
Background

Aeronautics Commission

Created in 1937, the Commission's main function was search and rescue and licensing.

The Wyoming Legislature established the Aeronautics Commission in 1937 to enforce the Uniform State Law for Aeronautics. The seven Aeronautics Commissioners are volunteers appointed by the Governor and confirmed by the Senate; five represent geographic districts and two serve at-large. Commissioners serve six-year terms and can be reappointed. [See Appendix A for statutes, and map on page 2 for Aeronautics district boundaries.]

From a 1930s focus on conducting search and rescue and enforcing licensing requirements, the Commission's primary job has become one of disbursing state funds to maintain and improve runways and buildings needed for cargo shipping, air taxis and ambulances, military transport, and commercial flights. Federal deregulation of airlines in 1978, and Wyoming state government reorganization in the early 1990s, dramatically changed the Commission's role and authority to affect aviation.

The Commission Authorizes State Funding for Airport Improvement Projects

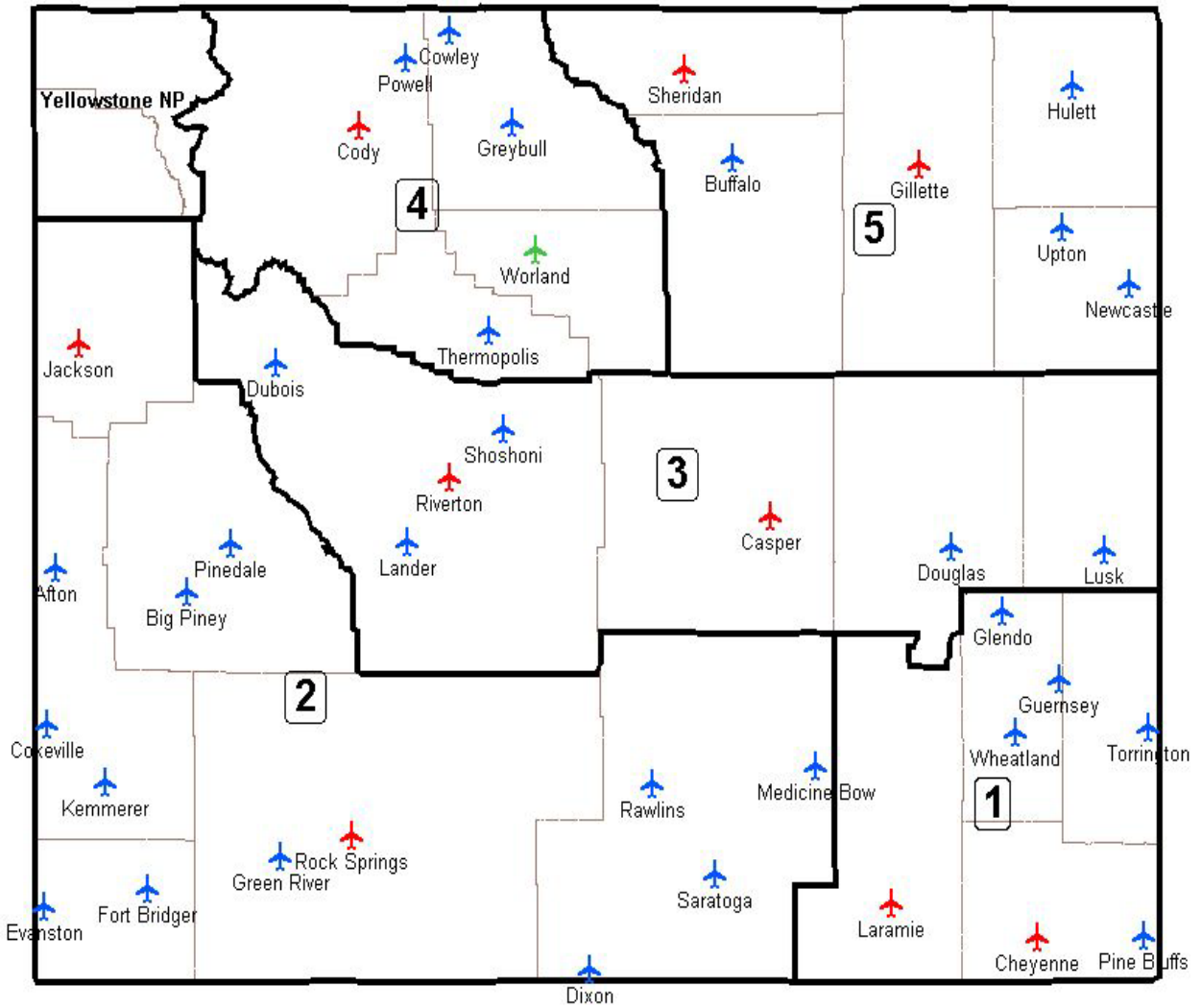
Now, the Commission approves grants for 40 Wyoming airports; 32 are also eligible for FAA funding.

Airport improvement projects can be funded by various combinations of federal dollars, state aid, and local resources. The Aeronautics Commission approves project-specific state funding for 40 public use airports that the Wyoming State Airport System Plan (WSASP) identifies as necessary to promote growth and improvement in the state's air transportation system. There are numerous private airstrips and airfields throughout Wyoming, but only airports in the WSASP are eligible to receive state grants-in-aid and loans from the Aeronautics Commission.

FAA and state officials believe Wyoming airports are above average.

The Federal Aviation Administration (FAA) has identified 32 Wyoming airports as being important to national transportation and security. They are eligible for FAA Airport Improvement Program (AIP) funding in addition to state funding; the remaining 8 WSASP airports are not eligible for federal funding. Wyoming Department of Transportation (WYDOT) and FAA.

Wyoming System Airports & Aeronautics Districts



Wyoming airports are locally owned.

officials consider Wyoming's airport infrastructure to be well maintained and above average. Wyoming airports are owned by cities, counties, and joint powers boards, and many have volunteer citizen airport boards that oversee operations. [See Appendix B for Wyoming airport system information.]

The FAA pays 90 percent of the cost of eligible airport projects.**Federal Funds Channeled Through State to Airports**

The majority of federal money spent on aeronautics in Wyoming goes toward planning and improving airport infrastructure. The FAA underwrites 90 percent of the cost, contracting with local airports for qualified infrastructure and planning projects.

Federal funds are channeled through the Aeronautics Commission to local airports; the Commission does not have a role in these decisions.

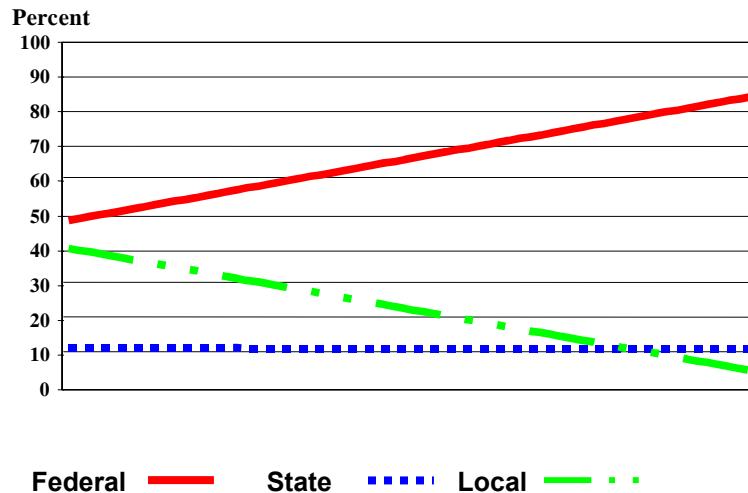
FAA discretionary money is available on a competitive basis.

Wyoming's share of the FAA's Aviation Trust Fund is determined annually by a complex formula based on the state's population, square miles, and federal acreage. Additional "discretionary" money may be available for projects competing regionally for money left over at the end of each grant period. Federal eligibility criteria determine whether infrastructure and planning projects at commercial and general aviation airports qualify for federal funding, or if a project will have to be funded with other sources. For the purposes of this report, "commercial" airports are those with regularly scheduled airline service to a hub, such as Denver or Salt Lake City. "General aviation" airports are those not served by a commercial airline.

The federal proportion of financing for airport infrastructure has increased over time [see Figure 1]. In 1938, the Bureau of Labor Statistics reported that the federal government paid 45 percent of the airport construction costs in Wyoming, local governments 54 percent, and the state paid 1 percent. In 2001, budget documents indicate a mix of 88 percent federal, 4 percent local, and 8 percent state funding for airport infrastructure.

Figure 1. FAA, State, and Local AIP Funding Proportions 1938-2002

Federal funding has increased over time, while local investment in airports has decreased.



Source: LSO analysis of FAA and Aeronautics Division Data

State Shares Local Funding Burden, By Choice

FAA requires local contribution to federally-funded projects.

The FAA underwrites 90 percent of the cost of approved projects, but requires the remaining 10 percent be funded by a “local match.” Federal regulations do not require a state match, but in Wyoming, the Aeronautics Commission, with support from WYDOT, has generally provided airports with at least half of that 10 percent, using state funding. The local match could be paid by anyone -- including private citizens -- as far as the FAA is concerned. In addition, airports may apply for state funding for projects not eligible for FAA grants. [See Appendix C for details on funding sources.]

WYDOT's Transportation Fund pays for airport programs.

The Transportation Fund, not the General Fund, is the source of the state’s funding for aeronautics-related programs, including airport grants. Airport grants, including both federal and state money, account for about 3.5 percent of WYDOT's budget. In addition, the Transportation Commission allocates funds from other programs to aeronautics at its discretion. These transfers are subject to the “B-11” process and must be approved by the Governor.

Most of WYDOT's budget does not receive legislative scrutiny. However, airport grant money, Aeronautics Commission expenses, and the Aeronautics Division's budget are subject to the legislative appropriations process.

WYDOT Supports Aeronautics Commission

Previously a stand-alone agency, the Commission became part of WYDOT in 1991.

Until reorganization of state government in 1991, the Commission was an independent operating agency with its own staff, budget, and equipment. With creation of WYDOT, the Commission became part of an "intermodal" transportation department encompassing highways, transit, bicycles, pedestrians, airports, and railroads. The Commission's budget and staff, much of its authority, and many duties were transferred to WYDOT's Aeronautics Division. Practically speaking, this left the Commission with the authority to disburse grant and loan money, but without its own staff or budget.

Aeronautics Division staff administer airport funding and operate state planes.

The Division's 16 staff manage the state's Airport Improvement Program and administer funding for airport construction, improvement, and planning. Among other responsibilities, the Division operates the state's aircraft used to transport state officials and employees on business around the state.

The Commission closely follows selection criteria, and tends to approve airport project funding requests.

To assist the Commission, Aeronautics Division staff rate individual airport grant proposals based on state and federal priority rating models and airport infrastructure plans. They forward the information to the Commission for final state funding approval. In recent practice, the Commission has rarely deviated from the rating models and planning documents.

The Commission holds two public meetings each year to approve applications for state grants-in-aid and loans. Local airports applying for state funds do not tend to leave Commission meetings empty-handed. Requests typically have been denied or tabled only when more information was needed from the airport. In 1997, the Legislature authorized the Commission to make loans, although few airport operators have taken advantage of this means of financing improvements.

Aviation Is Important for Economic Development

Good airport infrastructure and air service contribute to economic viability.

A sound airport infrastructure and vibrant commercial air service are important contributors to economic development. Some surrounding states' aeronautics commissions say building and maintaining a quality airport infrastructure is a means of attracting new businesses to rural communities. Other states'

aeronautics officials as well as Wyoming's economic development groups emphasize that businesses count on dependable and frequent flights to deliver both freight and passengers. One aviation official noted, "Big money doesn't come to town on a bus."

Tourism is Wyoming's #2 industry; most commercial air service is tourism related.

Tourism is Wyoming's second largest industry, and commercial planes flying in and out of the state cater to tourists. More than half of Wyoming's commercial flight passengers are vacationers coming to visit Grand Teton and Yellowstone National Parks and the Big Horn Mountains. [See Appendix D for information about commercial passenger enplanements.] General aviation is also tourism-linked: outfitters, guides, hunters, fishermen, climbers, and sightseers charter private planes to fly into the backcountry.

General aviation is an important component of aeronautics in Wyoming.

While commercial aviation has generated controversy due to rising prices and lower levels of service, general aviation is prospering. All Wyoming airports have general aviation operations, whose primary users are pilots, private plane owners, tourists and business travelers, cargo shippers (including mail service), hospitals, and fixed base operators (FBOs).

The presence of an FBO generates economic activity in a community as well as at an airport. FBOs sell fuel, give flying lessons and taxi people from place to place, rent hangar space and aircraft tie downs on landing strip "aprons" (parking areas), and provide aircraft mechanics. Air cargo also is big business; for example, FedEx has made Casper a regional hub.

No State Entity Focused on Air Service

Some want the Commission to improve air service, but this is not mandated in statute.

The Governor and some legislators have stated they would like the Commission to be as dedicated to air service issues and economic development as they are to improving airport infrastructure. The belief is that Wyoming's air service can be increased, that larger planes are economically viable, and that more affordable and reliable flights are reasonable and possible.

However, the Legislature has not formally directed any state government entity to work with airlines flying commercially to Wyoming cities and towns. Wyoming statutes do not charge the Commission with responsibility for improving air service, and

**Wyoming
lacks a central
point of contact for
air service related
issues.**

W.S. 10-3-401(b) specifically prohibits the Commission from using grant funds for airline subsidies. Consequently, the Commission does not conduct air service promotion campaigns, negotiate with airlines for better service, or lobby Congress for rural air service subsidies.

Lacking a coordinated effort in state government, individuals have no focal point for complaints about small planes, canceled and delayed flights, escalating ticket prices, and infrequent service. Flying from one Wyoming community to another requires flying first to an out-of-state hub, such as Denver or Salt Lake City, and paying ticket prices equivalent to travel across several states. A layover and the potential for canceled flights make spending hours in the car seem palatable.

**Federal EAS program
maintains air service
to certain rural
communities.**

The federal government will pay to help restore airline service to some small towns that had service but lost it when an airline ceased to provide service. Under the federal Essential Air Service (EAS) program, Laramie, Rock Springs, and Worland are the recipients of federally-supported air service funding. Also, a new competitive federal program recently made funding available to rural communities for airport promotions and to entice new carriers, but it is not clear what effect the program may have on Wyoming.

Expectations Too High for Volunteer Board?

**Commissioners say
that without budget
and staff, they can
only make grants.**

Aeronautics Commissioners say that as a volunteer board without their own staff or budget, they cannot do more than make grants for airport infrastructure improvements and maintenance, and airport promotion. It is WYDOT, not the Aeronautics Commission, that is running "Fly Wyoming" television advertisements. Division staff report they work with travel agents, the Wyoming Association of Municipalities, the Wyoming Business Council, and local airports to promote air travel. WYDOT officials also communicate with the federal government in an effort to protect, preserve, and expand air service. Despite these efforts, Division staff say there is little WYDOT can do alone to improve Wyoming's air service.

Thus, the federal government provides most funding for local airport infrastructure; the Aeronautics Commission approves a relatively small amount of state funding supplied by WYDOT; and WYDOT is making some efforts to improve air service.

Because this segregation of duties has been unclear, it is not surprising that the Aeronautics Commission's value has been under debate for more than ten years. This report addresses the question of whether the Wyoming Aeronautics Commission's focus should be expanded to include air service, or whether some other entity might be better suited to take on this challenge.

The Management Audit Committee identified several questions about the Aeronautics Commission to serve as a platform for resolving the protracted debate over the Commission's existence. This report examines areas of committee interest, which include the Commission's mission, organizational location, and its counterparts in other rural states struggling with air service issues.