

SB 5504 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Gregory Jolivette, Legislative Fiscal Office

Department of Aviation

2017-19

PRELIMINARY

Budget Summary*

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 11,868,866	\$ 11,822,955	\$ 12,230,778	\$ 361,912	-3.0%
Federal Funds Limited	\$ 3,968,918	\$ 1,266,499	\$ 4,516,499	\$ 547,581	-13.8%
Total	\$ 15,837,784	\$ 13,089,454	\$ 16,747,277	\$ 909,493	-5.7%

Position Summary

Authorized Positions	15	15	15	0
Full-time Equivalent (FTE) positions	13.75	14.25	14.25	0.50

⁽¹⁾ Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Summary of Revenue Changes

Aviation and jet fuel tax revenues are the primary source of funding for the agency’s operations. These fuel taxes make up approximately half of the agency’s Other Funds revenues. Additional sources of Other Funds revenue include aircraft registration fees, hangar and site leases and other charges for services. In 2015, legislation was passed to increase the taxes and fees that support the state’s aviation system. Specifically, House Bill 2075 (2015) raised aviation and jet fuel taxes by two cents per gallon, and Senate Bill 269 (2015) increased pilot registration fees, aircraft registration fees and airport licensing fees. The department receives Federal Funds from the Federal Aviation Administration (FAA) for aviation system planning and construction projects. Federal Funds account for about 40 percent of total agency revenues.

Summary of Transportation and Economic Development Subcommittee Action

The Department of Aviation manages and maintains 28 state-owned airports, conducts mandatory compliance inspections of the state’s 97 public use airports and plans for the safe operation, growth and improvement of aviation in Oregon. In addition, the agency registers all pilots and nonmilitary aircraft based in Oregon. The Subcommittee approved a budget of \$16,747,277 total funds and 14.25 full-time equivalent positions.

Operations

The Operations Division oversees the administration, operations and maintenance of 28 state-owned, public use airports. The division also provides the core government services of the Department: planning, land use, evaluation of tall structures, inspections of airports, and site surveys of proposed new airports. The Subcommittee approved a budget of \$5,251,610 total funds (\$4,216,965 Other Funds and \$1,034,645 Federal Funds) and 12.25 full-time equivalent positions for the program.

The Subcommittee approved the following recommendations:

- Package 102, Oregon Aviation Plan Update II - provides one-time limitation of \$450,000 Federal Funds and \$50,000 Other Funds to complete Phase II of the Oregon Aviation Plan update. The plan serves as a critical tool for managing the state's distinct system of airports.

Search and Rescue

The Search and Rescue Division registers pilots and collects pilot registration fees, which support the Search and Rescue Program administered by the Office of Emergency Management. Since Senate Bill 27 (2017) abolishes pilot registration, the Search and Rescue Division has been eliminated from the department's budget structure. Beginning in 2017-19, the Search and Rescue Program will be funded using aircraft registration revenues.

The Subcommittee approved the following recommendations:

- Package 100, Abolish Pilot Registration - contingent on passage of Senate Bill 27 (2017), which deletes the requirement for pilots to register and abolishes the Aviation Search and Rescue Account. The rationale for the bill is that state-level registration does not provide public safety benefits above and beyond those provided by FAA certification. All pilots are required to obtain FAA certification, which requires passing both written and practical tests.

General Aviation Entitlement Program

The General Aviation Entitlement Program administers FAA funded capital improvement projects to address safety, operations and development needs at airports in Oregon. FAA grants generally cover 90 percent of project costs with the remaining 10 percent paid by the airport owner. The Subcommittee approved a budget of \$9,075,020 total funds (\$5,593,166 Other Funds and \$3,481,854 Federal Funds).

The Subcommittee approved the following recommendations:

- Package 103, General Aviation Entitlement Projects - provides limitation of \$3,111,111 total funds (\$2,800,000 Federal Funds and \$311,111 Other Funds) for projects that address safety and operational needs at five state-owned airports. The projects are part of a five-year capital improvement plan annually reviewed and approved by the Oregon Aviation Board.

Pavement Maintenance

There are 66 paved public use airports in the state. The Pavement Maintenance Program evaluates the condition of pavement at these airports and assists the airports in undertaking preventative maintenance, the most cost-effective means to preserve pavement infrastructure. Preventive maintenance includes patching, crack sealing and global fog seal treatments. The program funds projects that are not eligible for FAA funding. The Subcommittee approved a budget of \$2,266,612 Other Funds and 1.00 full-time equivalent position for the program.

The Subcommittee approved the following recommendations:

- Package 101, Pavement Maintenance Program Design - provides limitation of \$60,000 Other Funds on a one-time basis to allow Aviation to complete design services for the Pavement Maintenance Program earlier in the year, allowing more time for construction during the summer months.

Aircraft Registration

The Aircraft Registration Program registers over 3,700 aircraft per year. The program manages and administers the AERO II software system that houses aircraft and pilot registration information. Aircraft registration fees are the primary source of funding for the required 10 percent match on federal airport improvement grants from the FAA. The Subcommittee approved a budget of \$154,035 Other Funds and 1.00 full-time equivalent position for the program.

The Subcommittee approved the following recommendations:

- Package 100, Abolish Pilot Registration - transfers projected year-end pilot registration revenues (\$77,931 Other Funds), as well as staff (0.50 FTE) and expenses for the abolished Search and Rescue Division to the Aircraft Registration Program.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Aviation
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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ -	\$ -	\$ 11,868,866	\$ -	\$ 3,968,918	\$ -	15,837,784	15	13.75
2017-19 Current Service Level (CSL)*	\$ -	\$ -	\$ 11,822,955	\$ -	\$ 1,266,499	\$ -	13,089,454	15	14.25
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 001 - Operations									
Package 102: Oregon Aviation Plan Update II									
Services and Supplies	\$ -	\$ -	\$ 50,000	\$ -	\$ 450,000	\$ -	500,000		
SCR 002 - Search and Rescue									
Package 100: Abolish Pilot Registration									
Personal Services	\$ -	\$ -	\$ (84,662)	\$ -	\$ -	\$ -	(84,662)	(1)	(0.50)
Services and Supplies	\$ -	\$ -	\$ (6,557)	\$ -	\$ -	\$ -	(6,557)		
SCR 003 - General Aviation Entitlement Program									
Package 103: General Aviation Entitlement Projects									
Services and Supplies	\$ -	\$ -	\$ 311,111	\$ -	\$ 2,800,000	\$ -	3,111,111		
SCR 004 - Pavement Maintenance									
Package 101: Pavement Maintenance Program Design									
Services and Supplies	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	60,000		
SCR 005 - Aircraft Registration									
Package 100: Abolish Pilot Registration									
Personal Services	\$ -	\$ -	\$ 67,931	\$ -	\$ -	\$ -	67,931	1	0.50
Special Payments (Dist to Other Gov Units)			\$ 10,000	\$ -	\$ -	\$ -	10,000		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 407,823	\$ -	\$ 3,250,000	\$ -	3,657,823	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 12,230,778	\$ -	\$ 4,516,499	\$ -	16,747,277	15	14.25
% Change from 2015-17 Leg Approved Budget	0.0%	0.0%	3.0%	0.0%	13.8%	0.0%	5.7%		
% Change from 2017-19 Current Service Level	0.0%	0.0%	3.4%	0.0%	256.6%	0.0%	27.9%		

*Excludes Capital Construction Expenditures

Legislatively Approved 2017 - 2019 Key Performance Measures

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Agency: Aviation, Department of

Mission Statement:

To preserve and enhance Aviation in supporting Oregon's communities

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. Percent of runways in good or better condition.		Approved	92%	100%	100%
2. Percent of runways meeting or exceeding approach surface standards.		Approved	59%	94%	94%
3. Number of State Airports with current Inspections.		Approved	136	140	140
4. Percentage of total Federal Funds obligated or spent.		Approved	100%	100%	100%
5. Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent" overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved	87%	91%	91%
	Availability of Information		78%	91%	91%
	Accuracy		84%	91%	91%
	Overall		82%	91%	91%
	Timeliness		81%	91%	91%
	Expertise		84%	91%	91%
6. Percent of aircraft registered		Approved	88%	90%	90%
7. Percent of pilots registered		Approved	59%	90%	90%
8. Percent of total best practices met by the board.		Approved	81.60%	100%	100%

LFO Recommendation:

Approve the 2017-19 Key Performance Measures as proposed.

SubCommittee Action:

Approved the 2017-19 KPM Report.