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Joint Legislative Budget Hearing
2018-2019 Department of Transportation Capital Program
Lee Weitz, NYAMA President

Thank you, Chairperson Young, Chairperson Weinstein and members of the Senate and Assembly Fiscal Committees. I am Lee Weitz, President of the New York Aviation Management Association (NYAMA) and Deputy Director of Aviation at Niagara Frontier Transportation Authority. NYAMA appreciates this opportunity to provide input to you on the 2018-2019 Executive Budget as it relates to airports and the aviation industry in New York.

NYAMA represents over 13,000 members and affiliate members, 120 commercial service and general aviation airports, fixed based operators, consultants, engineers and other aviation industries and professionals who believe that serious economic development efforts at the state and regional level necessitates strong public investment in our aviation assets and facilities.

I would like to take this moment to thank you and all the members of the legislature for enacting significant initiatives as part of the 2017-2018 State Budget to bolster state investments in airports. The additional Aviation Capital Grant Program funding and the ongoing Upstate Airport Economic Development and Revitalization Competition represent a significant increase in the state's commitment to addressing the critical maintenance and modernization needs of many of our smaller and medium-size airports throughout the state.

Airports are economic engines fueling growth in the communities they serve. According to data from the New York State Department of Transportation (NYSDOT) and updated figures from the Port Authority of NY-NJ, the aviation industry contributes over \$72 billion in annual economic activity in New York State and more than 500,000 NY based jobs in aviation or aviation-related industries. Aviation generates \$25 billion in payroll and well over \$6 billion in state and local tax revenue annually.

A strong and steady commitment to state infrastructure investment in airports is helping to power this aviation-led economic engine for the benefit of New York's citizens even in the face of stiff competition from other states.

The State Aviation Capital Grant Program

This year the State Budget funds the state's Aviation Capital Grant Program at \$22.5M. While this funding level will provide valuable financial assistance for vital infrastructure projects at airports across New York (e.g. funding airport security improvements, repair of existing facilities, safety enhancements, etc.) it is important to note that over 90 public-use airports across the state compete for a portion of this funding. **However, the Executive**

Budget programs only \$12.5M in the next fiscal year; a \$10M reduction from the levels of the last two years.

Based on the analysis of FAA-approved documents such as Airport Capital Improvement Plans, Airport Master Plans and Airport Layout Plans, the NYSDOT has estimated that the state will need \$4.3 billion to support its aviation goals for the 20-year period between 2010 and 2030—an average of \$215 million per year. This investment is necessary to properly maintain the system and allow airports to attract passenger, cargo, and general aviation services, therefore supporting the governor's economic development goals.

Consequently, NYAMA estimates that the appropriate level of funding for the State Aviation Capital Grant program to be \$40 million annually. For the 2016-17 Program, NYSDOT received a total of \$48 million in funding requests by 71 airports for critical projects; of this number, only 29 airports were awarded a total of \$20.5 million under the State Aviation Capital Grant Program. This reveals the sizable gap between what is required for airport development projects and what is ultimately available through the state budget. Despite a higher funding level of \$22.5 million for the 2017 program, NYAMA expects a similar demonstration of unmet need this year and an even further gap if the \$10M cut to the program is sustained in 2018.

We also know that the number of applications submitted under the Aviation Capital Grant Program is artificially low. Many airports cannot devote scarce resources to design and engineer projects and go through the expense of the application process if there is little chance that they will be awarded due to the lack of significant program funding. The airports and aviation industry are still struggling to catchup after three years of **zero funding** in the budget for airport capital projects from 2010 to 2013.

NYAMA is anxiously awaiting the awarding the 2017 project solicitation by NYSDOT so that this critical state funding commitment can be quickly programmed and released to airports that desperately need this capital investment and **we are seeking the restoration of the Aviation Capital Grant Program funding level to \$22.5M in the final 2018-2019 budget.**

The Airport Improvement Program Funding Transfer

It is important to note that the funding level that you appropriate each year for the State Aviation Capital Grant Program is also discounted due to the underfunding of the state matching program (AIP) for federal airport capital improvement dollars.

The federal funding that is received by New York airports varies but it is typically between \$80 million and \$100 million annually. Based on experience and recent program data, it is known that the \$4 million state budget appropriation to cover its share of federally-funded airport projects will be insufficient again this year. This creates an uncertainty that all available federal funding will be utilized by New York going forward. For the past several fiscal years, an additional \$1M-\$3M has been necessary to meet the state share match. Regrettably, this AIP funding shortfall is made up by reducing the funds available through the State Aviation Capital Grant Program. The 2018-2019 Executive Budget continues to underfund AIP at \$4M. Unless AIP is fully funded, the funding gap will continue into the next fiscal year and beyond, siphoning millions of scarce dollars from an under-sized state airport capital funding program.

NYAMA is urging therefore that the 2018-2019 enacted budget will fully fund the airport improvement program match at a minimum of \$6 million. This will help to cover or at least close the gap in the state AIP match program and secure the full funding appropriated for the State Aviation Capital Grant Program.

Public Investment Needed for All New York Airports

One of the most transformative aviation initiatives in the last few years has been the Upstate Airport Economic Development and Revitalization Competition that was part of the SFY 2016-2017 Budget. Awards recipients under the competition so far include Greater Rochester International, Plattsburgh International, Elmira Corning Regional and Syracuse Hancock International airports totaling \$154 million. These grant dollars, leveraged with tens of millions of dollars in private sector investments, are being used for terminal expansion and modernization, cargo receiving and distribution center, new retail and concession options, general aviation customs facilities and much more that will improve the overall passenger experience at these airports. In addition, grants will fund projects that enhance safety, improve operations and access, reduce environmental impacts and provide significant employment opportunities in these regions.

Over \$36 million of the remaining funding under the Upstate Airport Competition has not yet been allocated. **NYAMA expects that the final award will be made soon and urges that consideration be given to funding a Round II Upstate Airport Economic Development Revitalization Competition.**

In addition to this investment in upstate airports, the implementation of Governor Cuomo's comprehensive plan to modernize and revitalize LaGuardia, John F. Kennedy International, Stewart International and Republic Airports is underway— bringing these international transportation hubs up to 21st Century standards for service, access and amenities. NYAMA applauds this consequential investment in these downstate airports.

Conclusion

New York has a significant interest in the continued vitality of general aviation and availability of scheduled commercial service at community airports. Business aviation is a critical tool for companies in New York to conduct business, improve operational efficiency, save money, and open opportunities for areas not served by commercial aviation. The success of business aviation will encourage new opportunities and continued investment by companies as well as bringing much needed jobs to all areas of the State.

NYAMA and its members support your efforts to ensure that the State pursues policies that are pro growth and pro job creation. Strong state investment in our airports is one of these winning strategies. NYAMA looks forward to continuing to work with you individually and through the 130-member New York Legislative Aviation Caucus Co-Chaired by Senator Phil Boyle and Assembly Member Donna Lupardo to assure that this significant infrastructure funding reaches airports that establish the need for support, enhances aviation business development, creates new and permanent jobs and improves the state's economy. In this way, New York can continue to effectively compete with surrounding states for business aviation and scheduled commercial service for the benefit of all New York's citizens.

Thank you.

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