



AIRPORT IMPROVEMENT PROGRAM (AIP)

The Federal Aviation Administration (FAA) projects strong growth in commercial and general aviation over the next decade. This additional demand will limit the ability of airports to serve passengers unless they are able to expand capacity. The number of passengers using the aviation system is expected to increase from 700 million passengers today to one billion in just the next 7 years. Airports need to respond to these potential capacity strains by building facilities which will ensure comfortable, safe, secure and environmentally compliant facilities for air travelers.

One of the principle sources of funding airport capital improvements in the United States are Airport Improvement Program (AIP) grants from the FAA. Projects eligible for AIP grants include improvements related to enhancing airport safety, capacity, security and environmental protection at public-use airports.

As Congress continues to debate FAA reauthorization legislation, one of the main priorities of Airports Council International-North America (ACI-NA) is to increase and strengthen the AIP, which is an important source of funding for airport capital projects.

WHAT IS AIP?

The current AIP was established by the Airport and Airway Improvement Act of 1982 (Public Law 97-248). Since then, the AIP has been amended several times, most recently with the passage of the Vision 100 – Century of Aviation Reauthorization Act. Funds obligated for the AIP are drawn from the Airport and Airway Trust fund which is supported by passenger ticket taxes, fuel taxes and other fees.

In general, sponsors can use AIP funds on most airfield capital improvements or repairs. AIP grants cannot be used on exclusive-use areas in terminals, revenue producing areas of terminals, hangars and non-aviation development. Any professional services that are necessary for eligible projects, such as planning, surveying and design, are also eligible; however, operating expenses of AIP projects are not eligible. Aviation demand at the airport must justify the projects, which must also meet federal environmental and procurement requirements.

To be eligible for an AIP grant, airports must meet the following criteria: 1) publicly owned, or privately owned, but designated by the FAA as a reliever or 2) privately owned, but having scheduled commercial service and at least 2,500 annual enplanements and 3) further, an airport must be included in the National Plan of Integrated Airport Systems (NPIAS). The NPIAS is published every two years and identifies public-use airports that are important to public transportation and contribute to the needs of civil aviation, national defense and the postal service.

For large and medium hub primary airports, the grant covers 75 percent of eligible costs (or 80 percent for noise program implementation). For small primary, reliever and general aviation airports, the grant covers 95 percent of eligible costs.

TIME TO STRENGTHEN AIP

Due to the projected growth in commercial and general aviation, reductions in AIP will lead to cuts in funding for smaller airports according to ACI-NA research. AIP and Passenger Facility Charges (PFC) are separate but complementary programs to fund airport modernization. When large airports use PFCs to fund improvements, they “turn back” AIP funds, which in turn, go to small airports. AIP is especially important for smaller airports that have less ready access to private capital markets. Under any new reauthorization proposal, those airports should receive at least the same level of funding from the program as currently provided.

According to the Government Accountability Office (GAO), the primary reason why smaller airports were able to fund 73 percent of their planned development in 2003, rather than the 52 percent ACI-NA reported in 1998, is that they benefited significantly from the increases in AIP grants, which are a larger source of funding for smaller airports than for larger airports. In addition, smaller airports have received an increasing share of AIP grants because of statutorily required changes in the distribution of AIP grants.

AIP should also be reauthorized at the levels found in the House of Representatives passed FAA Reauthorization legislation (H.R. 2881) and recommended by the Senate Commerce, Science and Transportation Committee (S. 1300).

Additionally, we encourage Congress to renew and strengthen points of order and budget protections that make it difficult for appropriators to fund AIP below the authorized amount and increase funding for programs that help small communities attract and retain commercial service.