

AGENCY NAME:	Aeronautics Division		
AGENCY CODE:	U300	SECTION:	87



Fiscal Year 2016-17 Agency Budget Plan

FORM A – SUMMARY

RECURRING FUNDS (FORM B DECISION PACKAGES)	My agency is submitting the following recurring decision packages (Form B): 7764, 6873	
	For FY 2016-17, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting a net increase in recurring General Fund appropriations.
	<input checked="" type="checkbox"/>	Not requesting a net increase in recurring General Fund Appropriations.

CAPITAL & NON-RECURRING FUNDS (FORM C DECISION PACKAGES)	My agency is submitting the following one-time decision packages (Form C): 6867, 7128	
	For FY 2016-17, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting capital and/or non-recurring funds.
	<input type="checkbox"/>	Not requesting capital and/or non-recurring funds.

PROVISOS	For FY 2016-17, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	James D. Stephens	803-896-6272	jstephens@aeronautics.sc.gov
SECONDARY CONTACT:	Melody Mikell	803-896-6279	memikell@aeronautics.sc.gov

I have reviewed and approved the enclosed FY 2016-17 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:	10/2/15	
TYPE/PRINT NAME:	James D. Stephens	Delphin A. Gantt, Jr.

This form must be signed by the department head – not a delegate.

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FORM B – PROGRAM REVISION REQUEST

DECISION PACKAGE	7764
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Provide the decision package number issued by the PBF system (“Governor’s Request”).

TITLE	Estimated Revenue
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Provide a brief, descriptive title for this request.

AMOUNT	\$0 net change
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What is the net change in requested appropriations for FY 2015-16? This amount should correspond to the decision package’s total in PBF across all funding sources.

ENABLING AUTHORITY	Title 55 of the State Code
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What state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority?

FACTORS ASSOCIATED WITH THE REQUEST	Mark “X” for all that apply:
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input checked="" type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval</i> .
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
	<input type="checkbox"/> Loss of federal or other external financial support for existing program.
<input type="checkbox"/> Exhaustion of fund balances previously used to support program.	

RECIPIENTS OF FUNDS	Other funds are allocated to operate and maintain State aviation assets, match federal grant programs, and match local funds for airport improvement and maintenance at the State’s public use airports.
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

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RELATED REQUEST(S)	None
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Is this decision package associated with other decision packages requested by your agency or other agencies this year? Is it associated with a specific capital or non-recurring request?

MATCHING FUNDS	Federal Local County and Municipalities
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Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.

FUNDING ALTERNATIVES	None
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What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.

SUMMARY	No net changes to other funds. This is a realignment of pre-existing programed lines.	
Information Technology /Security	Y/N	
Consulted DTO during development	Y/N	

Provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency's security or technology plan.

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METHOD OF CALCULATION	<p>Estimates are based on historical data and planned improvements by local communities and the Federal Aviation Administration.</p>
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How was the amount of the request calculated? What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?

FUTURE IMPACT	<p>If this request is not honored, existing State programs will be greatly impacted, causing additional burdens on the communities that own and operate public use airports.</p> <p>The source of funding is currently managed through the State Aviation Fund and is based on aircraft fuel sales taxes.</p>
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Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?

PRIORITIZATION	<p>Fund balances will be used for a large portion of this estimated revenue.</p>
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If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2015-16?

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INTENDED IMPACT	<p>If this is not funded as stated, then significant negative impacts will be seen throughout the State Airport System.</p>
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What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?

PROGRAM EVALUATION	<p>These funds are evaluated based on current operational procedures and a prioritization of projects related to the State Airport System.</p>
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How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?

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FORM B – PROGRAM REVISION REQUEST

DECISION PACKAGE	6873
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Provide the decision package number issued by the PBF system (“Governor’s Request”).

TITLE	Increased Health Insurance Costs
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Provide a brief, descriptive title for this request.

AMOUNT	\$3,939
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What is the net change in requested appropriations for FY 2015-16? This amount should correspond to the decision package’s total in PBF across all funding sources.

ENABLING AUTHORITY	State
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What state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority?

FACTORS ASSOCIATED WITH THE REQUEST	Mark “X” for all that apply:
	<input checked="" type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
	<input type="checkbox"/> Loss of federal or other external financial support for existing program.
<input type="checkbox"/> Exhaustion of fund balances previously used to support program.	

RECIPIENTS OF FUNDS	N/A
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

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RELATED REQUEST(S)	None
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Is this decision package associated with other decision packages requested by your agency or other agencies this year? Is it associated with a specific capital or non-recurring request?

MATCHING FUNDS	N/A
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Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.

FUNDING ALTERNATIVES	None
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What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.

SUMMARY	State implemented insurance coverage increases.	
	Information Technology /Security	Y/N
	Consulted DTO during development	Y/N

Provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency's security or technology plan.

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METHOD OF CALCULATION	State-wide methodology
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How was the amount of the request calculated? What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?

FUTURE IMPACT	No other impacts are expected.
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Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?

PRIORITIZATION	State mandated
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If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2015-16?

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INTENDED IMPACT	No impacts are expected.
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What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?

PROGRAM EVALUATION	State-wide standards
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How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?

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FORM C – CAPITAL OR NON-RECURRING APPROPRIATION REQUEST

DECISION PACKAGE	6867
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Provide the decision package number issued by the PBF system ("Governor's Request").

TITLE	Airport Facilities Security System Replacement
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Provide a brief, descriptive title for this request.

AMOUNT	\$100,000
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How much is requested for this project in FY 2016-17?

BUDGET PROGRAM	General Fund Appropriations – Annual Operating Budget
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Identify the associated budget program(s) by name and budget section.

SUMMARY	<p>The current security system at the Division of Aeronautics facilities at the Columbia Metropolitan Airport was installed post 9/11. The system is now outdated and continues to be susceptible to weather events and irregular support. The irregular support is due to limited qualified support service companies for the equipment being maintained.</p> <p>The Division would like to install a system that includes a web enabled monitoring software and video surveillance, along with code compliant access controls.</p> <p>The Division facilities are located at a commercial service airport. It is critical that the facility security be maintained at a level that meets the security requirements of the Transportation Security Administration and protects the aviation assets of the State.</p>
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Provide a summary of the project and explain why it is necessary. If the request is related to information security or information technology, explain its relationship to the agency's security or technology plan.

CLASSIFICATION OF FUNDS	Non-recurring expenditure
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Is this request in support of a capital project or is it in support of other non-recurring expenditures? If this request is for a capital project, is it included in the agency's CPIP (please include CPIP year and priority)? How does this project rank in priority to all other nonrecurring agency requests?

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RELATED REQUEST(S)	N/A
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Is this decision package associated with other decision packages requested by your agency or other agencies this year? Is it associated with a specific capital or non-recurring request?

MATCHING FUNDS	N/A
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Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source and amount.

FUNDING ALTERNATIVES	None
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What other possible funding sources were considered?

LONG-TERM PLANNING AND SUSTAINABILITY	<p>Operating funds have been used for years to retain a service contract, as well as to purchase equipment as it has failed.</p> <p>The annual service contract amount is approximately \$XXXX (This will be finalized before formal submission).</p> <p>No other funds will be requested in the future. The amount of securing service contracts is already included in the operating costs of the agency as requested annually. No additional funding should be needed.</p>
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What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured?

OTHER APPROVALS	N/A
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What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, BCB, etc.)

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FORM C – CAPITAL OR NON-RECURRING APPROPRIATION REQUEST

DECISION PACKAGE	7128
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Provide the decision package number issued by the PBF system ("Governor's Request").

TITLE	State Aviation Fund Supplement
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Provide a brief, descriptive title for this request.

AMOUNT	\$5,000,000
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How much is requested for this project in FY 2016-17?

BUDGET PROGRAM	State Aviation Fund
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Identify the associated budget program(s) by name and budget section.

SUMMARY	<p>The South Carolina Aeronautics Commission would like to supplement the State Aviation Fund by way of a General Fund Appropriation. Title 55-5-280 (A)(1) states that "All monies received from licensing of airports, landing fields, or funds appropriated for aviation grants, the tax on aviation fuel, and fees for other licenses issued under this chapter must be paid into the State Treasury and credited to the fund known as the 'State Aviation Fund'."</p> <p>Currently, the only money received into the State Aviation Fund is from tax on aviation fuel. The ten-year average is \$2,059,036 and is not enough to sustain the airport development and maintenance needs of the state. During a normal year, the State Aviation Fund needs approximately \$1.5M for airport maintenance/administrative support programs, and \$1.5 - \$2M for the FAA grant matching program. Apart from these two programs, additional money is planned to be used for airport projects that are not FAA grant eligible.</p> <p>A General Fund Supplement would allow the Aeronautics Commission to continue to meet the needs of the Airport System and allow for the rebuilding of the State Aviation Fund to meet future airport improvement and maintenance needs.</p>
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Provide a summary of the project and explain why it is necessary. If the request is related to information security or information technology, explain its relationship to the agency's security or technology plan.

CLASSIFICATION OF FUNDS	<p>Aviation Grants – to be credited to the State Aviation Fund. Per Title 55-5-280 (A)(1): "All monies received from licensing of airports, landing fields, or funds appropriated for aviation grants, the tax on aviation fuel, and fees for other licenses issued under this chapter must be paid into the State Treasury and credited to the fund known as the 'State Aviation Fund'."</p>
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Is this request in support of a capital project or is it in support of other non-recurring expenditures? If this request is for a capital project, is it included in the agency's CPIP (please include CPIP year and priority)? How does this project rank in priority to all other nonrecurring agency requests?

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RELATED REQUEST(S) No

Is this decision package associated with other decision packages requested by your agency or other agencies this year? Is it associated with a specific capital or non-recurring request?

MATCHING FUNDS These funds would be used to match FAA grant offers estimated at \$75,864,917, with total project costs being \$211,635,821.

Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source and amount.

FUNDING ALTERNATIVES Airline Property Tax – Section 12-37-2410. Title 55-5-280 (B) states “In any fiscal year in which the tax levied by the State pursuant to Section 12-37-2410, et seq., exceeds five million dollars, the revenues in excess of five million dollars must be directed to the State Aviation Fund; however, any revenue in excess of ten million dollars must be credited in equal amounts to the general fund and the State Aviation Fund.”

What other possible funding sources were considered?

LONG-TERM PLANNING AND SUSTAINABILITY The State Aviation Fund has three funding alternatives including General Fund Appropriations, Fuel Tax Revenue, and Airline Property Tax Revenue. The long-term plan that would best sustain the State Aviation Fund includes the normal Fuel Tax Revenue, and a lowering of the thresholds in Title 55-5-280 (B) to allow for more revenue to be used for Aviation Grants.

What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured?

OTHER APPROVALS N/A

What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, BCB, etc.)

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FORM D – PROVISO REVISION REQUEST

NUMBER	NEW
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Cite the proviso according to the renumbered list for FY 2016-17 (or mark "NEW").

TITLE	State Aviation Fund Supplement
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Provide the title from the FY 2015-16 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	State Aviation Fund
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Identify the associated budget program(s) by name and budget section.

DECISION PACKAGE	
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Is this request associated with a decision package you have submitted for FY 2016-17? If so, cite it here.

REQUESTED ACTION	Add
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	Department of Revenue
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Which other agencies would be affected by the recommended action? How?

SUMMARY	<p>The South Carolina Aeronautics Commission would like to supplement the State Aviation Fund. In 2012 when Title 55 was revised and passed, section 55-5-280 (B) stated that "In any fiscal year in which the tax levied by the State pursuant to Section 12-37-2410, et seq., exceeds five million dollars, the revenues in excess of five million dollars must be directed to the State Aviation Fund; however, any revenue in excess of ten million dollars must be credited in equal amounts to the general fund and the State Aviation Fund."</p> <p>This portion of Title 55 was designed to supplement the State Aviation Fund. Since the passage of the legislation, Section 12-37-2410 has never met the initial \$5,000,000 threshold. We would like the \$5,000,000 threshold to be lowered to provide some type of supplemental funding support as it was initially intended.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.

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EXPLANATION	<p>Title 55-5-280 (B) currently states that “In any fiscal year in which the tax levied by the State pursuant to Section 12-37-2410, et seq., exceeds five million dollars, the revenues in excess of five million dollars must be directed to the State Aviation Fund; however, any revenue in excess of ten million dollars must be credited in equal amounts to the general fund and the State Aviation Fund.”</p> <p>The State Aviation Fund needs to be supplemented, but at the current threshold of \$5M, no additional revenue has been credited to the State Aviation Fund because the revenue has never reached the threshold.</p> <p>The State Aviation Fund currently only receives revenue from the sale of aviation fuel taxes, but this revenue is insufficient to meet the needs of the State’s Airport System capital improvement and maintenance needs. Because of the current insufficient funds, the Division has prioritized projects and is issuing letters of intent to fund projects based on revenues that are projected to be received during the current fiscal year.</p>
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Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT	<p>Historically, the average fund amount is roughly \$4,300,000, of which all goes into the General Fund of the State. As presented and based on the average, \$2,500,000 would continue to go into the General Fund, and \$1,800,000 would go into the State Aviation Fund for use in the South Carolina airport system.</p>
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Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

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State Aviation Fund Supplement

In any fiscal year in which the tax levied by the State pursuant to Section 12-37-2410, et seq., exceeds two and one-half million dollars, the revenues in excess of two and one-half million dollars must be directed to the State Aviation Fund; however, any revenue in excess of five million dollars must be credited in equal amounts to the general fund and the State Aviation Fund.

**PROPOSED
PROVISO TEXT**

Paste FY 2015-16 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.