



Federal Aviation Administration

Memorandum

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To: Office of Airports Regional Directors, AXX-600s
Regional Airport Planning and Programming, AXX-610s
Airports District Office Managers, XXX-ADOs

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From: Danielle J. Rinsler, Director, Airport Planning and Programming, APP-1

Subject: Reauthorization Program Guidance Letter (R-PGL) 25-05: Funding and
Formula Changes

This Reauthorization Program Guidance Letter (R-PGL) 25-05 explains and implements provisions in the FAA Reauthorization Act of 2024 (the 2024 Act) (P.L. 118-63), which revises various Airport Improvement Program (AIP) funding rules. This R-PGL is directed to Office of Airports staff for the purpose of helping them implement statutory changes. This R-PGL is not legally binding in its own right and will not be relied upon by the FAA as a separate basis for affirmative enforcement action or other administrative penalty. The FAA will update FAA Order 5100.38D, Change 1, *Airport Improvement Program (AIP) Handbook*, to reflect these statutory changes.

Please be advised that unless expressly noted below, Infrastructure Investment and Jobs Act (IIJA) eligibility is generally broader and more inclusive than AIP eligibility. All other applicable Federal statutes, regulations, Executive Orders, policy, and guidance apply unless expressly provided for otherwise in this R-PGL. For all planning and programming purposes, including System of Airports Reporting (SOAR) actions, refer to the latest Regional Implementation Guidance (RIG).

This R-PGL addresses the following specific provisions:

Bill Section	Topic	49 USC Section(s) Impacted
707	Price and Federal Share Adjustments	§ 47108
708	Temporary Limited Increase in Federal Share	§ 47109(h)
710	Small Airport Letters of Intent	§ 47110
712	Apportionments Changes	§ 47114
713	PFC Turnback Reductions	§ 47114

Bill Section	Topic	49 USC Section(s) Impacted
714(a)	Airport Safety and Resilient Infrastructure Discretionary Program	§ 47115
716	Small Airport Fund Distributions	§ 47116
718	Terminal Development Discretionary Funding	§ 47119

Section 707, Price and Federal Share Adjustments

Section 707 amends 49 U.S.C. § 47108 in two ways. First, it adds an exception that allows the Government to pay more or less than the bid amount. Under this amendment, the airport sponsor can contract to make optional price adjustments if the commodity or labor price for items in the project increases or decreases after the contract was awarded, and until the contractor completes the work, and the airport sponsor accepts the work. In addition, the FAA will incorporate provisions into a grant agreement to realize any change in material or labor cost for the project. Airport sponsors can receive Federal reimbursement for price increases of commodities or labor if properly justified and supported and within the grant 15% limit as set forth in Table 5-27 of the AIP Handbook, *Grant Amendment Limits for Increases*. Price adjustments for labor must be tied to published changes in Davis-Bacon Act prevailing wage rates and price adjustments for commodities must be tied to acceptable industry analysis of economic trends of affected construction material.

Second, Section 707 allows for 25% of the total increase in project costs to be attributable to acquiring an interest in land (if that is greater than 15%). Additionally, Section 707 clarifies that the calculation of an increase in allowable grant funds must be based on creditable appraisals made at the time of acquisition or a court award in a condemnation proceeding. If applicable, fair market value may be estimated via a waiver valuation. Increases in relocation costs should be based on utilizing the most current allowable cost schedules at the time of acquisition. Acquisition costs should incorporate state and/or local regulations requirements if greater than those identified in the applicable version of the Federal Uniform Relocation Act regulations at 49 CFR Part 24.

Implementation for Field Offices

Price adjustment provisions for materials and labor may be used to adjust unit prices of items that are affected by changes in the economic landscape of the construction industry between the time a grant agreement is executed and completion of the accepted work. The adjustments are not intended to cover changes in price that are caused by a change in quoted price of a supplier, or changes in labor rates due to regular events such as annual raises or new hires.

Price adjustments for commodities are limited to raw construction materials and do not apply to complete items that may be purchased and installed by a contractor such as airfield fixtures or drainage manhole covers. Examples of materials that may be eligible for economic price adjustments include, but are not limited to, aggregates, cement, asphalt binder, or steel.

Price adjustments for materials due to changes in economic conditions must be supported by an acceptable industry analysis of economic trends of the affected construction material. A variety of industry trend analyses may be available from industry organizations such as the Portland Cement Association, Asphalt Institute, or the National Sand, Stone and Gravel Association. Industry publications such as Engineering News-Record may also provide construction trend analyses that are acceptable to document economic changes. Other sources of price trends may be state highway department price indices or financial institution commodity indices.

Price adjustments for labor will be governed by changes in published Davis-Bacon Act prevailing wage rates at the time of grant execution versus Davis-Bacon Act wage rates at the time of construction.

Professional services for land acquisition, which include relocation expenses, that contribute to this grant increase, need to follow all procurement and scope of services and need to be cost coordinated with the Airports District Office (ADO).

In addition to these price adjustments, Section 707 also clarifies that creditable appraisals, which must include waiver valuations under the 49 CFR Part 24, must be made at the time of acquisition for the purpose of calculating an increase in allowable grant funds for acquiring an interest in land at a nonprimary airport. A court award in a condemnation proceeding is also a permissible basis. For the purposes of Table 5-27 of the AIP Handbook, row (a), calculations for nonprimary airports must be based on creditable appraisals or waiver valuations made at the time of land acquisition.

These increased grant costs for professional services related to land acquisition and relocation expenses may include additional legal fees and contracting costs.

Contract documents

Price Adjustment Criteria. The ADO must review and accept or reject a request to include price adjustment prior to issuing the grant. When price adjustment provisions are included in an airport sponsor's contract documents, the airport sponsor will insert language into its Contract General Provisions to allow a contractor to submit a request for change in Item Unit Price due to economic changes. The contractor must initiate any proposal for a change in an item unit price prior to the airport sponsor making a final payment for any item. The contractor must provide all supporting documentation required in the Contract General Provisions. General contract provisions are governed by Advisory Circular (AC) 150/5370-10H, *Standard Specifications for Construction of Airports*, which is in the process of being updated to support changes in the 2024 FAA Reauthorization Act. The contractor must provide detailed breakdown of their item unit prices to include the components of specific materials or labor categories that are affected by the economic changes. The contractor's request for price changes must include a revised item unit price based on their analysis. This revision may account for increases in any price component affected by material or labor costs. Examples of additional components affected by material or labor cost increases include, but are not limited to, overhead and profit.

Resident Project Representative (RPR) Review of Contractor Request for Economic Price Adjustment. When a request for an economic price adjustment is submitted by a contractor, the RPR will be responsible for reviewing the request and determining if the requested price adjustment is justified. The RPR will also do an economic review of other contract line items to determine if any qualify for a price reduction due to economic changes that may result in a lower price of material or labor. If the RPR determines there is reasonable evidence that other line items may be eligible for a unit price decrease, they will return their finding to the contractor. The contractor will review the RPR's findings and submit a new proposal that includes any additional adjustments to unit prices that reflect the RPR's findings, or justification of why the unit price proposed is still valid.

The FAA will revise AC 150/5370-10H, *Standard Specifications for Construction of Airports*, to reflect these changes.

Section 708, Temporary Limited Increase in Federal Share

Section 708 amends 49 U.S.C. § 47109(h) by adding a special rule that temporarily increases the Government's share of allowable project costs for a grant made to a nonhub or nonprimary airport in Fiscal Year (FY) 2025 and 2026 to 95 percent.

This special rule also applies to:

1. Funds appropriated prior to FY 2025 when obligated in FY 2025 or FY 2026.
2. Multi-Year Grants (MYG) - The Federal share for the MYGs issued in FY 2025 and FY 2026 to a nonhub or nonprimary airport shall remain at 95%. Any MYG subsequent amendments issued beyond FY 2026 shall be subject to the initial 90 percent Federal share.

Exceptions: The exceptions to the AIP Federal share prescribed in 49 U.S.C. § 47109 are as shown in the following list:

- Airports in Public Land States (49 U.S.C. § 47109, 5100.38D).
- Essential Air Service/Economically Distressed Areas (list available at: https://www.faa.gov/airports/aip/eas_ed)
- Federal Land Border Proximity (No adjustments this fiscal year, 49 U.S.C. § 47109(c)(2)).
- Phased Projects from FY 2011 (List provided to impacted Regional Offices).

A complete list of Federal share exceptions, by Region and location, is located in SOAR under Grants Module/Reports/Worksite/Worksites with Federal Share Percentage Exceptions.

Note for SBGP and various locations grants: For the limited exceptions outlined above, a separate grant should be issued for airports with a non-standard Federal share percentages prior to FY 25 (excluding those locations with the standard 90% share). The recommendation to issue an additional grant stems from audit findings and is intended to ensure that drawdowns are made at the correct Federal share percentage.

This provision has been implemented in SOAR and all field offices have been notified.

Section 710, Small Airport Letters of Intent

Section 710 amends 49 U.S.C. § 47110 by adding a new subsection (i) that establishes a new Small Airport Letter of Intent (SALOI) Program. The SALOI is distinct from the established Letter of Intent (LOI) program, codified under 49 U.S.C. § 47110(e).

An LOI is a formal document issued by the FAA that states an intention to provide future funding using appropriate entitlements or apportionments, discretionary funds, or funds from the small airport fund. An LOI establishes a schedule for future AIP funding, subject to annual appropriations and funding availability. A sponsor who has received an LOI may start the project without waiting for individual AIP grants. Allowable project costs are eligible for reimbursement, as amounts become available, subject to the payment schedule set forth in the relevant LOI.

49 U.S.C. § 47110(i) gives the FAA the authority to issue SALOIs and describes the requirements and prescribes the limitations on the use of the SALOI, which is available for eligible and justified airport development projects, including project formulation costs and debt service, at nonhub and nonprimary airports.

SALOI Project Criteria

A SALOI project can be any eligible and justified airport development project at a nonhub or nonprimary airport.

All other project funding requirements in Chapter 3 of the AIP Handbook apply, excluding the restriction on using AIP funds for debt service payments. A project under a SALOI must also satisfy all statutory and administrative requirements for an AIP funded airport development project. Sponsors must proceed as though they had applied for and been awarded AIP funds and must fulfill all environmental, civil rights, bidding, procurement, and contracting requirements associated with an AIP grant, even though portions of the airport project development work may proceed in advance of receiving AIP funds.

Procedures

The FAA treats SALOI projects as similar to conventionally funded grant projects as possible. In order to ensure that all normal grant process statutory and administrative requirements are satisfied, the ADO will evaluate sponsor preapplications and review proposed projects as is done for a normally funded AIP project.

The § 47110(i) SALOI process is similar to the § 47110(e) LOI process, as outlined in Chapter 6, Section 1 of the AIP Handbook, and generally follows the same process, except where specifically noted in this guidance. The steps of the SALOI process are briefly outlined below:

1. Early coordination between sponsor and ADO
2. Joint meeting of ADO, APP-510, and the sponsor
3. ADO notification to APP-510 of all candidates
4. Sponsor submittal to ADO of SALOI request (by March 1 of the year prior to the requested grant fiscal year)
5. ADO review of SALOI request (within 30 days of receipt)
6. SALOI Committee review of SALOI request, resulting in approval/disapproval by the Associate Administrator of Airports (ARP-1)

APP-510 chairs the SALOI Committee, which documents its review of each SALOI application. The membership of the SALOI Committee would mirror that of the LOI Committee, according to Table 6-4(g) of the AIP Handbook. The committee's recommendation informs APP-500's approval or disapproval of each SALOI application.

The FAA does not require a Benefit-Cost Analysis (BCA) as part of the sponsor's submission or the SALOI approval process, except for projects for which the sponsor is requesting over \$10 million in AIP discretionary funding (see Section 3-14 of the AIP Handbook). In cases where a sponsor must submit a BCA as part of its application, they should prepare it according to the FAA's Airport BCA Guidance:

(https://www.faa.gov/regulations_policies/policy_guidance/benefit_cost).

Project Evaluation and Selection

In evaluating applications, the SALOI Committee references 49 U.S.C. § 47110(i)(6), which requires the FAA to consider the grant history of an airport, the enplanements or operations of an airport, and "such other factors as the Secretary determines appropriate." FAA policy on other factors is to weigh projects by their National Priority Ranking score and to consider non-Federal funding available to a sponsor.

The SALOI Committee also references 49 U.S.C. § 47110(i)(7), which require the FAA to prioritize projects that cannot reasonably be funded using entitlements, are necessary for the continued safe operation or development of an airport and minimize unnecessary or undesirable project segmentation.

As noted above, it is FAA policy that a BCA is required if the sponsor is requesting more than \$10 million in discretionary funding over the life of the project. The SALOI Committee would review the BCA as part of its evaluation process.

Once the SALOI Committee completes its evaluation, ARP-1 makes official selections. After ARP-1 selects the sponsors that will receive LOIs, APP-500 coordinates the SALOI sign-off package within headquarters. The SALOI package contains a draft of the SALOI documents and a decision memorandum from APP-500 to the regional division manager documenting the FAA's review and approval.

Implementation for Field Offices

The SALOI Program creates a new allowable project cost for costs associated with making payments for debt service on indebtedness incurred to carry out projects under the SALOI program. The SALOI Program is substantially similar to the pre-existing LOI Program, but with the following key differences:

- Project eligibility: any eligible and justified airport development project
- Sponsor eligibility: any nonhub or nonprimary airport
- Allowable costs: includes payment of interest
- Evaluation criteria: covered in preceding section

ADOs are instructed to follow existing LOI Program guidance, supplemented with this specific SALOI guidance.

Section 712, Apportionments Changes

Section 712 amends 49 U.S.C. § 47114 and significantly revises apportionment formulas for both primary and nonprimary airports. For primary, commercial service, and cargo airports, subsection 712(a):

- Increases the minimum primary airport apportionment level from \$1 million to \$1.3 million;
- Lowers the maximum primary apportionment level from \$26 million to \$22 million;
- Increases funding for new airports with scheduled passenger air transportation from \$1 million to \$1.3 million in the first fiscal year following the official opening of a new airport;
- Establishes a special rule to consider an airport as a primary airport for fiscal years 2025 through 2028 if it was both designated as a primary airport in FY 2017 and in use by an

air reserve station in the calendar year used to calculate the current fiscal year apportionments;

- Establishes a new formula to provide up to \$1.3 million in entitlements for nonprimary commercial service airports; and
- Modifies cargo entitlements formulas by increasing the amount available for apportionments from 3.5% to 4% of the total amount for AIP, excluding off-the-top programs, and reduces the minimum qualifying annual landed weight amount from 100 million to 25 million pounds.

For nonprimary airports, subsection 712(b):

- Removes nonprimary commercial service airports from the category nonprimary entitlement funds, which is now general aviation entitlement funds, and continues to include reliever airports; and
- Increases the amount available for apportionments for general aviation entitlement funds and state apportionment funds from 20-25%.

Table 4-1 in the AIP Handbook, *AIP Funds by Category, Type, and Calculation*, rows (a) through (e), will be effectively revised as follows to reflect changes made by Section 712, including a new row (b) for the new nonprimary commercial service airport apportionments, and incorporating interrelated changes made by Section 713, as described in the section below.

Fund Type and Legislative Reference	How Amounts are Calculated
Passenger Apportionments	
a. Primary Airport Entitlements 49 U.S.C. § 47114(c)(1)	<p>Per 49 U.S.C. § 47114(c)(1)(A): \$15.60 for each of the first 50,000 passenger enplanements. \$10.40 for each of the next 50,000. \$5.20 for each of the next 400,000. \$1.30 for each of the next 500,000. \$1.00 for each passenger enplanement > \$1 million enplanements.</p> <p>Per 49 U.S.C. § 47114(c)(1)(B), the annual minimum is \$1.3 million and the annual maximum is \$22 million per airport.</p> <p>Per 49 U.S.C. § 47114(c)(1)(E), an airport designated as a primary airport in FY 2017 and in use by an air reserve station in the calendar year used to calculate the current fiscal year apportionments is considered a primary airport for fiscal years 2025 through 2028.</p> <p>Per 49 U.S.C. § 47114(f)(1), the amount of entitlement funds for</p>

Fund Type and Legislative Reference	How Amounts are Calculated
	<p>large and medium hub airports collecting a Passenger Facility Charge (PFC) are reduced based on the PFC collection level approved for the airport. If the airport is collecting at \$3.00 or less, the number of entitlements is reduced by 40%. If the airport is collecting more than \$3.00, the number of entitlements is reduced by 60%. In Hawaii, this calculation is modified based on the percentage of inter-island passengers.</p> <p>Per 49 U.S.C. § 47114(f)(2), a reduction in an apportionment will not take effect until the first fiscal year following the year in which the collection of the PFC begins. A reduction in apportionment will only take effect if the airport has been designated as a medium or large hub airport for three consecutive years.</p> <p>If the airport has multiple open PFC applications and is collecting at multiple collection levels, the amount of entitlement funding is reduced in accordance with the highest collection level.</p>
<p>b. Nonprimary Commercial Service Airport Entitlements</p> <p>49 U.S.C. § 47114(c)(1)(D)</p>	<p>Per 49 U.S.C. § 47114(c)(1)(D): \$60 for each of the first 2,500 passenger enplanements. \$153.33 for each of the next 7,499.</p>
Cargo Apportionments	
<p>c. Cargo Entitlement 49 U.S.C. § 47114(c)(2)</p>	<p>4% of total AIP available for grants, divided on a pro-rata basis according to an airport's share of total U.S. landed cargo weight.</p>
<p>Amounts Apportioned for General Aviation and Reliever Airports Split between General Aviation Entitlements and State Apportionment.</p>	
<p>d. General Aviation Entitlement 49 U.S.C. § 47114(d)(2)(A) 49 U.S.C. § 47114(d)(6)</p>	<p>Per 49 U.S.C. § 47114(d)(2)(A), the lesser of \$150,000 or 1/5 of a general aviation or reliever airport's 5-year development cost listed in the biennial National Plan of Integrated Airport Systems (NPIAS).</p> <p>The exception is, per 49 U.S.C. § 47114(d)(6), \$1,300,000 for an airport that meets both of the following criteria:</p> <p>(1) Received scheduled or unscheduled air service from a large certificated air carrier (as defined in 14 CFR part 241 or such other regulations as may be issued by the Secretary under the authority of</p>

Fund Type and Legislative Reference	How Amounts are Calculated
	<p>49 U.S.C. § 41709) in the calendar year used to calculate the apportionment.</p> <p>(2) Had more than 10,000 passenger boardings in the calendar year used to calculate the apportionment.</p>
<p>e. State Apportionment (Including U.S. Territories) 49 U.S.C. § 47114(d)(2)</p>	<p>Per 49 U.S.C. § 47114(d)(2), 25% of total AIP available for grants minus the total General Aviation entitlements.</p> <p>Per 49 U.S.C. § 47114(d)(2)(B), 99.38% of the funds remaining after the deduction of General Aviation entitlement is apportioned for airports based on an area/population formula within the 50 States, the District of Columbia, and Puerto Rico.</p> <p>The remaining 0.62% is apportioned for airports in U.S. territories other than Puerto Rico (specifically Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands).</p>
<p>f. Reclassified Previously Unclassified Airports 49 U.S.C. § 47114(d)(2)(C)</p>	<p>Per 49 U.S.C. 47114(d)(2)(B), an airport that has previously been listed as unclassified under the NPIAS that has reestablished classified status as of the date of apportionment shall be eligible to accrue general aviation entitlements, so long as the airport retains classified status.</p>

Section 713, PFC Turnback Reduction

Section 713 amends 49 U.S.C. § 47114(f), by decreasing the percentage of apportionment reductions for sponsors of medium and large hub airports that return a percentage of their apportionments to the FAA when imposing a Passenger Facility Charge (PFC) under 49 U.S.C. § 40117. If the airport imposes a PFC of \$3.00 or less, the sponsor turns back 40% (previously 50%) of their apportionment. If the airport imposes a PFC greater than \$3.00, the sponsor turns back 60% (previously 75%) of their apportionment.

Section 713 added a new provision that states these reductions do not apply unless an airport has been designated as a medium or large hub for three consecutive years. The FAA will apply these reductions in the third consecutive year an airport is designated a medium or large hub. Additionally, FAA will restart the three-year requirement each time an airport returns to a medium or large hub designation after being designated a small hub or smaller airport.

The section above reflects changes made by Section 713 as updates to relevant rows of Table 4-1 of the AIP Handbook, *AIP Funds by Category, Type, and Calculation* in row (a), along with changes made by Section 712 to this table.

Section 714(a), Airport Safety and Resilient Infrastructure Discretionary Program

Section 714(a) amends 49 U.S.C. § 47115(j) by changing the heading from “Supplemental Discretionary Funds” to “Airport Safety and Resilient Infrastructure Discretionary Program,” (now the ASRID Program). This revised program replaces the “Supplemental Discretionary Fund” Program originally established by the FAA Reauthorization Act of 2018 and implemented by guidance in Reauthorization Program Guidance Letter (R-PGL) 19-01: *Extended and Expanded Programs*, making changes relating to general project eligibility and funding. Subparagraph (D) limits eligibility under this program to projects that:

- (i) meet the definition of ‘airport development’ under 49 § 47102(3)(T);
- (ii) would otherwise increase the resilience of airport infrastructure against changing flooding or inundation patterns; or
- (iii) reduce runway incursions or increase runway or taxiway safety.

Section 714(a) also adds a new rule to prioritize grants to large and medium hub airports for projects that reduce runway incursions or increase runway or taxiway safety.

Implementation for Field Offices

- 1) The Airports Capital Improvement Plan process will identify projects that are eligible for funding under the ASRID Program.
- 2) Projects eligible under item (i) above will be determined based on guidance in R-PGL 25-07, *Planning and Project Eligibility*, implementing the criteria provided in 49 § U.S.C. 47102(3)(T).
- 3) Projects eligible under item (ii) above must increase the resilience of airport infrastructure against changing flooding or inundation patterns based on guidance in R-PGL 25-07.
- 4) Examples of projects eligible under item (iii) above that may reduce runway incursions include but are not limited to: Reconfigure Taxiway Intersections, Shift Taxiway, Construct New Taxiway Connector, and Install Runway Guard Lights. Examples of projects that increase runway and/or taxiway safety include but are not limited to: Install Engineered Material Arresting System, Improve Runway Safety Area, Shift Taxiway, and acquisition/installation of Vehicle Movement Area Transponders (“squitters”) as described in PGL 24-01: *Funding for Airfield Ground Vehicle Systems*, and Table L-2 of the AIP Handbook, *Safety and Security Equipment Project Requirements*.

Section 716, Small Airport Fund, Calculations and Distributions

Section 716 amends 49 U.S.C. § 47116 subsection (b), (d), and (e), to revise calculation and distribution rules for the Small Airport Fund.

Subsection (b), *Distribution of Amounts*, revises the statutory allocation of funds per airport type as follows:

- (b)(1): Not more than 25 percent for grants for projects at small hub airports;
- (b)(2): Not less than 25 percent for grants for general aviation and reliever airports; and
- (b)(3): Not less than 50 percent for nonhub and nonprimary commercial service airports.

This section eliminated the priority consideration for certain projects at mountaintop airports and the requirement to notify recipients of grants from the Small Airport Fund that the Small Airport Fund was the source of the grant.

Section 716 adds a new subsection (e) requiring 5 percent of the amounts for grants to general aviation and reliever airports and for grants to nonhub and nonprimary commercial service airports to be used for projects to construct or rehabilitate aprons intended for itinerant general aviation aircraft parking.

Implementation for Field Offices

The Master Calculation for each grant year implements the statutory allocation of funds. Field Offices shall use “GA Itinerant Parking” flag to identify construction, reconstruction, expansion, or rehabilitation of apron projects intended for itinerant GA aircraft parking at GA, reliever, nonhub, and nonprimary airports when discretionary is assigned to the capital. The Small Airport Fund (SAF) dashboard in SOAR will account for the new rule under subsection (e). There is no action by the field for this section.

Section 718, Terminal Development Discretionary Funding

Section 718 amends 49 U.S.C. § 47119 sections (c) and (f) in three ways.

First, the section modifies 47119(c)(5) to include nonprimary commercial service airport passenger apportionments (created by Section 712(a)(1)), primary airport passenger apportionments, and cargo apportionments as allowable funding sources for eligible terminal development projects at a nonprimary airport. Prior to reauthorization, the only apportionments allowed were nonprimary entitlements, and this source continues to be allowed. IJA funds continue to be allowable for these project types.

Second, the section adds 47119(c)(6) that allows up to \$20,000,000 of discretionary funding in a single fiscal year for terminal development projects at nonprimary airports, if the FAA

determines that the status of the nonprimary airport is reasonably expected to change to primary based on enplanements for the third calendar year after the issuance of the discretionary grant.

Third, the maximum amount of discretionary funding for terminal development projects at nonhub or small hub airports that are eligible to receive discretionary funding under section 47108(d)(3) is increased from \$20,000,000 to \$30,000,000 per airport.

The ASRID Program (Supplemental) is defined as discretionary under 49 U.S. Code § 47115. These funds are included in the cumulative total unless the funding is apportioned as Congressionally Directed Spending/Community Project.

Implementation for Field Offices

Nonprimary airports may now apply all types of entitlement funding, excluding state apportionments, to terminal development projects, and may be granted up to \$20,000,000 of discretionary funds for terminal development in a single fiscal year if the airport is reasonably expected to change to primary status for the third calendar year after grant issuance. Upon request from an ADO, APP-400 must make this determination in writing based on the following information:

- Actual and projected enplanement trends;
- An air service development study;
- Commitment by airlines to provide commercial service accommodating at least 10,000 annual enplanements;
- Documented commitment of a sponsor to provide the remaining funding to complete the proposed project; and
- A favorable environmental finding (including all required permits) in support of the proposed project.

The provision can only be applied once for any single airport and the discretionary funding received will count towards the \$30,000,000 cumulative maximum for terminal development as defined at 49 USC 47119(f), which applies to nonhub airports and certain small hub airports that have changed from nonhub status. See Table N-7 of the AIP Handbook, sections (a)(2) and (b)(2), for additional guidance on airports changing from nonhub to small hub status.