

HB 5004 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Linnea Wittekind, Department of Administrative Services

Reviewed By: Gregory Jolivette, Legislative Fiscal Office

**Department of Aviation
2019-21**

PRELIMINARY

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 13,745,866	\$ 12,921,194	\$ 17,328,876	\$ 3,583,010	26.1%
Federal Funds Limited	\$ 9,318,243	\$ 3,933,182	\$ 6,102,182	\$ (3,216,061)	(34.5%)
Total	\$ 23,064,109	\$ 16,854,376	\$ 23,431,058	\$ 366,949	1.6%

Position Summary

Authorized Positions	15	15	16	1
Full-time Equivalent (FTE) positions	14.25	14.49	15.49	1.24

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The aviation and jet fuel tax revenues are the primary source of funding for the Department of Aviation's operations. These fuel taxes make up approximately half of the Department's Other Funds revenues. Additional sources of Other Funds revenue include aircraft registration fees, hangar and site leases, and other charges for service. In 2015, legislation was passed to increase the taxes and fees supporting 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 the Department's total 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 Department registers all pilots and nonmilitary aircraft based in Oregon. The Subcommittee approved a budget of \$23,431,058 total funds and 15.49 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 \$7,096,183 total funds (\$5,109,593 Other Funds and \$1,986,590 Federal Funds) and 13.99 full-time equivalent positions for the program.

The Subcommittee approved the following recommendations:

- Package 100, Deferred Maintenance Salem Office Building Roof Rehab - This package provides Other Funds expenditure limitation of \$90,000 to address current conditions and leaks (\$15,000) and to develop a plan for the eventual replacement of the Salem Office Building, also known as Aviation Headquarters (\$75,000).
- Package 101, Disparity Study - This package provides one-time limitation of \$900,000 Federal Funds and \$100,000 Other Funds to complete a Disparity Study required by the FAA to evaluate if disadvantaged businesses have equal access to contracting opportunities on a statewide level.
- Package 801, LFO Analyst Adjustments - This package provides Other Funds expenditure limitation of \$176,682 and one limited-duration Operations Specialist (Program Analyst 2) position (1.00 FTE) to address increased workload related to procurement, project management and airport safety projects.

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. The 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 \$4,572,880 total funds (\$457,288 Other Funds and \$4,115,592 Federal Funds).

The Subcommittee approved the following recommendations:

- Package 103, General Aviation Entitlement Projects - This package provides one-time expenditure limitation of \$1,269,000 Federal Funds and \$141,000 Other Funds for capital improvement projects at five state-owned airports. The projects have been identified through the five-year capital improvement plan, which is annually reviewed and approved by the Oregon Aviation Board.
- Package 801, LFO Analyst Adjustments – In an effort to simplify tracking, this package shifts \$5,405,361 Other Funds expenditure limitation associated with the Aviation System Action Program, a grant program from the General Aviation Entitlement, to the newly created Aviation System Action Program which is now its own cross reference budget structure.

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, which is the most cost-effective means to preserve pavement infrastructure. Preventive maintenance includes patching, crack sealing, and global fog seal treatments. The program funds projects not eligible for FAA funding. The Subcommittee approved a budget of \$2,289,138 Other Funds expenditure limitation and 0.50 full-time equivalent position for the program.

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 \$167,496 Other Funds expenditure limitation and 1.00 full-time equivalent position for the program.

Aviation System Action Program

As the result of House Bill 2075 (2015), the Aviation System Action Program was created. House Bill 2075 directs the increase in fuel tax revenue (after five percent is deducted for the Department's administration costs) into three separate grant programs to benefit Oregon airports and aviation. The grant programs are Critical Oregon Airport Relief, Rural Oregon Airport Relief, and State-Owned Airports Reserve. Prior to the 2019-21 biennium, this program was part of General Aviation Entitlement and is now being separated into its own program for tracking purposes.

The Subcommittee approved the following recommendations:

- Package 801, General Aviation Entitlement Projects - In an effort to simplify tracking, this package shifts \$5,405,361 Other Funds expenditure limitation associated with Aviation System Action Program, a grant program from General Aviation Entitlement to the newly created Aviation System Action Program, which is now its own cross reference account.
- Package 802, Program Expenditure Limitation Adjustment - This package provides \$3,900,000 Other Funds expenditure limitation on a one-time basis for Aviation System Action Program grants.

Budget Note:

The Oregon Department of Aviation is directed to develop a statewide plan for the use of grant funds targeting commercial air service in rural Oregon. To receive funds, grant applicants should demonstrate how the proposed use serves that statewide plan. The Department is directed to include the statewide plan as part of the annual

report required by ORS 319.020 and submit the report to the Interim Joint Committee on Ways and Means or Emergency Board during the 2020 legislative session. It is the Legislature's intent that grants awarded during the 2019-21 biennium conform to a statewide plan adopted by the State Aviation Board.

Summary of Performance Measure Action

See attached Legislatively Adopted 2019-21 Key Performance Measures form.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Aviation
Linnea Wittekind -- 503-378-3108

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ -	\$ -	\$ 13,745,866	\$ -	\$ 9,318,243	\$ -	23,064,109	15	14.25
2019-21 Current Service Level (CSL)*	\$ -	\$ -	\$ 12,921,194	\$ -	\$ 3,933,182	\$ -	16,854,376	15	14.49
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 10900-001 - Operations									
Package 100: Def Maint Salem Office Bldg									
Capital Outlay	\$ -	\$ -	\$ 90,000	\$ -	\$ -	\$ -	90,000		
SCR 10900-001 - Operations									
Package 101: Disparity Study									
Services and Supplies	\$ -	\$ -	\$ 100,000	\$ -	\$ 900,000	\$ -	1,000,000		
SCR 10900-001 - Operations									
Package 801: LFO Adjustment									
Personal Services	\$ -	\$ -	\$ 176,682	\$ -	\$ -	\$ -	176,682	1	1.00
SCR 10900-03 - General Aviation Entitlement									
Package 103: General Aviation Entitlement Projects									
Services and Supplies	\$ -	\$ -	\$ 35,250	\$ -	\$ 317,250	\$ -	352,500		
Capital Outlay	\$ -	\$ -	\$ 105,750	\$ -	\$ 951,750	\$ -	1,057,500		
SCR 10900-03 - General Aviation Entitlement									
Package 801: LFO Adjustment									
Services and Supplies	\$ -	\$ -	\$ (682,754)	\$ -	\$ -	\$ -	(682,754)		
Capital Outlay	\$ -	\$ -	\$ (675,000)	\$ -	\$ -	\$ -	(675,000)		
Special Payments	\$ -	\$ -	\$ (4,047,607)	\$ -	\$ -	\$ -	(4,047,607)		
SCR 10900-06 - Aviation System Action Program									
Package 801: LFO Adjustment									
Services and Supplies	\$ -	\$ -	\$ 997,754	\$ -	\$ -	\$ -	997,754		
Capital Outlay	\$ -	\$ -	\$ 990,000	\$ -	\$ -	\$ -	990,000		
Special Payments	\$ -	\$ -	\$ 3,417,607	\$ -	\$ -	\$ -	3,417,607		
SCR 10900-06 - Aviation System Action Program									
Package 802: Program Expenditure Limitation									
Special Payments	\$ -	\$ -	\$ 3,900,000	\$ -	\$ -	\$ -	3,900,000		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 4,407,682	\$ -	\$ 2,169,000	\$ -	6,576,682	1	1.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 17,328,876	\$ -	\$ 6,102,182	\$ -	23,431,058	16	15.49
% Change from 2017-19 Leg Approved Budget	0.0%	0.0%	26.1%	0.0%	-34.5%	0.0%	1.6%	6.7%	8.7%
% Change from 2019-21 Current Service Level	0.0%	0.0%	34.1%	0.0%	55.2%	0.0%	39.0%	6.7%	6.9%

*Excludes Capital Construction Expenditures

Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 4/8/2019 6:10:03 PM

Agency: Aviation, Department of

Mission Statement:

To provide infrastructure, financial resources, and expertise to ensure a safe and efficient air transportation system.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. Percent of runways in good or better condition.		Approved	94%	100%	100%
2. Percent of runways meeting or exceeding approach surface standards.		Approved	60%	94%	94%
3. Number of public use airport inspections conducted.		Approved	137	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	79%	91%	91%
	Availability of Information		74%	91%	91%
	Accuracy		78%	91%	91%
	Overall		77%	91%	91%
	Timeliness		76%	91%	91%
	Expertise		84%	91%	91%
6. Percent of aircraft registered		Approved	92%	90%	90%
8. Percent of total best practices met by the board.		Approved	85%	100%	100%
7. Percent of pilots registered		Proposed Delete	0%	TBD	TBD

LFO Recommendation:

Approve LFO recommendation. Delete KPM #7.

SubCommittee Action:

Approved LFO recommendation. Deleted KPM #7.