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Funding

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Chapter 9

Funding

Florida system airports have several means by which they can fund their capital and infrastructure projects. This chapter summarizes the principal forms of funding available to Florida’s system airports, grouped by the source: federal, state, or local.

9.1 Federal Sources of Airport Funding

Several sources of federal funding are available to airports. This section summarizes available grant funding under the Federal Aviation Administration’s (FAA’s) Airport Improvement Program, a supplemental appropriation to the Airport Improvement Program, and the Bipartisan Infrastructure Law.

9.1.1 Airport Improvement Program (AIP)

The largest source of federal funding for airports is the AIP created by the *Airport and Airway Improvement Act of 1982*. The FAA administers AIP per Chapter 471 of Title 49 of the United States Code. The AIP is used to assist in the development of public-use airports served by air carriers, commuters, air cargo, and general aviation. The FAA awards AIP funding for eligible airport projects, including planning, airfield construction, navigational aids (NAVAIDs), and environmental mitigation. AIP grants provide funding for 90 to 95 percent of eligible project costs at small hub primary, reliever, and general aviation airports. At large and medium hub primary airports, AIP funds can cover 75 percent of eligible costs. The local sponsor is generally responsible for funding any remaining costs and must provide matching funds to receive an AIP grant.

AIP grants provide funding for 90 to 95 percent of eligible project costs at small hub primary, reliever, and general aviation airports.

AIP is awarded through two mechanisms based upon level of activity (entitlements) and project prioritization process (discretionary). Entitlement funding can be accumulated over a period of four years but must be spent by the end of the fourth year. An airport must return any unused, accumulated funds by the four-year deadline to the AIP program, and then the funds are awarded to other airports. The FAA awards discretionary funding, however, on a case-by-case basis. The FAA bases the decision on its priority formulas defined in the AIP handbook. Airports must compete with one another for a limited amount of available funding to acquire discretionary funds.

9.1.2 Supplemental Discretionary Grant Funding

In 2022, the FY2022 Appropriations Act provided additional supplemental discretionary grants for airports through two programs, the Supplemental Discretionary Grants and Community Project Funding.

The Supplemental Discretionary Grants program made more than \$547 million in supplemental AIP grant funding available for airports. The FAA awarded \$268.7 million with distribution taking place from FY2022 to FY2024. The FAA plans to award another \$272.2 million through the FY 2025 timeframe.

Through Community Project Funding, the FAA awarded \$279.2 million in grants in FY2022, of which Florida airports received \$4 million. In FY2023, FAA awarded \$283.6 million with \$10 million going to Florida airports.

9.1.3 Bipartisan Infrastructure Law Funding

In addition to AIP funding, the FAA also administers three funding programs under the Bipartisan Infrastructure Law (BIL), started in FY2022 and authorized to continue until FY2026. The first of these is the Airport Infrastructure Grant (AIG) Program, which is aimed at projects eligible under AIP. The program has an annual allocation of approximately \$2.89 billion. For FY2024, more than \$252 million was allocated to Florida airports.

Under the five year BIL, the FAA administers three programs: the Airport Infrastructure Grant Program, the Airport Terminal Program, and the Contract Tower Competitive Grant Program.

The next program under BIL is the Airport Terminal Program (ATP), which funds terminal development, airport rail access, and improvements to airport-owned air traffic control towers, including relocating them. In FY2024, with approximately \$1 billion available, more than \$112 million was awarded to Florida airports, with \$109 million going to commercial service airports, and \$3.45 million going to general aviation airports.

The final BIL program is the FAA Contract Tower Competitive Grant Program. This program seeks to improve and modernize contract air traffic control towers in the U.S. In FY2023, two Florida airports received grant money from this program for a total of \$825,000. In FY2024, the FAA plans to award \$20 million under this program.

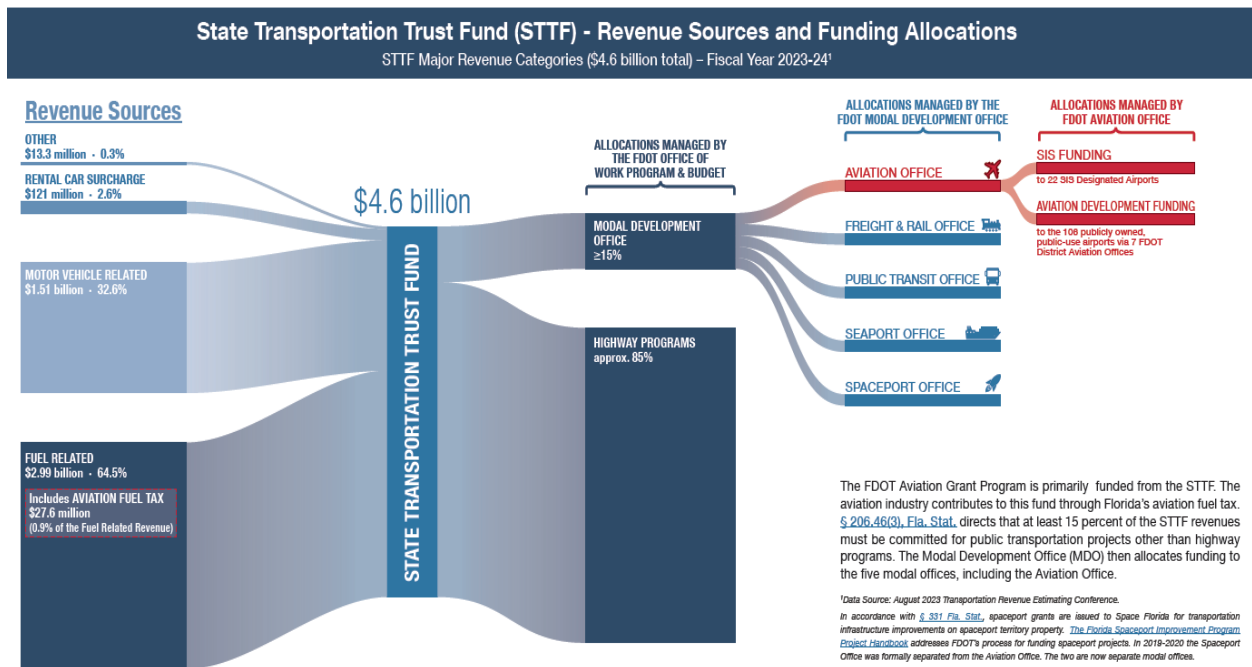
9.2 State Sources of Airport Funding

Florida has a number of funding programs to support airport development for both commercial service and general aviation airports. The primary source of state funding is the Florida Aviation Grant Program, run by the Florida Department of Transportation Aviation Office (FDOT AO). This program provides grants that assist airports to build and maintain runways and taxiways, remove airport hazards, protect the airspace around Florida airports, develop airport plans, acquire land for airports, purchase certain airport equipment, and build terminals and other airport facilities. The FDOT AO also administers grants awarded to airports in the Strategic Intermodal System (SIS). These programs, along with other programs outside of the FDOT AO, are also available to Florida airports, and are described below in more detail.

9.2.1 State Transportation Trust Fund (STTF)

As shown in **Figure 9-1**, the STTF provides funding for Florida’s public transportation projects. Fuel and motor vehicle related taxes and fees are the primary revenue sources to the STTF. Approximately 85 percent of STTF funds are allocated to highway programs, and a minimum of 15 percent of STTF funds are allocated to the five modal offices, including the FDOT AO. Funding managed by the FDOT AO is first allocated to the FDOT Office of Work Program & Budget, and then the Modal Development Office before it is passed to the FDOT AO for distribution. With these funds, the FDOT AO distributes grants for the Florida Aviation Grant Program and SIS. Typically, the FDOT AO may provide up to 50 percent of project costs at commercial service airports, or up to 80 percent of project costs at general aviation airports. When FAA funding is involved with the project, these percentages apply only to the remaining non-federal share of the project costs.

Figure 9-1. State Transportation Trust Fund

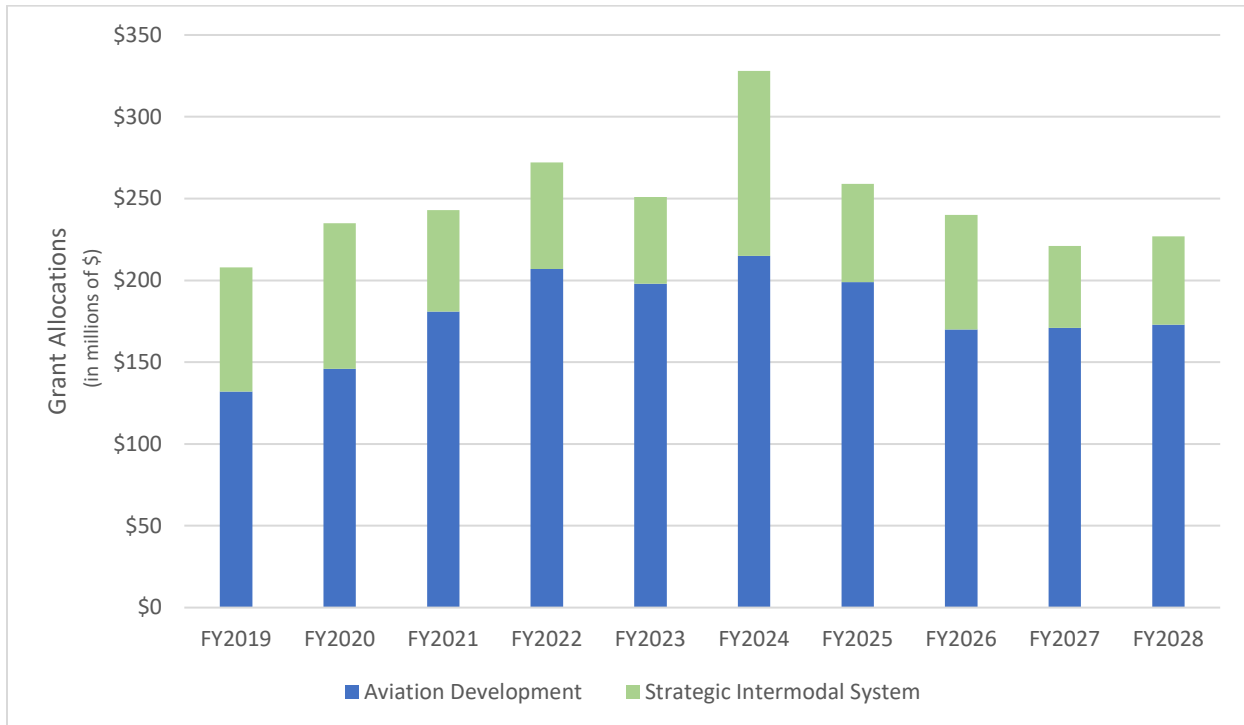


Source: 2024 Florida Aviation Project Handbook

A tax of 4.27 cents per gallon on aviation fuel helps to fund the STTF. Most of this aviation fuel tax revenue, 92 percent, goes to the STTF. The other 8 percent is deposited in the general revenue fund.

Figure 9-2 shows that from FY2019 projecting to FY2028, the Florida Aviation Grant Program will distribute between \$132 million and \$215 million annually. The SIS program is expected to allocate between \$50 million and \$113 million annually during that same time period.

Figure 9-2. FDOT Aviation Grant Allocations, FY2019 to FY2028



Source: 2024 Florida Aviation Project Handbook

9.2.2 State Infrastructure Bank (SIB)

The SIB can provide loans, but not grants, to airports for eligible projects through two separate accounts. The federal account uses federal money matched with state money to provide capital for lending to airports. The state account uses state funds and state bond proceeds to capitalize the loans made.

9.2.3 Transportation Regional Incentive Program (TRIP)

The TRIP provides state matching funds for projects that improve regionally significant transportation facilities. TRIP funds can match up to 50 percent of the non-federal share of public transportation project costs.

9.2.4 Economic Development Transportation Fund (EDTF)

The EDTF, also called the “Road Fund,” is intended to assist with incentivizing high-wage industries to come to Florida or to remain in the state. The funding is used for improving transportation facilities, including airport infrastructure, that are bottlenecks to the expansion or relocation of a desired company.

9.2.5 Rural Economic Development Initiative (REDI)

The REDI funds certain rural counties and communities. Airports located in these rural counties and communities may request a reduction in their local match requirements for projects.

9.2.6 Secure Airports for Florida’s Economy (SAFE) Funds

The SAFE program funds security-related projects at Florida system airports. Training costs for airport security personnel and airport management are also eligible under this program.

More information on Florida airport grant funding can be found on FDOT’s Aviation Grant Funding webpage (www.fdot.gov/aviation/flpub.shtm/aviation-grant-program), which also has a link to the *FDOT Aviation Project Handbook*.

9.3 Local Sources of Airport Funding

Sources of local airport funding depend upon the type of airport, with commercial service airports generally having better access to funding mechanisms than general aviation airports.

9.3.1 Passenger Facility Charges (PFCs)

Commercial airports are able to generate local funding through the imposition of PFCs. Under the Aviation Safety and Capacity Expansion Act of 1990 and Title 14 of the Code of Federal Regulations (CFR), Part 158, commercial service airports are authorized to collect a fee from each enplaned passenger to be used towards AIP-eligible projects.

PFCs are collected from enplaning passengers and are used to finance all or portions of capital improvements that are approved by the FAA through an application process. To be eligible for PFC funding, FAA requirements state that a project must preserve or enhance safety, security, or capacity of the national air transportation system; reduce or mitigate airport noise from an airport; or provide opportunities for enhanced competition between or among air carriers. This funding mechanism helps an airport raise local funds for improvement projects that can be used with other federal and state resources. Federal regulations allow an airport to collect a PFC fee of up to \$4.50 per enplaned passenger.

All 19 commercial service airports in Florida collect a PFC. With the exception of Eglin AFB/Destin-Ft. Walton Beach (VPS), all of these airports impose the maximum of \$4.50 PFC allowed. VPS is one of the few airports in the U.S. that imposes a \$3.00 PFC. More information is available on the FAA’s website at www.faa.gov/airports/pfc.

All 19 commercial service airports in Florida collect a passenger facility charge.

9.3.2 Airport Generated Revenue

Any revenue generated by the airport can only be used for airport-related projects. Generally, airport revenue is first used to pay for day-to-day operational expenses, and any excess revenue can be put toward capital projects. At commercial service airports, these sources of revenue include rents from air carriers, concessionaires, Fixed Based Operators (FBOs), and hangar tenants as well as landing fees from aircraft operations and automobile parking charges. Funds generated from these sources are not subject to federal or state requirements limiting their applicability and can be used to fund all improvement projects at an airport. Revenue available from these sources is most beneficial for projects that are not eligible to receive federal or state funding as well as those that are only able to take advantage of a limited portion of available federal or state funds.

General aviation airports tend to have fewer revenue sources than commercial airports, and, as a result, often do not have excess revenues after paying for operating expenses. It is not unusual for a general aviation airport to need an operating subsidy from its sponsor.

9.3.3 Bonds

Commercial service airports also may have the option of raising capital by issuing bonds. Typically, these bonds are secured by the airport's revenues, either of the entire airport, or a specific revenue stream if the bonds are for a particular project. Referred to as revenue bonds, there are some cases where the airport uses its PFC revenue to guarantee a revenue bond, thereby leveraging the PFC revenue to make it all available up front instead of using it only after it gets collected.

General aviation airports generally do not make use of revenue bonds because they usually do not have sufficient excess revenues to cover the interest and principal payments for a bond.

For airports owned by municipalities, the taxing authority of the municipality can be used to guarantee the bond. This type of bond, called a general obligation bond, is also available to general aviation airports owned by municipalities, although it is not commonly used.

9.3.4 Sponsor Funding

For airports that are owned by sponsors that can draw on other sources of revenue (typically municipalities), they have the option of turning to their sponsor for local funding of capital projects. This is very common for general aviation airports and can be the case for smaller commercial service airports.

9.4 Florida Airports Funding Needs

Florida system airports are required to maintain a list of requested capital projects in the Joint Automated Capital Improvement Program (JACIP) for these projects to be eligible for grant funding. **Table 9-1** shows the amounts requested by Florida system airports for 2024 to 2028. When airports submit these requests in JACIP, they indicate the sources from which they are requesting the funding to cover the costs of each

project—federal, state, and/or local. As indicated in **Table 9-1**, the combined requests from federal, state, and local funding sources comprise the total airport development needs of the Florida airport system. These needs range from \$1.7 billion to nearly \$3.0 billion per year over the next five years.

Table 9-1. Florida System Airports Funding Requests, 2024 to 2028

Requested Funding Source	2024	2025	2026	2027	2028
Federal Grant Funding	\$1,120,306,871	\$1,457,642,769	\$1,075,933,388	\$625,065,400	\$1,170,912,628
State Grant Funding	\$550,354,662	\$441,542,916	\$376,908,843	\$481,110,784	\$362,906,384
Local Share	\$1,081,043,288	\$1,058,424,262	\$957,094,628	\$596,281,293	\$390,675,592
Total Cost of Airport Development Needs	\$2,751,704,821	\$2,957,609,947	\$2,409,936,859	\$1,702,457,477	\$1,924,494,604

Source: JACIP

Meeting these needs depends on the funding available from each source. While future allocations from federal and local sources are unknown, FDOT sets grant funding allocation targets for the Aviation Development Program (ADP) and the SIS in its 5-year Work Program. **Table 9-2** compares the requested state grant funding amounts in JACIP to the planned state allocations in the FDOT Work Program for the 5-year period 2024-2028.

Table 9-2. State Funding Requested and Allocated to Florida System Airports, 2024 to 2028

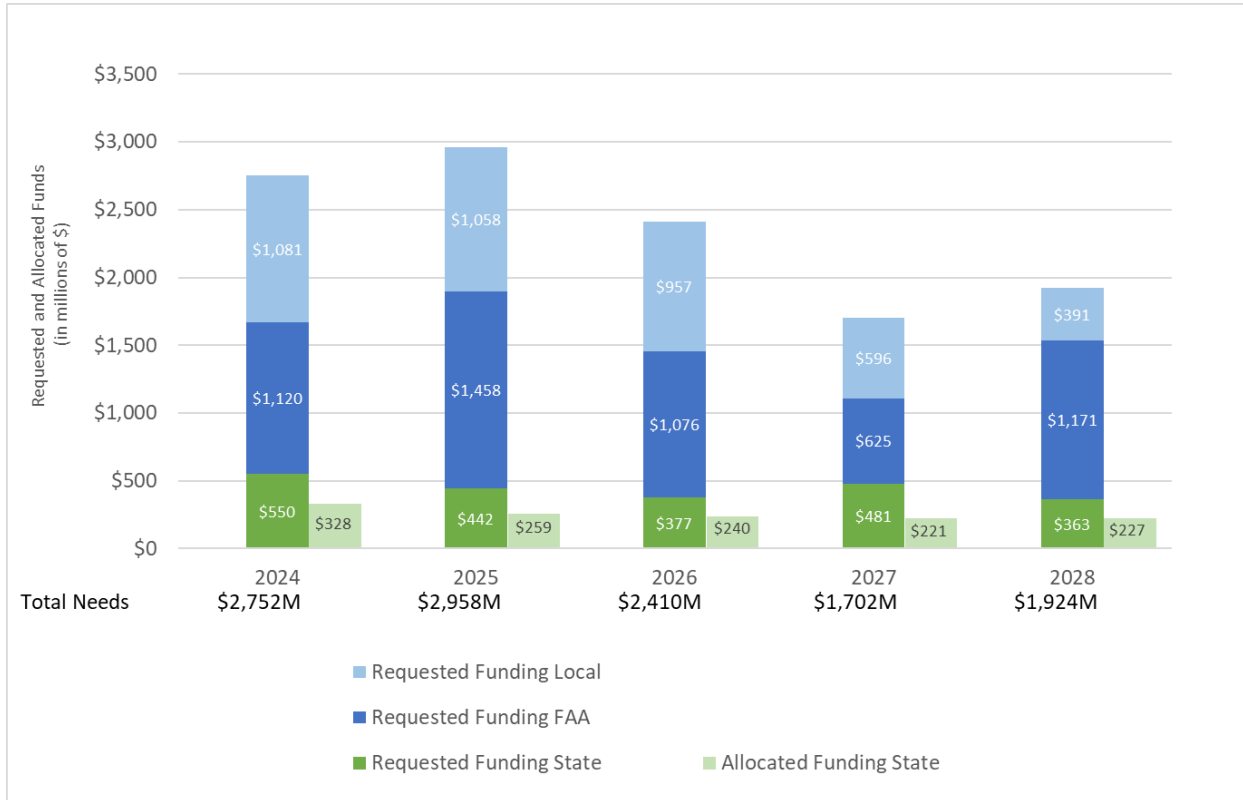
	2024	2025	2026	2027	2028
State Grant Funding Requested Amount	\$550M	\$442M	\$377M	\$481M	\$363M
State Grant Funding Allocated Amount	\$328M	\$259M	\$240M	\$221M	\$227M
Difference (Requested – Allocated)	\$222M	\$183M	\$137M	\$260M	\$136M

Source: JACIP and FDOT Work Program

As indicated in **Table 9-2**, requested amounts exceed planned allocations every year from 2024 to 2028. The difference is greatest in 2027, reaching \$260 million, but falls to the lowest difference in the following year to \$136 million.

Figure 9-3 shows the funding requests from Florida system airports from 2024 to 2028, along with how much funding FDOT plans to allocate to airports for each of those years, shown alongside the stacked bar graph.

Figure 9-3. Florida Airport Funding Requests Compared to Funding Allocations, 2024 to 2028



Source: JACIP and FDOT Work Program

While the amount of FDOT grant funding allocated for aviation development projects is quite substantial, the funding requested from the state always surpasses what FDOT plans to allocate each year.

9.5 Summary

Florida airports have a variety of capital project funding sources available to them at the federal, state and local levels. At the federal level, the FAA’s AIP grants along with supplemental AIP appropriations provide a substantial resource for Florida’s airports. BIL funding is expected to also benefit Florida airports until FY2026.

A significant amount of airport capital funding comes from the FDOT AO Aviation Development Program and SIS. Both of these programs have a history of providing needed funding to airports in the Florida system. In addition to these funding sources, Florida also makes other financial resources available to airports, including the EDTF funds, SAFE funds, and the SIB.

Finally, funding from local sources, either generated by the airports themselves or provided by the airport sponsor, plays a critical role in maintaining and improving the infrastructure of Florida’s airports. Nevertheless, data from the JACIP shows that annual airport development needs over the next five years exceed \$1 billion, with requested funding approaching \$3 billion in 2025. The portion of these needs requested from Florida consistently exceeds what FDOT plans to allocate to airports through 2028.

The gap between the requested funding shown in the JACIP and what FDOT allocates means either more state funding will be necessary, federal or local sources must be used to make up the difference, or airport development projects will be deferred or canceled.
