



September 17, 2024

Chairman, and members of the Senate Transportation Committee, thank you for the opportunity to testify today regarding the critical needs of Pennsylvania's aviation industry. My testimony is grounded in the findings of the Pennsylvania Transportation Advisory Committee's (TAC) "Pennsylvania Aviation System Strategic Investment Plan," adopted by the State Transportation Commission in December 2022. Additionally, I will reference the "Pennsylvania Takes Flight: A Framework for Landmark Comprehensive State Aviation Legislation," prepared by the Pennsylvania Aviation Advisory Committee and the Pennsylvania Aviation Council, which lays out a comprehensive strategy for addressing the pressing challenges facing our aviation system.

### **The Strategic Importance of Pennsylvania's Aviation Sector**

Pennsylvania's aviation system is not just a network of airports but a critical driver of our state's economy and a linchpin in our transportation infrastructure. With an annual economic impact exceeding \$34 billion, the aviation sector in Pennsylvania contributes more than 4% to the Commonwealth's Gross Domestic Product. This sector directly supports over 226,000 jobs, providing family-sustaining wages to thousands of Pennsylvanians. Beyond the numbers, aviation in Pennsylvania connects our state to the nation and the world, facilitating commerce, tourism, and personal travel, which, in turn, fuel the vibrancy of our local communities and support the broader state economy.

Last year alone, Pennsylvania's aviation system facilitated the movement of approximately 20 million passengers and almost 5 million pounds of cargo, underscoring the vital role that our airports play in both passenger travel and goods movement. The state is also home to 78 flight schools and nearly 20,000 licensed pilots, highlighting Pennsylvania's significant contribution to aviation training and workforce development.

The aviation industry has proven resilient and adaptable, but it now stands at a pivotal moment. Our current infrastructure, encompassing 120 public-use airports, is vast but increasingly strained. The TAC's assessment concluded that to keep our aviation system in a state of good repair and to implement necessary modernization projects, Pennsylvania requires at least \$217 million annually. Yet, the Commonwealth is only investing about \$164 million per year—most of which comes from federal sources, significantly increased by the Bipartisan Infrastructure Law. Twenty-two million of this total comes from state sources—a figure that has remained unchanged for nearly 40 years. Inflation and the lack of indexing for these funds have severely eroded the industry's buying power, leaving our aviation infrastructure underfunded and vulnerable by an estimated \$53.5 million dollars a year.

## Airports as an Ecosystem

Airports function as complex ecosystems where multiple interdependent components work together to ensure smooth operations, economic vitality, and community integration. Viewing airports as ecosystems highlights their multifaceted role in our transportation network and underscores the importance of maintaining and investing in all aspects of their operation.

An airport ecosystem comprises various interconnected elements, including:

1. **Infrastructure and Facilities:** The physical infrastructure of an airport—runways, taxiways, terminals, hangars, and support facilities—forms the backbone of the ecosystem. These elements must be maintained and modernized to accommodate growing traffic, ensure safety, and meet the demands of new aviation technologies, such as electric aircraft and unmanned aerial systems.
2. **Airlines and Aircraft Operations:** Airlines and other aircraft operators are central to the airport ecosystem. They rely on well-maintained facilities, efficient air traffic control, and robust ground services to operate effectively. Delays or disruptions in any part of the ecosystem can have cascading effects on airline schedules, passenger satisfaction, and cargo logistics.
3. **Workforce:** The workforce at an airport is diverse, including pilots, air traffic controllers, ground crew, maintenance technicians, security personnel, and administrative staff. Each plays a critical role in the ecosystem's functionality. Workforce shortages or gaps in training can disrupt operations and compromise safety, making workforce development a key component of maintaining a healthy airport ecosystem.
4. **Economic Activities:** Airports are hubs of economic activity. They support a range of businesses, including retail shops, restaurants, hotels, and car rental services. Beyond the immediate airport vicinity, airports drive regional economic growth by facilitating trade, tourism, and business travel. The revenue generated from these activities is essential for the financial sustainability of the airport ecosystem.
5. **Environmental and Community Relations:** Airports must operate in harmony with their surrounding environments and communities. This includes managing noise pollution, ensuring safe land use around the airport, and minimizing environmental impacts. Effective community engagement and environmental stewardship are vital for maintaining public support and regulatory compliance.
6. **Technology and Innovation:** The airport ecosystem increasingly relies on advanced technologies to enhance safety, efficiency, and passenger experience. This includes everything from security screening technologies and baggage handling systems to digital platforms that streamline operations. Keeping up with technological advancements is essential for maintaining a competitive and resilient airport ecosystem.
7. **Regulatory and Governance Structures:** Airports operate within a complex framework of local, state, and federal regulations. Effective governance, including collaboration

with local municipalities, state agencies, and federal bodies like the Federal Aviation Administration (FAA), is critical for ensuring that airports meet safety standards, secure necessary funding, and align with broader transportation and economic goals.

Recognizing airports as ecosystems underscores the importance of a holistic approach to their management and development. Investment in one area—such as infrastructure—without corresponding investments in workforce development, technological innovation, or environmental stewardship, risks destabilizing the entire system. Similarly, underfunding or neglecting any component of the ecosystem can lead to broader operational inefficiencies, economic losses, and reduced public trust.

### **The Need for Comprehensive State Aviation Legislation**

The recently prepared "Pennsylvania Takes Flight" framework underscores that Pennsylvania's aviation system is at a critical juncture. The Commonwealth has a unique opportunity to invest wisely in the system's upkeep and modernization while fostering strategic industry collaboration to address both current opportunities and pressing challenges. This comprehensive approach is essential for ensuring that our aviation infrastructure can meet the demands of the 21st century and maintain Pennsylvania's competitiveness on both national and global stages.

This framework calls for comprehensive state aviation legislation that would build on the recommendations of the TAC study. This legislation is essential for closing the \$53.5 million annual funding gap and for addressing a host of other challenges, including workforce shortages, rapid technological advancements, and the need for greater economic integration of our airports with their surrounding communities.

### **The Consequences of Underinvestment**

The funding shortfall is not merely a budgetary issue—it is a strategic threat to Pennsylvania's competitiveness. The \$53.5 million annual gap in aviation funding risks widening to \$124.5 million as federal infrastructure funds taper off. This looming deficit endangers essential maintenance and modernization projects, which are crucial to ensuring that our airports can continue to meet the demands of a growing economy and an increasingly interconnected world. Without immediate and substantial state-level investment, Pennsylvania risks falling behind other states, losing out on economic opportunities, and jeopardizing the livelihoods of those employed in the aviation sector.

A stark illustration of the consequences of underinvestment is the closure of eight airports in Pennsylvania over the last five years. These closures are a result of broader systemic issues, where inadequate funding and the inability to maintain critical infrastructure have forced these airports to shut down. Each closure not only disrupts local economies and reduces accessibility for surrounding communities but also weakens the overall aviation network in the Commonwealth.

Moreover, this shortfall underscores a broader challenge: the need to treat our aviation infrastructure as an integrated system rather than as a collection of isolated facilities. A piecemeal approach to planning and investment will not suffice. Instead, we must adopt a holistic strategy that considers the entire network of airports and related infrastructure,

ensuring that investments are aligned with long-term goals for economic growth, technological advancement, and regional development.

### **Challenges with Local Matching Funds**

A significant hurdle that compounds the funding gap is the challenge local airports face in securing matching funds for federal and state grants. State aviation grants in Pennsylvania often require a local match of either 50/50 or 75/25, depending on the project. Many smaller airports, especially those in rural areas, struggle to raise the required local match for grants that could otherwise fund critical infrastructure projects. This situation creates a vicious cycle where airports that are most in need of upgrades and maintenance are least able to secure the necessary funding.

The difficulty in raising local matching funds can be attributed to several factors:

1. **Limited Local Revenue Streams:** Smaller airports often have limited revenue-generating capabilities. Unlike larger, commercial airports, they may not have substantial income from parking fees, concessions, or passenger service charges. This limits their ability to generate the funds needed to match state and federal grants.
2. **Economic Disparities:** Airports in economically disadvantaged areas face additional challenges. Local governments in these areas may have constrained budgets and may prioritize other immediate needs, making it difficult to allocate sufficient funds for airport improvements.
3. **Grant Complexity and Timing:** The complexity of the grant application process, coupled with the timing of fund disbursements, can make it difficult for local entities to assemble the required matching funds in a timely manner. This issue is particularly pronounced when multiple projects are competing for limited local resources.

Without the ability to secure local matching funds, airports risk losing out on critical federal and state investments, further exacerbating the infrastructure deficit and putting Pennsylvania's aviation system at a competitive disadvantage.

### **Legislative Priorities and Recommendations**

Given the critical role of aviation in our state's economy, I urge the Committee to consider the following legislative priorities:

1. **Aviation Funding Reform:** Immediate action is needed to address the \$53.5 million funding gap. We must increase state investment in aviation to ensure that our infrastructure can support current needs and future growth. While the "Pennsylvania Takes Flight" framework recommends a mixed-use funding scenario, including new revenue streams such as an annual aircraft registration fee, increases in the jet fuel and avgas taxes, and the redirection of specific sales tax revenues to aviation, the industry remains open to discussions with the Legislature and Administration as to how to best tackle these economic challenges.
2. **Support for Local Matching Funds:** To address the challenge of securing local matching funds, the state could establish a supplemental fund or grant program specifically designed to assist airports in economically disadvantaged areas. This program could

- provide matching funds on a sliding scale based on the economic conditions of the area served by the airport, ensuring that critical projects can move forward even in regions with limited local financial resources. Additionally, the creation of a Pennsylvania Airport Hangar Revolving Loan Fund, capitalized with a \$25 million Commonwealth investment, would help smaller airports finance critical infrastructure projects, such as hangar construction, that are necessary for generating revenue and maintaining financial sustainability.
3. **Workforce Development and Education:** The future success of Pennsylvania's aviation industry depends on a skilled and diverse workforce. The TAC study and the "Pennsylvania Takes Flight" framework both emphasize the importance of developing a comprehensive aviation training and recruitment strategy. This includes the creation of new flight academies, enhanced scholarship programs, and the development of an Airport Technical Assistance Program (AirTAP) to improve the skills and capabilities of airport managers and staff.
  4. **Economic Development and Hangar Development:** The framework highlights the need for new incentive programs to encourage economic development at and surrounding Pennsylvania's airports. One key area of focus is the construction of new hangars, which is essential for accommodating the growing demand for hangar space at general aviation airports. Legislative support for deregulating small airport hangar construction and exempting hangars under 12,000 square feet from fire suppression requirements would significantly reduce construction costs and help meet this demand.
  5. **Aviation Technology and Innovation:** Pennsylvania must be proactive in addressing the challenges and opportunities presented by emerging aviation technologies, such as unmanned aircraft systems (UAS) and advanced air mobility (AAM). The "Pennsylvania Takes Flight" framework calls for the development of a statewide protocol for vertiports, the establishment of a UAS information and data exchange program, and the creation of a dedicated UAS/AAM manager within PennDOT's Bureau of Aviation. These initiatives are crucial for ensuring that Pennsylvania remains at the forefront of aviation technology and innovation.
  6. **Commercial Air Service:** Pennsylvania's 14 commercial service airports are vital to both the state and local economies. The framework suggests the development of "Fly Local" programs and the creation of a Governor's Action Team for Aviation (GATA) to assist in negotiating with airlines and promoting air service in Pennsylvania. Additionally, the development and funding of alternative fuel infrastructure at PA airports is essential for supporting the next generation of hybrid-electric and electric-powered aircraft.
  7. **Land Use Planning and Zoning:** Protecting and preserving the Commonwealth's aviation infrastructure while ensuring public safety requires attention to land use planning and zoning. The "Pennsylvania Takes Flight" framework recommends legislative action to enforce airport hazard zoning and provide the necessary technical assistance to municipalities to comply with these regulations. This will help protect aviation operations from encroachment and ensure the long-term safety and functionality of our airports.

**Conclusion: A Call to Action**

In closing, Pennsylvania's aviation industry is at a critical juncture. The strategic investments we make today will determine whether our state can continue to lead in this vital sector. The TAC's "Pennsylvania Aviation System Strategic Investment Plan" and the "Pennsylvania Takes Flight" framework provide a clear roadmap for action, but it is up to us to follow through. By addressing the funding gap, supporting local matching funds, prioritizing economic and workforce development, and focusing on operational efficiency, we can secure the future of Pennsylvania's aviation industry and, by extension, the prosperity of our entire state.

Thank you for your attention and your commitment to supporting Pennsylvania's aviation industry. I look forward to working with this Committee to achieve these vital goals.

Sincerely,



Gabriel Monzo  
President  
Aviation Council of PA