

Agency Name:	Division Of Aeronautics		
Agency Code:	U300	Section:	87



Fiscal Year FY 2025-2026

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS

(FORM B1)

For FY 2025-2026, my agency is (mark "X"):

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Requesting General Fund Appropriations. |
| <input type="checkbox"/> | Requesting Federal/Other Authorization. |
| <input type="checkbox"/> | Not requesting any changes. |

NON-RECURRING REQUESTS

(FORM B2)

For FY 2025-2026, my agency is (mark "X"):

- | | |
|-------------------------------------|---|
| <input type="checkbox"/> | Requesting Non-Recurring Appropriations. |
| <input type="checkbox"/> | Requesting Non-Recurring Federal/Other Authorization. |
| <input checked="" type="checkbox"/> | Not requesting any changes. |

CAPITAL REQUESTS

(FORM C)

For FY 2025-2026, my agency is (mark "X"):

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> | Requesting funding for Capital Projects. |
| <input checked="" type="checkbox"/> | Not requesting any changes. |

PROVISOS

(FORM D)

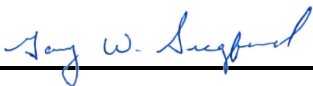

For FY 2025-2026, my agency is (mark "X"):

- | | |
|-------------------------------------|---|
| <input 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 checked="" 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: SECONDARY CONTACT:	Melody Mikell	(803) 896-6279	memikell@aeronautics.sc.gov
	Gary Siegfried	(803) 896-6898	gsiegfried@aeronautics.sc.gov

I have reviewed and approved the enclosed FY 2025-2026 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:	 10/03/2024	 10/03/2024
TYPE/PRINT NAME:	Gary W. Siegfried	Delpin A. Gantt, Jr.

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

Agency Name:	Division Of Aeronautics
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BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Recurring funding for Airport Development Program	100,000,000	0	0	0	100,000,000	0.00	0.00	0.00	0.00	0.00
2	B1 - Recurring	Increase in General Funds Appropriated for Operations and Payroll	300,000	0	0	0	300,000	0.00	0.00	0.00	0.00	0.00
TOTALS			100,300,000	0	0	0	100,300,000	0.00	0.00	0.00	0.00	0.00

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Recurring funding for Airport Development Program
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Provide a brief, descriptive title for this request.

AMOUNT	<p>General: \$100,000,000</p> <p>Federal: \$0</p> <p>Other: \$0</p> <p>Total: \$100,000,000</p>
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What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	<p>Mark “X” for all that apply:</p> <table style="width: 100%;"> <tr><td style="width: 5%; text-align: center;"><input checked="" type="checkbox"/></td><td>Change in cost of providing current services to existing program audience</td></tr> <tr><td style="text-align: center;"><input checked="" type="checkbox"/></td><td>Change in case load/enrollment under existing program guidelines</td></tr> <tr><td style="text-align: center;"><input checked="" type="checkbox"/></td><td>Non-mandated change in eligibility/enrollment for existing program</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>Non-mandated program change in service levels or areas</td></tr> <tr><td style="text-align: center;"><input checked="" type="checkbox"/></td><td>Proposed establishment of a new program or initiative</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>Loss of federal or other external financial support for existing program</td></tr> <tr><td style="text-align: center;"><input checked="" type="checkbox"/></td><td>Exhaustion of fund balances previously used to support program</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>IT Technology/Security related</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>HR/Personnel Related</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>Consulted DTO during development</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>Related to a Non-Recurring request – If so, Priority #</td></tr> </table>	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience	<input checked="" type="checkbox"/>	Change in case load/enrollment under existing program guidelines	<input checked="" type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program	<input type="checkbox"/>	Non-mandated program change in service levels or areas	<input checked="" 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 checked="" type="checkbox"/>	Exhaustion of fund balances previously used to support program	<input type="checkbox"/>	IT Technology/Security related	<input type="checkbox"/>	HR/Personnel Related	<input type="checkbox"/>	Consulted DTO during development	<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #
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<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #																						

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	<p>Mark “X” for primary applicable Statewide Enterprise Strategic Objective:</p> <table style="width: 100%;"> <tr><td style="width: 5%; text-align: center;"><input type="checkbox"/></td><td>Education, Training, and Human Development</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>Healthy and Safe Families</td></tr> <tr><td style="text-align: center;"><input checked="" type="checkbox"/></td><td>Maintaining Safety, Integrity, and Security</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>Public Infrastructure and Economic Development</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>Government and Citizens</td></tr> </table>	<input type="checkbox"/>	Education, Training, and Human Development	<input type="checkbox"/>	Healthy and Safe Families	<input checked="" type="checkbox"/>	Maintaining Safety, Integrity, and Security	<input type="checkbox"/>	Public Infrastructure and Economic Development	<input type="checkbox"/>	Government and Citizens
<input type="checkbox"/>	Education, Training, and Human Development										
<input type="checkbox"/>	Healthy and Safe Families										
<input checked="" type="checkbox"/>	Maintaining Safety, Integrity, and Security										
<input type="checkbox"/>	Public Infrastructure and Economic Development										
<input type="checkbox"/>	Government and Citizens										

ACCOUNTABILITY OF FUNDS	<p>Additional Operating Appropriated General Funds will support the following strategies:</p> <p><u>Strategy 1 – Maintaining Safety, Integrity and Security:</u> 1.1 - Funding airport infrastructure enhances safety by supporting the maintenance and modernization of critical airport systems, such as runways, taxiways, terminals, and security systems. These investments support the ongoing mission of connecting people to nations airways.</p> <p><u>Strategy 2 – Public Infrastructure and Economic Development:</u> 2.1 - Funding for airport infrastructure promotes economic development by increasing airport capacity, improving efficiency and fostering tourism, trade and job creation throughout the state.</p> <p>The use of these funds would be administered through the Agency’s Airport Development Grant Program which has proven itself to be an efficient and transparent method of accounting for the funding.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency’s accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS

South Carolina’s 58 public use airports (6 commercial service and 52 general aviation).

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?

JUSTIFICATION OF REQUEST

With the recent passage of S.675, which allocated all airline property tax revenue to the State Aviation Fund, Aeronautics has established a reliable source of revenue that is primarily directed to general aviation airports.

While a small portion of the airline property tax has been allocated to commercial airports, their needs are significantly greater than those of general aviation, making funding for commercial airport development projects a persistent challenge. When comparing FY 24-25 airport funding to eight southeastern states, South Carolina ranks 5th with the following funding allocations:

- Florida: \$268M
- North Carolina: \$140M
- Tennessee: \$132.5M
- Kentucky: \$92.8M
- South Carolina: \$69.6M (\$41M allocated through Commerce in FY 24-25)
- Georgia: \$26.4M
- Alabama: \$9.5M
- Mississippi: \$8.7M

Supporting airport infrastructure and economic development initiatives is essential to maintain competitiveness with adjacent states. As demonstrated above, neighboring states are already investing heavily in their airports, which in turn fosters job creation and boosts local economies. Without similar investments, South Carolina’s airports risk falling behind in terms of safety, capacity, and efficiency, which could deter business investment and tourism. By allocating general fund tax dollars to these initiatives, the state can enhance airport infrastructure, improve transportation networks, and stimulate economic growth, ensuring that its airports remain competitive and capable of attracting commerce and tourism in an increasingly global economy.

In past budget requests, Aeronautics has sought non-recurring funding, using each commercial airport’s capital improvement programs and associated project costs as justification. Historically, these funding needs have been in the hundreds of millions of dollars, and FY 25-26 is no different.

Failure to provide adequate, consistent funding for airport infrastructure could have significant consequences. Without a reliable source of recurring funding, South Carolina’s airports will struggle to plan and execute long-term infrastructure projects, leading to outdated facilities, reduced capacity, and missed opportunities for growth. As competing states continue to make substantial investments in their airport systems, South Carolina risks falling behind, losing business to other regions, and diminishing its ability to support future economic development. To avoid these setbacks, it is crucial that the state commits to sustained funding for its airport infrastructure.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Increase in General Funds Appropriated for Operations and Payroll
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$300,000 Federal: \$0 Other: \$0 Total: \$300,000
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What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark “X” for all that apply:	
	<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 checked="" type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input checked="" type="checkbox"/>	HR/Personnel Related
	<input type="checkbox"/>	Consulted DTO during development
	<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark “X” for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input checked="" type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input type="checkbox"/>	Government and Citizens

ACCOUNTABILITY OF FUNDS	<p>Additional Operating Appropriated General Funds will support the following strategies:</p> <p><u>Strategy 1 – Maintaining Safety, Integrity and Security</u></p> <p>1.1 - Operate aircraft safely.</p> <p>1.2 - Operate aircraft in cost effective manner.</p> <p><u>Strategy 2 – Education, Training and Human Development</u></p> <p>2.1 Partner with educational entities to promote aerospace/aviation to SC students.</p> <p>2.3 Support staff through continuing education programs and new certifications</p> <p><u>Strategy 4 – Government and Citizens</u></p> <p>4.1 Continue to work with aerospace/aviation partners to promote the development of airports in SC</p>
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The use of these funds would be evaluated by determining if the agency has met its goals of providing safe flights and promoting aviation in the state.

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS

SC Aeronautics staff, vendors and contractors that help support the agency's mission.

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?

JUSTIFICATION OF REQUEST

Last year, Aeronautics requested a \$400,000 increase to help cover operating cost and salaries. The Agency received \$100,000 of this \$400,000 request. The need is still there and now even greater. The Agency has operated for the last eight years without an increase except for the \$100,000 received last year. During the last eight years, and especially post pandemic, we have seen significant inflation and associated increases in cost of utilities, materials, supplies and labor. Aeronautics has been operating short staffed since the pandemic, so we have been able to offset the increase in costs. Aeronautics is in the process of staffing back up and has hired a Program Manager, Engineer and Finance Director within the last year. We are also working with Admin to realign some positions that would allow for the addition of an Airport Planner. Adding this position is critical to help manage ongoing incompatible land use issues and development encroachment around the state's airports.

In addition to the staffing needs described above, we would like to give existing employees salary increases due to the excessive inflation over the last couple years and to help the Agency stay competitive in the job market. It is critical to be able to retain knowledgeable employees for the Agency.

Aeronautics has also seen increases in administrative costs over the last couple years. HR management was moved from in-house to Shared Services when a staff member resigned in 2022 which costs the Agency an additional \$20,000 per year. Insurance costs have increased by approximately \$20,000 since 2018. And finally, IT support from DTO has increased by approximately \$23,000 since 2021.

We have also seen an increase in the cost of aviation fuel and aircraft parts, which causes the cost of flight operations to increase. We have increased the per hour flight rate for revenue trips (other state agencies and state universities) to help offset these increases, but General Funds are used to cover aircraft operations for the Governor and members of the General Assembly.

Also, members of the General Assembly and the Governor have expressed interest in having wi-fi available on the airplanes. This would assist with connectivity, allowing our Executive Branch and Legislators to do business while in flight, thus increasing their efficiency. We are exploring options for this service and have found typical costs to be \$70K for system upgrade and \$4600/month for service.

If funds are not received with this budget request, Aeronautics will need to seek ways to reduce costs or defer maintenance and request additional funding during the next budget process. The agency will potentially lose valuable employees to higher paying positions elsewhere and may have to operate with a smaller staff.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	\$76,763
	<i>What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.</i>

ASSOCIATED FTE REDUCTIONS	None
	<i>How many FTEs would be reduced in association with this General Fund reduction?</i>

PROGRAM / ACTIVITY IMPACT	<p>No external programs will be hindered by reductions listed. Each of the areas where reductions can take place are in place to support the overall objectives of the agency, and those objectives will not be changing. How the objectives are completed may change slightly, but no changes will be noticed outside of the agency. The associated program objectives are part of each of the agency departments or overall agency operations.</p>
	<i>What programs or activities are supported by the General Funds identified?</i>

SUMMARY	<p>The agency will be replacing all the windows with new more efficient ones this year. These projects will result in reduced utility costs.</p> <p>Associated with the facilities, the agency has and will continue to do facility maintenance upgrades in house to reduce costs. If necessary to reduce costs, the agency may also delay some maintenance upgrades until following year.</p> <p>The agency could possibly reduce travel expenses by going to fewer conferences and staff educational programs, and/or by participating in these programs and meetings via teleconference.</p> <p>Also, each year, the agency participates in the promotion of the aerospace/aviation education industry. These promotional efforts could possibly be managed such that costs are reduced, but agency participation remains.</p> <p>Finally, the agency could take over human resource duties currently being done by the Department of Administration. This effort would require training and may need to be implemented with a phased approach.</p>
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

- Cost savings for electricity from replacement of windows to more energy efficient ones = \$10,000
- Perform facilities maintenance in house or delay upgrades = \$24,500
- Reduced employee travel = \$18,000
- Do HR administration in house = \$20,000
- Reduction of promotional expenses = \$4,600

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

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

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	Continued offering of services that support local airports and their users and limit the local funds necessary to operate publicly owned, public use airports.
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply: <table> <tr> <td><input type="checkbox"/></td><td>Repeal or revision of regulations.</td></tr> <tr> <td><input type="checkbox"/></td><td>Reduction of agency fees or fines to businesses or citizens.</td></tr> <tr> <td><input checked="" type="checkbox"/></td><td>Greater efficiency in agency services or reduction in compliance burden.</td></tr> <tr> <td><input type="checkbox"/></td><td>Other</td></tr> </table>	<input type="checkbox"/>	Repeal or revision of regulations.	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.	<input checked="" type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.	<input type="checkbox"/>	Other
<input type="checkbox"/>	Repeal or revision of regulations.								
<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.								
<input checked="" type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.								
<input type="checkbox"/>	Other								

METHOD OF CALCULATION	Costs offset for local airports are 1:1, meaning that for every additional dollar spent by the state, a dollar is saved by the local government that owns/operates the local airport. The supplemental support dollars would come from fees already assessed to airlines that operate within SC.
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	No reductions of fees or fines will happen at the state level, but reductions could be noticed at local levels.
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	N/A
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	<p>Each year, the Aeronautics Commission supports publicly owned, public use airports with Capital Improvements and Airfield Maintenance services. These services are currently supported financially through the State Aviation Fund (SAF). The SAF is capable of supporting the majority of needs for the smaller, general aviation airports in SC, as well as minor support (up to \$500,000 per airport per year) for commercial service airports in SC.</p> <p>Unfortunately, according to the most recent South Carolina Aviation System Plan Report, capital improvement needs far exceed the amount of money available. Also, the latest Infrastructure Report Card, prepared by the American Society of Civil Engineers in 2021, rated South Carolina's aviation infrastructure a D+, noting a significant shortfall (as much as \$154 million) in annual investment.</p> <p>The Division of Aeronautics is requesting an additional funding to supplement the State Aviation Fund in the form of Recurring Operating Request. If granted, this request would help support rehabilitation of critical runway infrastructure at general aviation airports and ongoing capital improvements at commercial service airports which are necessary to maintain and expand existing infrastructure in order to serve South Carolina's travelling public and promote ongoing tourism and economic development.</p>
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Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?