Wendell H. Ford
Aviation Investment and Reform Act
for the 21st Century

AIR 21

Selected Issues of Interest to Iowa

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April 17, 2000

Wendell H. Ford Aviation Investment and Reform Act for the 21st Century

HR 1000 - H. Report 106-513 (Conference Report)

PL 106-181 Signed into law on April 5, 2000

The Federal Aviation Administration and aviation programs were reauthorized in April 2000 with the enactment of the "Wendell H. Ford Aviation Investment and Reform Act for the 21st Century," known as AIR 21. This four-year reauthorization bill covers fiscal years 2000 through 2003. The Airport Improvement Program and Facilities and Equipment program were funded through a series of extensions during fiscal years 1998-99. AIR 21 provides a substantial increase in aviation funding and provides a guarantee that funds received into the Airport and Airway Trust Fund will be used for aviation purposes.

Funding Summary

Funding Guarantee (Sec. 106)

The amount budgeted for aviation programs must be equal to the level of receipts and interest credited to the Airport and Airways Trust Fund. The trust fund receipts and interest will fund the Airport Improvement Program (AIP), Facilities and Equipment (F&E) Program, Research and Development, and the trust fund share of FAA operations. The Act states that the trust fund will fund the capital programs at the levels authorized. General funds will be appropriated to the extent necessary to supplement the trust fund money used for FAA operations.

FAA Funding Levels

The AIP authorized levels increase from $2.475 billion in FY 2000 to $3.2 billion in FY 2001, $3.3 billion in FY 2002, and $3.4 billion in FY 2003.

Fiscal Year	Airport Improvement Program (Sec 101)	Facilities & Equipment (Sec. 102)	FAA Operations (Sec. 103)	Research & Development (Sec. 901)	Total
2000*	$1.896 billion	$2.045 billion	$5.893 billion	$ .156 billion	$9.991 billion
2001	$3.200 billion	$2.657 billion	$6.592 billion	$ .237 billion	$12.686 billion
2002	$3.300 billion	$2.914 billion	$6.886 billion	$ .249 billion	$13.349 billion
2003	$3.400 billion	$2.981 billion	$7.357 billion	$ .255 billion	$13.993 billion
'01-'03 Total	$9.900 billion	$8.552 billion	$20.835 billion	$ .741 billion	$40.028 billion

* The FY 2000 data is the enacted appropriated amount.

Airport Improvement Program (AIP)

The major changes with respect to the AIP program are the increased funding levels and the entitlement program for general aviation airports. The non-federal match requirement remains at 10 percent. In addition to the AIP funding changes, which will be discussed below, several changes were made to airport development eligibility. Additional items that will be eligible include: integrated in-pavement lighting for runways and taxiways; universal access systems and emergency call boxes; windshear detection equipment; enhanced vision technologies; and routine work to preserve and extend the useful life of runways, taxiways, and aprons at non-primary airports.

Highway specifications for airfield pavement will also be allowed at non-primary airports with runways of 5,000 feet or less and serving aircraft of 60,000 pounds or less. However, if highway specifications are used, no additional funds would be available for pavement rehabilitation or replacement for 10 years.

State Block Grant Program (Sec 138)

The number of states eligible for the State Block Grant Program increases to 10 beginning in FY 2002. Currently the following nine states are allowed to participate in this program:

Illinois	Michigan	Missouri	New Jersey	North Carolina
Pennsylvania	Tennessee	Texas	Wisconsin	

This program allows the selected states more responsibility in the administration of AIP funds for the general aviation airports. As the program is intended to work, the FAA gives the state complete responsibility to manage its AIP allocation and the state, not the FAA, decides which general aviation airports will receive it. State officials involved are very pleased with the program since their states can better coordinate state and federal airport improvement programs.

AIP Formula Changes (Sec. 104)

Primary

The minimum Airport Improvement Program (AIP) apportionment for primary airports increases from $500,000 to $650,000. The formula which apportions funds based on the number of enplanements stays the same. A special rule for apportionments goes into effect in any fiscal year when the total amount available for the AIP is $3.2 billion or more. The minimum increases to $1 million under the special rule, while the apportioned amount based on enplanements doubles for all other airports that receive more than the minimum.

Primary Airports	FY 1999	FY 2000	FY 2001 (estimated) (If $3.2 billion available)
Des Moines	$1,896,580	$1,906,268	$ 3,855,838
Eastern Iowa (Cedar Rapids)	$1,544,681	$1,592,443	$ 3,281,082
Sioux Gateway (Sioux City)	$ 657,402	$ 650,000	$ 1,236,436
Waterloo	$ 500,000	$ 650,000	$ 1,000,000
Dubuque	$ 500,000	$ 650,000	$ 1,000,000
Burlington	$ 500,000	$ 650,000	$ 1,000,000
Mason City	$ 500,000	$ 650,000	$ 1,000,000
Fort Dodge*	not primary airport	not primary airport	$ 1,000,000
Total	$6,098,663	$6,748,711	$13,373,356

* Fort Dodge enplanements now exceed 10,000 and will receive entitlement funds as a primary airport beginning in FY2001.

Reliever Airports

If AIP funding meets or exceeds $3.2 billion, at least 2/3 of one percent of the grants shall be for reliever airports which meet the following criteria:

- more than 75,000 operations,
- a runway with a minimum distance of 5,000 feet,
- a precision instrument landing procedure,
- a minimum number of based aircraft (to be determined by the U.S. Secretary of Transportation), and
- designated by the Secretary as a reliever airport to an airport with 20,000 hours of annual delays.

Iowa's reliever airports include Ankeny, Council Bluffs and Davenport. Iowa's reliever airports do not meet these criteria.

General Aviation

The state apportionment for general aviation (GA) airports and small commercial service airports continues at 18.5 percent of the total AIP amount. This apportionment is based on the state's population and area. The FY 2000 apportionment for Iowa is estimated at $4.5 million compared to the FY 1999 GA apportionment of $3.1 million.

A special rule for the state apportionment goes into effect when the total amount available for the AIP program is $3.2 billion or more. Under this rule, the percent provided to GA airports increases to 20 percent, and each general aviation, reliever and non-primary commercial service airport included in the National Plan of Integrated Airport System (NPIAS) will be entitled 20 percent of the NPIAS airport improvement costs, up to a maximum of $150,000. The airport entitlements are deducted from the state's apportionment, which is estimated to be $8.3 million in FY 2001. In Iowa, 49 of the 69 airports eligible under this special rule have costs identified in the current NPIAS and are eligible to receive GA entitlements for a total of $5.9 million. Fort Dodge will be identified as primary airport in FY 2001 and Marion which was identified in earlier FAA tables is a private airport and not eligible for AIP funding. See table on page 5.

There are a number of questions related to the administration of the general aviation entitlements which must be addressed. For example:

- Will the NPIAS be updated to accurately reflect capital improvement costs? For some Iowa airports, the NPIAS does not accurately reflect costs. An option being considered by FAA is to do a quick NPIAS update prior to FY 2001 when the entitlement is expected to be implemented.
- Will the GA airports be allowed to carry entitlements into future years if the airport cannot spend the dollars in the year appropriated?
- What happens to an entitlement if the airport does not intend to use the funds or is unable to meet the requirements of the AIP grant assurances?

General Aviation AIP Entitlements - FY 2001
(If $3.2 billion is appropriated)

Airport	FY 2001	Airport	FY 2001
Albia	$150,000	Humboldt	$150,000
Algona	$150,000	Independence	$124,900
Ames	$150,000	Iowa City	$150,000
Ankeny	$150,000	Jefferson	$150,000
Carroll	$150,000	Keokuk	$150,000
Atlantic	$150,000	Knoxville	$150,000
Bloomfield	$ 27,000	Marshalltown	$150,000
Boone	$150,000	Monticello	$ 74,000
Chariton	$150,000	Muscatine	$150,000
Charles City	$ 17,000	Newton	$150,000
Cherokee	$150,000	Oelwein	$ 28,000
Clarinda	$150,000	Oskaloosa	$150,000
Clarion	$ 20,000	Ottumwa	$150,000
Clinton	$150,000	Pella	$150,000
Council Bluffs	$150,000	Perry	$150,000
Davenport	$150,000	Pocahontas	$150,000
Denison	$ 85,000	Red Oak	$150,000
Emmetsburg	$ 24,000	Sac City	$ 46,000
Estherville	$150,000	Sheldon	$ 90,400
Fairfield	$150,000	Spencer	$150,000
Forest City	$ 40,117	Storm Lake	$ 28,000
Greenfield	$ 73,000	Washington	$150,000
Grinnell	$ 69,200	Waverly	$150,000
Hampton	$150,000	Webster City	$150,000
Harlan	$ 66,000	Total GA Airport Entitlements	$5,912,617

Note: Includes general aviation, reliever and non-primary commercial service airports.
Fort Dodge has been deleted and will receive funds under the Primary entitlement in FY 2001.
Marion has been deleted because they are a private GA airport and not eligible for AIP funds.

Total General Aviation Entitlements (49 airports)	$ 5,912,617
Available to General Aviation Airports	$ 2,431,561
Total State General Aviation Apportionment	$ 8,344,178

Cargo

Cargo entitlements will increase from 2.5 percent to 3 percent beginning in FY 2000. The special rule which applies when the AIP reaches $3.2 billion eliminates the cap of 8 percent of cargo entitlement to any one airport. Removing the 8 percent cap will have a minimal impact on our airports. The cargo entitlement is based on the airports' percentage share of the cargo handled.

Based on 1998 data, Des Moines and Eastern Iowa Airport (Cedar Rapids) ranked 41st and 74th, respectively, in tons of cargo handled. Des Moines handled 0.54 percent and Eastern Iowa handled 0.25 percent of the nation's air cargo.

Cargo Airports	FY 1999	FY 2000 (estimated)	FY 2001 (estimated) If $3.2 billion available
Des Moines	$263,277	$321,001	$518,848
Eastern Iowa (Cedar Rapids)	$143,652	$148,823	$240,549

Passenger Facility Charge (PFC) (Sec. 105 & Sec.135)

The maximum allowable PFC increases from $3 to $4.50 per trip segment. The maximum charge per passenger for each ticket will be $18, an increase of $6. Certain restrictions are included for medium or large hubs (none in Iowa), including a 75 percent reduction in the airport's entitlement if they charge more than a $3 PFC. Iowa will benefit since the reduction in entitlements for medium and large hub airports are redistributed among the remaining airports.

An agency may request a waiver of the PFC for certain air carriers if they enplane fewer than 1 percent of the total annual enplanements at the airport. The PFC could also be waived if the destination airport has fewer than 2,500 total annual enplanements.

Airport Improvement Program
FY 2000

Entitlements		
Primary Airports	$556,348,911	
Cargo (3.0%)	55,530,000	
Alaska Supplemental	10,672,557	
States (18.5%)	342,435,000	
Carryover Entitlement	135,525,867	
Subtotal Entitlements	$1,100,512,335	
Small Airport Fund		
Non Hub Airports	$81,259,994	
Non Commercial Airports	40,629,997	
Small Hub	20,314,999	
Subtotal Small Airport Fund	$142,204,990	
Subtotal Non Discretionary		$1,242,717,325
Noise (34% of Discretionary)	$206,816,110	
Military Airport Program (4% of Disc.)	24,331,307	
Subtotal Discretionary Set-asides	$231,147,417	
C/S/S/N	$282,851,444	
Remaining Discretionary	94,283,814	
Subtotal other Discretionary	$377,135,258	
Subtotal Discretionary		$608,282,675
Grand Total AIP Funds		$1,851,000,000

Notes:

Small Airport Fund

Large and medium hub airports that collected a PFC forego a portion of their primary entitlements. Seventy-five percent of these funds are placed in the Small Airport Fund.

The fund is divided between non hub (2/3) and non commercial service airports (1/3) and allocated on a discretionary basis. Of the remaining 25 percent, 50 percent must be spent on small hub airports.

C/S/S/N (Capacity/Safety/Security/Noise)

Of the remaining discretionary funds, 75 percent is to be used for preserving and enhancing capacity, safety and security, and carrying out noise compatibility planning and programs at primary and reliever airports. The other 25 percent may be used for any eligible project at any airport.

Airport Improvement Program
FY 2001

Entitlements			
Primary Airports	$1,097,495,681		
Cargo (3.0%)	96,000,000		
Alaska Supplemental	21,345,114		
States (20.0%)	640,000,000		
Carryover Entitlement	150,000,000		
Subtotal Entitlements	$2,004,840,795		
Small Airport Fund			
Non Hub Airports	$157,106,643		
Non Commercial Airports	78,553,321		
Small Hub	39,276,661		
Subtotal Small Airport Fund	$274,936,625		
Subtotal Non Discretionary		$2,279,777,420	
Noise (34% of Discretionary)	$312,875,677		
Reliever (0.66% of Disc.)	6,073,469		
Military Airport Program (4% of Disc.)	36,808,903		
Subtotal Discretionary Set-asides	$355,758,049		
C/S/S/N	$423,348,398		
Remaining Discretionary	141,116,133		
Subtotal other Discretionary	$564,464,531		
Subtotal Discretionary		$920,222,580	
Grand Total AIP Funds			$3,200,000,000

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High Density Airports and Slots

Slot rules : Phase-out and Changes (Sec. 231)

Slot rules place artificial restrictions on the number of takeoffs and landings which can occur at the four high density airports. These rules restrict the access which many airports have with these critical airports. The changes found in AIR 21 provide the mechanism for Iowa to gain improved access to New York, Washington National, and Chicago O'Hare, including direct access to Washington National.

A report on noise in areas surrounding the four high density airports will be compiled during fiscal year 2001.

JFK and LaGuardia, New York - Slots will be eliminated after January 1, 2007.

Interim exemptions (to the slot restrictions) shall be granted to any air carrier providing nonstop air transportation which: uses an aircraft with a maximum seating capacity of less than 71 passengers; provides service between JFK and LaGuardia and a small hub or non hub airport if the service was not provided before; results in the expansion of service; or replaces turboprop with a regional jet.

Additional exemptions for new entrant and limited incumbent air carriers shall be granted if the total number of slots and exemptions does not exceed 20. Current service to small hub, non hub or smaller airports is preserved until July 1, 2003, if the carrier has slots issued for specific airports (unless written notice of termination was received prior to October 1, 1999, or documentation of excessive losses is submitted).

O'Hare, Chicago - Slots will be eliminated after July 1, 2002. The time window when slots are required is narrowed to 2:45 p.m. until 8:14 p.m., beginning July 1, 2001.

Beginning May 1, 2000, interim exemptions shall be granted to any air carrier to provide nonstop air transportation, using aircraft with fewer than 71 seating capacity, between O'Hare and small hub or non hub airports if the carrier was not already providing service, if the number of flights increases, or if a regional jet replaces turboprop service.

U.S. DOT is also directed to grant 30 slot exemptions for new entrants or limited incumbent air carriers for service to O'Hare. These exemptions must be granted within 45 days.

Current service to small hub, non hub or smaller airports is preserved until July 1, 2003, if the carrier held an exemption or a slot issued for the specific route, unless written notification of termination was submitted prior to October 1, 1999, or substantial losses are documented.

Reagan Washington National Airport - Twelve slot exemptions will be granted beyond the 1,250- mile perimeter and 12 slot exemptions will be granted within the 1,250-mile perimeter .

The 12 slot exemptions within the 1,250-mile perimeter will be granted to air carriers providing service to medium hub or smaller airports. (The Des Moines airport is located within the perimeter at 1,026 miles) Criteria for these slots will promote:

- new entrant or limited incumbent carriers;
- service to communities without nonstop service;
- service to small communities; and
- competitive benefits including low fares.

Of these exemptions, four shall be for small hub and non hub airports, and eight for medium hub or smaller airports. All requests must be submitted within 30 days after enactment of the subsection.

Midwest Express has filed an application with US Department of Transportation, requesting slot exemptions to allow twice-daily, non-stop service between Des Moines and Washington National Airport.

Air Service

Airline Customer Service (Sec. 221 - 228)

The federal DOT was authorized an additional $2.4 million for FY 2001 ($2.5 million in FY 2002, and $2.6 million in FY 2003) to enforce airline consumer protection sections of the Code. The U.S. Department of Transportation was also directed to monitor the implementation of airline customer service plans and report to Congress. The domestic baggage liability limit will increase. The Comptroller General is directed to study the effects of allowing aviation consumers to use any portion of a multiple-stop air fare ticket without penalty. A task force will be established to review airline service performance reports. Another commission is established to study choice in the airline industry and the status of travel agencies. A provision regarding unfair or deceptive practices was added relating to e-tickets and expiration dates. The maximum civil penalty for violating consumer protection sections was increased to $2,500.

Study on the Difficulties Faced by Smaller Communities (Sec.206)

The U.S. Department of Transportation is directed to study the difficulties faced by smaller communities in retaining essential air service. Within 60 days, a report to Congress will be submitted. The report should specifically study communities in North Dakota.

Study on Marketing Practices (Sec.207)

Within 180 days, the Department of Transportation shall file a report reviewing air carriers' marketing practices that may inhibit the availability of quality, affordable air transportation to small- and medium-sized communities.

Retains the Essential Air Service (EAS) Program (Sec.209)

Authorizes an additional appropriation of $15 million each fiscal year to carry out the EAS program. This amount is in addition to the $50 million authorized from amounts received by the FAA through fees or other sources. Limits adjustments to levels of essential air service to not less than the basic service level. All orders issued after September 30, 1999, will be reviewed for consistency with amendments in this section.

New Programs

Small Community Air Service Development Pilot Program (Sec. 203)

This pilot program is designed to improve air service to airports not receiving sufficient air carrier service. Criteria for participation: airport serving the community is not larger than a small hub airport (includes all of the airports in Iowa) and has insufficient air carrier service or unreasonably high air fares. No more than four communities or consortia per state, and no more than 40 projects will be selected. The program will provide monetary assistance to 1) subsidize service to and from an underserved airport for up to 3 years; 2) provide assistance to obtain service; and 3) marketing and promotion of air service. Communities must be willing to show local monetary support.

Funding for this program is $20 million in FY 2001, and $27.5 million for FY 2002 and FY 2003. The U.S. Department of Transportation will appoint someone to work with carriers and the communities. Communities under this program will be designated as air service development zones.

Regional Jet Service for Small Communities (Sec. 210)

Provides federal credit instruments to commuter air carriers or new entrant carriers that purchase regional jet aircraft for use serving underserved markets.

Miscellaneous Provisions

Landfills Interfering with Air Commerce (Sec.503)

No new landfills should be built within six miles of an airport which has received federal money, and that serves general aviation and small commercial service aircraft. This section is in response to the increasing number of bird strikes experienced at airports near landfills.

Emergency Locators in All Aircraft With Some Exceptions by January 1, 2002 (Sec.501)

Exceptions include aerial applications of agricultural products, one-person aircraft, aircraft used for research or testing of product, training within a 50 mile radius of the airport, and when maximum payload capacity is greater than 18,000 pounds when used for air transportation.

Smoking Prohibited (Sec. 708)

Smoking is prohibited on all scheduled passenger interstate or intrastate transportation. It also includes foreign air transportation, which may be worked out through bilateral agreements. This section is effective 60 days after enactment.

Animal Transportation (Sec. 709)

Airlines must provide monthly reports to the U.S. Department of Transportation of any animal incidents. The U.S. DOT must publish monthly data on incidents and complaints involving animals. The U.S. DOT must also work with airlines to improve the training of employees to improve the safety of animals and communication with passengers regarding conditions of animal transportation.

Innovative Use of Airport Grant Funds (Sec. 132)

The U.S. Secretary of Transportation may approve applications for not more than 20 airport development projects located at airports with less than 0.25 percent of national enplanements. All airports in Iowa are eligible.

Study on the Use of Recycled Materials in Pavement (Sec. 156)

The FAA is directed to conduct a study regarding the use of recycled materials in pavement for runways, taxiways and aprons. The report is to be transmitted to Congress within one year.

Pavement Conditions (Sec. 160)

Within 12 months, the FAA shall submit a report evaluating methods to improve the quality of information provided to FAA relating to airfield pavement conditions for airports. The methods include improving runway condition information in the current safety data program; requiring airports to submit pavement condition index (PCI) information as part of master plan; and requiring airports to submit PCI information on a regular basis and maintain databases.

Other Titles

The other titles of AIR 21, listed below, include provisions regarding issues such as, whistle blower protection for employees, national park overflights, bilateral relationship with the United Kingdom, FAA modernization, dealing with unruly passengers, and extension of the “Death on the High Seas Act.” These provisions are not discussed in this paper.

Title III - FAA Management Reform
Title IV - Family Assistance
Title V - Safety
Title VI - Transfer of Aeronautical Charting Activity
Title VII - National Parks Air Tour Management
Title IX - Federal Aviation Research, Engineering, and Development
Title X - Extension of Airport and Airways Trust Fund Expenditure Authority

As the bill is reviewed and additional issues identified which impact Iowa, the information will be provided.