the long-term economic merits...” the report states.³
- Halliburton Field Airport in Duncan, OK, getting \$700,000 for a terminal with a pilot room and a reception room. The airport, open only to private planes, has 24 landings and takeoffs a day, mostly local pilots in piston-engine planes.⁴
- Idaho's Pocatello Regional Airport spending \$7 million of its \$18 million in federal funds on low-priority projects since 1998. That includes \$1.6 million in 2006-07 to renovate the deteriorating parking lot that is free of charge.”⁵

¹ Frank, Thomas, “72-passenger-a-day airport gets \$7.5M for terminal,” December 14, 2009, USA TODAY, http://www.usatoday.com/travel/flights/2009-12-13-airports-side_N.htm

² Frank, Thomas, “Feds keep little-used airports in business,” September 17, 2009, USA TODAY, http://www.usatoday.com/travel/flights/2009-09-17-little-used-airports_N.htm

³ Eder, Andrew, “Airpark's federal grant afloat in jet stream of controversy: Economic merit of runway project debated,” The News Journal, January 5, 2010, <http://www.delawareonline.com/article/20100105/NEWS/1050335/Airpark-s-federal-grant-afloat-in-jet-stream-of-controversy>

⁴ Frank, Thomas, “72-passenger-a-day airport gets \$7.5M for terminal,” December 14, 2009, USA TODAY, http://www.usatoday.com/travel/flights/2009-12-13-airports-side_N.htm

⁵ Frank, Thomas, “72-passenger-a-day airport gets \$7.5M for terminal,” December 14, 2009, USA TODAY, http://www.usatoday.com/travel/flights/2009-12-13-airports-side_N.htm

- Lake Cumberland Regional Airport in Kentucky getting \$3.5 million to build a glass-fronted terminal in 2004 when the airport had no passenger flights. This has handled about 80 takeoffs and landings a day of private planes, FAA figures show, until June of 2009 when Locair began flights to three destinations, including Washington.⁶
- Over a nine-year period, \$26 million getting earmarked to lengthen two runways at Fort Worth Alliance Airport to 11,000 feet from their current spans of 9,600 feet and 8,220 feet. FedEx is the only carrier that uses the runways on a regular basis.⁷
- Montana's Great Falls International Airport receiving \$7.5 million in earmarked funds from 2001 to 2005 to install for FedEx a system that lets planes take off and land in low visibility.
- Louisville's International Airport receiving \$11.2 million in earmarks since 2002 to expand a runway and build a taxiway to handle wide-body jets that UPS was planning to fly to Europe and Asia. Even though UPS canceled its plan in 2007 to buy wide-body jets, the airport is finishing the work to handle them.⁸
- Statesville Regional airport in North Carolina getting \$6.5 million in earmarks from 2003 to 2008 to extend its runway to accommodate Lowe's five corporate jets based at the airport.⁹

This Amendment Gives Airports the Opportunity to Budget for the Change in Cost-Share

- This amendment phases in the change in cost-share over a three-year period, giving airport managers and communities greater flexibility in meeting their construction needs.
- This amendment would also not eliminate other exemptions currently in law under 49 USC 47109 subsections (b), (c), & (d).

This Amendment is Necessary to Help Prioritize Federal Funding More Effectively

- As the Pellston airport manager remarked: "It's every airport's job to get as much as it can for itself."¹⁰ The Pocatello airport manager concluded when asked about using AIP funds to repave a parking lot, "A parking lot is probably the lowest-priority project eligible, even below the terminal. The fact that we did not have other projects that were essential at that time made it a good use of those funds."
- Unfortunately, this attitude has resulted in wasteful projects being funded at relatively little local cost, leaving even former Representative James Oberstar who co-sponsored the bill to increase the federal cost-share to conclude the current cost-share is "too high."¹¹
- With a likely decrease in federal airport funding in the next couple of years (the House FAA bill cuts annual AIP funding by \$1 billion) and concerns that the Airport and Airway Trust Fund may become insolvent, Congress must enact reforms that will ensure FAA funds are wisely spent. The goal of this amendment is to discourage low-priority, wasteful aviation projects that would not be funded by increasing the non-federal cost share to just 25 percent. These projects siphon away funds from more important projects at other airports. This amendment would likely reduce federal spending in the long-term and increase the sustainability of the Airport and Airways Trust Fund.

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⁶ http://www.usatoday.com/travel/flights/2009-11-01-airport-earmarks_N.htm

⁷ Frank, Thomas, "UPS, FedEx reap the benefits of airports' pet projects," November 2, 2009, USA TODAY, http://www.usatoday.com/news/washington/2009-11-01-earmarks-side_N.htm?loc=interstitialskip

⁸ Frank, Thomas, "UPS, FedEx reap the benefits of airports' pet projects," November 2, 2009, USA TODAY, http://www.usatoday.com/news/washington/2009-11-01-earmarks-side_N.htm?loc=interstitialskip

⁹ http://www.usatoday.com/travel/flights/2009-11-01-airport-earmarks_N.htm

¹⁰ Frank, Thomas, "72-passenger-a-day airport gets \$7.5M for terminal," December 14, 2009, USA TODAY, http://www.usatoday.com/travel/flights/2009-12-13-airports-side_N.htm

¹¹ Frank, Thomas, "Feds keep little-used airports in business," September 17, 2009, USA TODAY, http://www.usatoday.com/travel/flights/2009-09-17-little-used-airports_N.htm