

## ***FY-2008 Airport Improvement Program (AIP) implementation***

The FAA's authorizing legislation expired at the end of FY 2007, and a series of continuing resolutions provided both temporary funds and temporary spending authority through the end of December 2007.

The expiration of our authorization didn't prevent us from continuing to make payments on existing AIP grant obligations, but it did prevent us from making any new grant obligations—e.g., issuing new grants.

Unlike most federal agencies and other parts of the FAA, the spending authority for AIP does not come from our appropriation act; rather, it comes from our authorizing legislation.

AIP was included in the FY 2008 omnibus appropriations Act that was enacted at the end of December 2007. That Act sets a \$3.515 billion obligation limit for the AIP program for FY 2008. However, that didn't solve the underlying authorization problem. This is a lot like having money in the bank but not being able to access the funds.

On February 28th, the President signed into law, passed by Congress on February 13th, a new Act that provides nine months, or three quarters of the year, of AIP program authority. The Act also extends the collection aviation taxes and the authority to spend from the aviation Trust Fund, through June 30th.

Even though that AIP program authority is for only three quarters of the year, it gives us access to a little more than three quarters of the money. The reason is that the legislation prescribes using \$3.675 billion as the AIP level for the purpose of running the AIP formulas. The actual amount of spending authority for the extension, however, is \$2.756 billion.

By writing the legislation in this way, Congress protected several aspects of the program that would have otherwise been reduced or eliminated because we wouldn't have met the

\$3.2 billion AIP formula "trigger" that is in current law. For example, absent this adjustment in the new Act, primary entitlements would have been reduced by 50%, state apportionment would have been calculated at 18.5% rather than 20% of AIP, and nonprimary entitlement would not be available.

But, while the legislation avoided the trigger, it further required us to take a 25% reduction in apportioned funds. So, in other words, under the new Act, sponsors can expect roughly 75% of anticipated apportionments being available, including carryovers. The availability of the remaining apportionments will be dependent on whether Congress enacts a further extension of the AIP program authority beyond June 30th.

In addition to airports receiving approximately 75% of their entitlements, the new Act provides sufficient levels of discretionary funding to cover critical safety and statutory projects nationwide. In fact, nothing in either the appropriation or new Act changes our priorities.

We plan to meet our discretionary commitments under letter of intent projects and to support the highest-priority safety projects. These safety projects include planned Runway Safety Area improvements, Runway Safety Action Team (RSAT) projects and Enhanced Taxiway Centerline markings (part of the FAA's Call to Action to reduce runway incursions). We also plan to satisfy the noise and Military Airport Program set-asides, consistent with the percentages required by the new Act.

So, the good news is we will be able to provide discretionary funds to most of the highest-priority safety projects. But, these priorities will limit the discretionary funds available under the new Act. This means that phased projects (which we may have been able to support in prior years) and new projects that are not safety-related probably will not be able to be funded at this time.