

AR DEPARTMENT OF AERONAUTICS

Enabling Laws

Act 8 of 2003, 1st Extraordinary Session
AR Code §27-115-101 et seq.

History and Organization

The mission of the Arkansas Department of Aeronautics is to create a safer, more desirable atmosphere for the pilot, and at the same time, create and improve airports to better serve Arkansas communities, industries, and the general public.

The Department was created by Act 457 of 1941, as amended by Act 373 of 1965, and is charged with the following duties:

(a) Provide for the examination and licensing of airports in the State; (b) adopt rules and regulations for the issuance, expiration, suspension, or revocation of licenses of airports; (c) establish air space reservations within the State; (d) designate, establish, and chart civil airways, and publish a map of such; (e) investigate accidents in air navigation; (f) encourage the establishment of airports, civil airways, and other navigation facilities; (g) supervise and regulate the safety of airports; (h) adopt rules and regulations for flight instruction; (I) adopt rules and regulations for aerial markings; (j) adopt rules and regulations for aerial beacon lights; (k) exchange with other government agencies information pertaining to civil air navigation; (l) enforce the regulations and air traffic rules through local authorities; and (m) establish minimum safe altitudes for flight in the State.

In 1967, Act 499 provided that all revenue derived from the Gross Receipts Tax on aviation fuel shall be deposited in the State Treasury to the credit of the Arkansas Department of Aeronautics Fund to be used solely for constructing airports, civil airways, and other navigational facilities in the State.

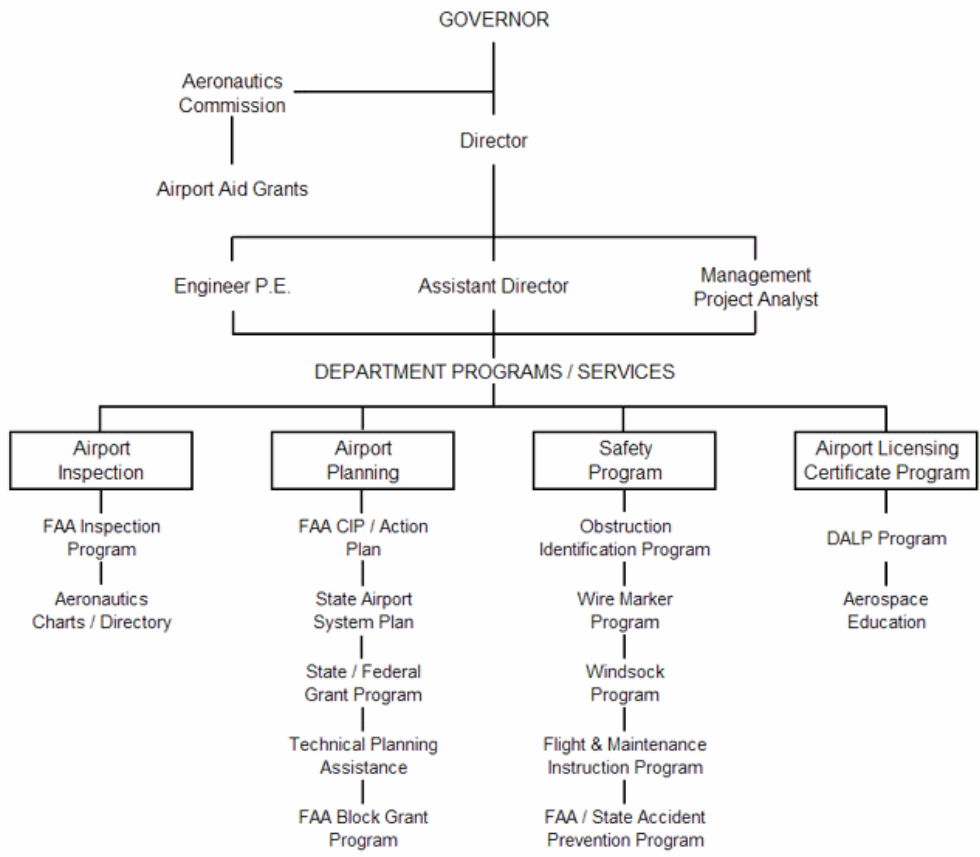
Act 38 of 1971 transferred the Arkansas Department of Aeronautics by a Type 2 transfer to the Department of Planning as the Division of Aeronautics. Act 64 of 1973 increased the Aeronautics Commission from five members to seven.

Act 278 of 1975 abolished the Department of Planning and placed the Division of Aeronautics in the Department of Local Services. Act 733 of 1977 provided that all revenues derived from the Arkansas Gross Receipts Tax on aircraft, aviation fuel, aircraft services, and aircraft parts and accessories shall go to the Arkansas Division of Aeronautics Special Fund.

Act 764 of 1981 transferred the Division of Aeronautics to the Arkansas Department of Commerce by a Type 2 transfer. This change placed the Division of Aeronautics under the Director of the Department of Commerce and the Governor, with the seven member Aeronautics Commission continuing in an advisory capacity.

Act 691 of 1983 abolished the Department of Commerce and restored the Arkansas Department of Aeronautics to independent status to function in the same manner as it functioned prior to its transfer to the Department of Local Services and the Department of Commerce. Provided, however, that the

administrative head of the Department shall be appointed by the Aeronautics Commission, with the approval of the Governor, and shall serve at the pleasure of the Governor.



Agency Commentary

The Arkansas Department of Aeronautics was established to foster and maintain a safer environment for flight and to create and improve airports to better serve communities, industries, and the general public. To insure that the efficient provision of services may be continued for current programs and airport aid projects, the Department requests additions in Operating Expenses each year for increases in rent, association dues, travel and fuel costs for inspections, and the cost of providing safety wire markers for airports. Also requested are additions for the expenses of renewing the State Aeronautical Chart in the first year and updating the Airport Directory in the second year.

A substantial reduction is requested for each year in the line item for disbursement of state airport aid grants to more closely match revenues received by the Agency.

In the Department's Federal Grant appropriation, the request is for continuation of the current level of authorization for dispensing anticipated federal airport aid block grant funds.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF AERONAUTICS
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	3	1	4	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			4	100 %

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
State Aeronautical Chart	N/A	N	N	10,000	Provided as a service to general flying public for safety and informational purposes. Requested by individuals and businesses State and nationwide. (Published biennially)
State Airport Directory	N/A	N	N	15,000	Provides information concerning individual Arkansas airports to flying public. (Published at 5 year intervals)

Department Appropriation / Program Summary

Appropriation / Program		Historical Data				Agency Request and Executive Recommendation									
		2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
		Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
665	Aeronautics-State Operations	7,543,681	4	8,407,912	4	8,409,582	4	5,468,560	4	5,468,560	4	5,478,887	4	5,478,887	4
666	Aeronautics-Federal Grants	11,808	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0
Total		7,555,489	4	20,407,912	4	20,409,582	4	17,468,560	4	17,468,560	4	17,478,887	4	17,478,887	4

Funding Sources			%		%		%		%		%		%		
Fund Balance	4000005	11,448,746	67.9	9,294,215	36.0			5,386,303	24.6	5,386,303	24.6	4,417,743	21.1	4,417,743	21.1
Federal Revenue	4000020	11,808	0.1	12,000,000	46.5			12,000,000	54.8	12,000,000	54.8	12,000,000	57.4	12,000,000	57.4
Special Revenue	4000030	5,389,150	32.0	4,500,000	17.5			4,500,000	20.6	4,500,000	20.6	4,500,000	21.5	4,500,000	21.5
Total Funds		16,849,704	100.0	25,794,215	100.0			21,886,303	100.0	21,886,303	100.0	20,917,743	100.0	20,917,743	100.0
Excess Appropriation/(Funding)		(9,294,215)		(5,386,303)				(4,417,743)		(4,417,743)		(3,438,856)		(3,438,856)	
Grand Total		7,555,489		20,407,912				17,468,560		17,468,560		17,478,887		17,478,887	

Analysis of Budget Request

Appropriation / Program: 665 - Aeronautics-State Operations

Funding Sources: SDA - Department of Aeronautics Fund

The Department of Aeronautics' State Operations appropriation is funded entirely by Special Revenues derived from a tax on the sale of aviation fuels and aviation related products sold for use in aircraft weighing less than 12,500 lbs., as authorized in Arkansas Code § 27-115-110. Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over the FY05 salary levels for the 4 positions authorized, along with related Personal Services Matching costs. This includes a \$600 minimum increase for employees earning \$20,000 or below. Also included in Personal Services Matching is a \$40 per month increase in the monthly contribution for State employee's health insurance for a total State contribution of \$320 per month per budgeted employee.

The Department is requesting reductions of \$3,000,000 each year in the Grants to Cities and Counties line item for the purpose of reducing state airport aid grants to fit the level of future anticipated revenues.

Also requested are increases in Operating Expenses of \$40,000 each year to update the State Aeronautical Chart in the first year and to update the State Airport Directory in the second year; \$2,500 in FY06 and \$5,000 in FY07 for expected additions in rent of office space; \$1,960 each year to provide safety wire markers for airports; \$1,873 each year for additions in association dues; and \$7,047 each year for aircraft maintenance, fuel costs, and travel expenses.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

Appropriation / Program: 665 Aeronautics-State Operations
Funding Sources: SDA - Department of Aeronautics Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	207,396	224,755	225,123	231,205	231,205	231,205	237,794	237,794	237,794
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	43,016	52,008	53,310	58,826	58,826	58,826	60,064	60,064	60,064
Operating Expenses	5020002	130,984	104,149	104,149	104,149	157,529	157,529	104,149	160,029	160,029
Travel-Conference Fees	5050009	2,825	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Professional Fees and Services	5060010	9,950	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	7,149,510	8,000,000	8,000,000	8,000,000	5,000,000	5,000,000	8,000,000	5,000,000	5,000,000
Capital Outlay	5120011	0	6,000	6,000	0	0	0	0	0	0
Total		7,543,681	8,407,912	8,409,582	8,415,180	5,468,560	5,468,560	8,423,007	5,478,887	5,478,887
Funding Sources										
Fund Balance	4000005	11,448,746	9,294,215		5,386,303	5,386,303	5,386,303	4,417,743	4,417,743	4,417,743
Special Revenue	4000030	5,389,150	4,500,000		4,446,620	4,500,000	4,500,000	4,444,120	4,500,000	4,500,000
Total Funding		16,837,896	13,794,215		9,832,923	9,886,303	9,886,303	8,861,863	8,917,743	8,917,743
Excess Appropriation/(Funding)		(9,294,215)	(5,386,303)		(1,417,743)	(4,417,743)	(4,417,743)	(438,856)	(3,438,856)	(3,438,856)
Grand Total		7,543,681	8,407,912		8,415,180	5,468,560	5,468,560	8,423,007	5,478,887	5,478,887

Change Level by Appropriation

Appropriation / Program: 665-Aeronautics-State Operations
Funding Sources: SDA - Department of Aeronautics Fund

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	8,415,180	4	8,415,180	100.0	8,423,007	4	8,423,007	100.0
C01	Existing Program	53,380	0	8,468,560	100.6	55,880	0	8,478,887	100.6
C03	Discontinue Program	(3,000,000)	0	5,468,560	64.9	(3,000,000)	0	5,478,887	65.0

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	8,415,180	4	8,415,180	100.0	8,423,007	4	8,423,007	100.0
C01	Existing Program	53,380	0	8,468,560	100.6	55,880	0	8,478,887	100.6
C03	Discontinue Program	(3,000,000)	0	5,468,560	64.9	(3,000,000)	0	5,478,887	65.0

Justification

C01	Increases are requested in Operating Expenses in the amounts of \$40,000 each year to update the State Aeronautical Chart in the first year and to update the State Airport Directory in the second year, \$2,500 in FY06 and \$5,000 in FY07 for anticipated additions in rent of office space, \$1,960 each year to provide safety wire markers for airports, \$1,873 each year for additions in association dues, and \$7,047 each year for aircraft maintenance, fuel costs, and travel expenses.
C03	A reduction of \$3,000,000 each year is requested in the Department's State Airport Aid Program. The authorized amount for each year of the current biennium is \$8,000,000 to allow disbursement of excess fund balances for additional projects. With the beginning of the 2005-07 Biennium, excess funds will be depleted to the point that the authorization must be reduced to \$5,000,000 each year to fit within the level of future anticipated revenues.

Analysis of Budget Request

Appropriation / Program: 666 - Aeronautics-Federal Grants

Funding Sources: FAA - Federal Funds

The Aeronautics-Federal Grants appropriation is authorized to spend Federal Airport Aid Block Grant Funds when and if those funds are approved by the U.S. Congress for the State of Arkansas. The Agency requests continuation of this appropriation at the \$12,000,000 level currently authorized to improve airport infrastructures and to upgrade safety features and equipment.

The Federal Aeronautics Administration has provided a grant of \$25,000 for preliminary planning and assessment projects to prioritize the order of disbursements to airports when and if Block Grant Funds are received. During FY04, \$11,808 of this amount was expended for planning concerning 2 local airports. The balance of this grant will be expended in FY05 for similar planning projects.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

Appropriation / Program: 666 Aeronautics-Federal Grants
Funding Sources: FAA - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	11,808	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Total	11,808	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Funding Sources									
Federal Revenue 4000020	11,808	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Total Funding	11,808	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	11,808	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000