



# Federal Aviation Administration

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## Memorandum

Date: November 4, 2025

To: Planning and Program Branch managers (AXX-610)

From: Jean Wolfers-Lawrence, Manager, Environmental Branch,  
Planning and Environmental Division (APP-420)

Copy: Krystyna Bednarczyk, Acting Assistant Chief Counsel, Airports  
and Environmental Law Division, Headquarters (AGC-600)

Subject: Revised Instructions to Office of Airports Environmental  
Protection Specialists on Implementation of the Limited Federal  
Financial Assistance Categorical Exclusion

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### Purpose

This memorandum serves to revise guidance on the application of the Limited Federal Financial Assistance Categorical Exclusion established by Section 788(a) of the 2024 FAA Reauthorization Act (Pub. L. No. 118-63).

On December 19, 2024, APP-420 issued the guidance memorandum entitled "Initial Instructions to Office of Airports Environmental Protection Specialists on Implementation of Section 788(a) of the 2024 FAA Reauthorization Act." The Office of Airports has received feedback from Office of Airports Environmental Specialists, airport sponsors, and the industry regarding the utility of those instructions. That feedback demonstrated that revisions in some key aspects of this guidance would be advisable. APP-420 is now updating the memorandum to address the input received and to align this guidance with current administration priorities regarding improving the efficiency of the environmental review process. APP-420 therefore revises its implementing guidance to indicate that section 788(a) of the FAA Reauthorization Act of 2024 can be applied to all projects involving funding requests below the defined financial thresholds, including those

that receive no Federal investment, provided extraordinary circumstances are not present.

The instructions contained in the December 19, 2024, Memorandum are rescinded and replaced with this Memorandum.

## **Background**

Section 788 of the FAA Reauthorization Act of 2024 creates two new presumptions that a categorical exclusion (CATEX) applies to certain types of airport projects. These CATEXs were added to FAA Order 1050.1G; FAA National Environmental Policy Act Implementing Instructions published June 30<sup>th</sup>, 2025 (refer to Appendix B Section B-2.4(gg) and (hh)).

A CATEX refers to a category of actions that do not individually or cumulatively have a significant effect on the human environment and as such are not subject to preparation of an Environmental Assessment or Environmental Impact Statement under the National Environmental Policy Act (NEPA). A CATEX is not an exemption or waiver of NEPA review; it is a level of NEPA review.

The first CATEX outlined in section 788(a) applies to projects that receive “limited Federal assistance.” The law defines two types of projects that may meet this definition:

- (1) Projects expected to receive less than \$6 million<sup>1</sup> in total Federal funding or PFC revenues, or
- (2) Projects that have a total estimated cost of not more than \$35 million<sup>2</sup> and the total amount of Federal funding (not including use of PFC revenue) comprises less than 15 percent of the total estimated project cost.

The second presumption (Section 788(b)) applies to public use airports that seek to rebuild airport infrastructure that is damaged or destroyed in a natural disaster. Instructions on the application of 788(b) are not included in this memorandum. Subsection 788(c) clarifies that the categorical exclusion created by subsections

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<sup>1</sup> Section 788 directs FAA to annually adjust this amount to reflect any increases in the Consumer Price Index prepared by the Department of Labor. Based on the September, 2025 Consumer Price Index the \$6 million threshold is adjusted to \$6.27 million.

<sup>2</sup> Section 788 directs FAA to annually adjust this amount to reflect any increases in the Consumer Price Index prepared by the Department of Labor. Based on the September, 2025 Consumer Price Index the \$35 million threshold is adjusted to \$36.43 million.

(a) and (b) still require the FAA to apply the standard extraordinary circumstances analysis set forth in FAA Order 1050.1G

The purpose of this memorandum is to provide Office of Airports (ARP) Environmental Protection Specialists (EPS) with instructions on the application of the CATEX for projects that receive “limited Federal assistance.”

## **1. Guidance**

### **1.1 Defining Federal Funds and Federal Funding Thresholds**

Section 788(a)(1) refers to “limited Federal assistance,” “Federal funds,” and “charges collected under [49 U.S.C. § 40117].” To qualify for the CATEX, any Federal funding, regardless of source, would need to be accounted for in calculating whether the Federal funding threshold has been exceeded.

Section 788(a)(2) refers to projects that have a total estimated construction cost of not more than \$36.43 million (adjusted based on September 2025 Consumer Price Index (CPI)) and the Federal funds provided for the project comprise less than 15 percent. Section 788(a)(2) does not include reference to the use of PFCs, thus, if PFCs are to be used they should not be included when calculating the total Federal funds when considering the applicability of the limited Federal assistance CATEX pursuant to Section 788(a)(2)<sup>3</sup>.

All projects regardless of receiving Federal financial assistance can be considered for application of this CATEX.

### **1.2 Defining Total Project Cost**

The total project cost is the expected cost to construct the project. This may be based on the airport’s capital improvement plan, planning level estimates, or bids if available.

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<sup>3</sup> Section 788(a)(1) of the FAA Reauthorization Act of 2024 includes funds from charges collected under 49 U.S.C. § 40117, which establishes the Passenger Facility Charge (PFC) Program, when considering the \$6 million threshold for project funding. However, this citation is not included in Section 788(a)(2) which establishes the threshold of less than 15 percent of projects with a total estimated cost of not more than \$35 million.

### 1.3 Changes in Circumstances and Re-evaluation

EPSs should consider whether the estimated project costs and the projected level of Federal funding are reasonably supported by the facts.

If a change occurs after the FAA's NEPA determination that raises the level of Federal funding or total project cost beyond the thresholds specified in the CATEX set forth in section 788(a) and a major Federal action remains to occur the FAA may prepare a supplement to the environmental decision in accordance with Section 3.6 of FAA Order 1050.1G.

## 2. Instructions on Applying the Presumed CATEX

EPSs should continue to utilize, where applicable, other CATEXs as outlined in Appendix B of FAA Order 1050.1G for projects that would also likely qualify for the limited Federal assistance CATEX due to the risk of differences in interpretation and application of this new CATEX across Regional Offices (RO) and Airports District Offices (ADO) and to minimize risks associated with potential project segmentation.

### 2.1 Steps for Determining Applicability of the limited Federal assistance CATEX

The following steps are completed to determine whether the limited Federal assistance CATEX is appropriate:

**Step 1:** Has the sponsor provided documentation to demonstrate that the proposed project has utility independent of other planned projects, does not restrict consideration of alternatives for other reasonably foreseeable transportation improvements, and is not part of a larger proposed action?<sup>4</sup>

If YES, proceed to Step 2.

If NO, request that the project be rescoped to demonstrate that the project has independent utility from other planned projects, or if the project cannot be rescoped to demonstrate its independent utility then ensure the full

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<sup>4</sup> For a categorical exclusion to apply to a proposed action, the proposed action cannot have been improperly segmented for purposes of NEPA review. In addition, if the proposed action is subject to a special purpose law that involves consultation or, coordination with another Federal agency, or the action involves an approval or authorization by another Federal agency that trigger a different level of NEPA review by that agency than the one employed by the FAA, the special purpose law or other agency requirements should be satisfied before the proposed action receives FAA approval. The requirements of applicable special purpose laws must be satisfied regardless of the availability of the limited Federal assistance CATEX for the proposed action.

scope of the project is documented, before further consideration of the applicability of the limited Federal assistance CATEX. Record the analysis and conclusions in the administrative project file.

**STEP 2:** Does the proposed project fit within a CATEX set forth in FAA Order 1050.1G?

If YES, review for the presence of extraordinary circumstances. If no extraordinary circumstances exist, utilize the existing CATEX(s).

If NO, proceed to Step 3.

**STEP 3:** Will the proposed project receive Federal funds from a source other than FAA?

If YES: proceed to Step 4.

If NO: proceed to Step 6.

**STEP 4:** Is the estimated total cost to construct the project more than \$36.43 million?

If YES, the limited Federal assistance CATEX does not apply. Begin preparation of an Environmental Assessment (EA) or Environmental Impact Statement (EIS), as appropriate.

If NO, proceed to Step 5.

**STEP 5:** Will the proposed project receive Federal funds from all sources (not including PFC revenues) that total more than 15% of the estimated cost to construct the project?

If YES, the limited Federal assistance CATEX does not apply. Begin preparation of an Environmental Assessment (EA) or Environmental Impact Statement (EIS), as appropriate.

**If NO, review for the presence of extraordinary circumstances. If no extraordinary circumstances exist, the limited Federal assistance CATEX applies.**

**STEP 6:** Will the proposed project receive more than \$6.27 million in Federal funds from FAA (e.g., AIP, ATP, AIG, etc.) or use more than \$6.27 million in PFCs?

If YES, the limited Federal assistance CATEX does not apply. Begin preparation of an Environmental Assessment (EA) or Environmental Impact Statement (EIS), as appropriate.

**If NO, review for the presence of extraordinary circumstances. If no extraordinary circumstances exist, the limited Federal assistance CATEX applies.**

To ensure the legal sufficiency and defensibility of these determinations, EPSs should document the application of this CATEX and the extraordinary circumstances review for each proposed action in a memo to the administrative project file.

Figure 1 provides a visual summary of the steps.

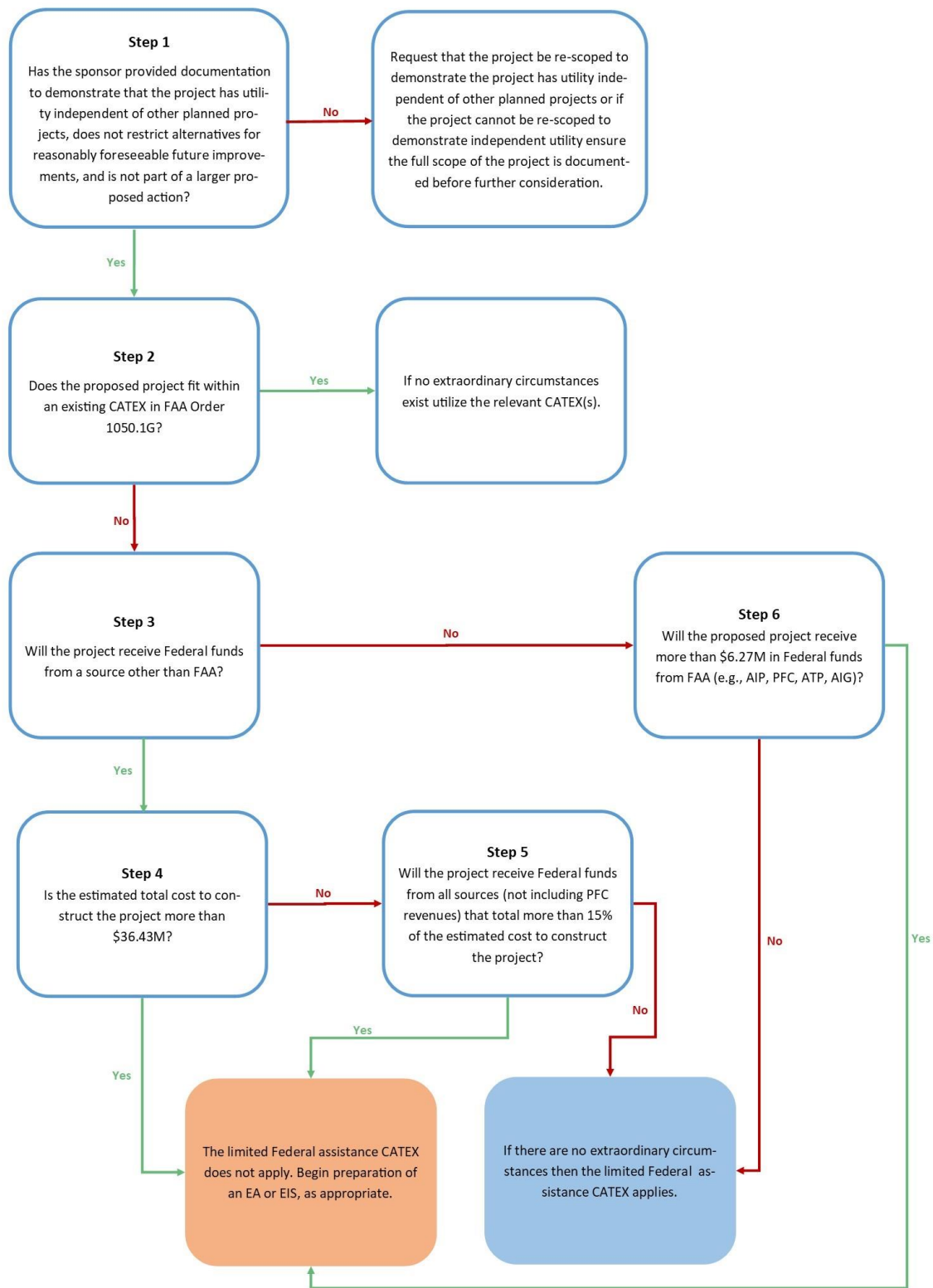


Figure 1: Steps for considering whether the limited Federal assistance CATEX can be applied.

### **3. Requests for Further Information or Guidance**

If airport sponsors, consultants, or others request the application of a CATEX for an airport development project based on the project's limited Federal financial assistance, ARP EPSs should respond by indicating that FAA will first consider application of other relevant CATEXs and conduct an examination for applicability of the limited Federal assistance CATEX if there are no other relevant CATEXs available. EPSs should also inform those inquiring that they should provide sufficient information regarding the anticipated project costs, supporting documentation that demonstrates how the estimated project cost was derived, and relevant information about project funding dedicated to delivering the proposed project for the FAA's review.

Please contact Andrew Brooks ([andrew.brooks@faa.gov](mailto:andrew.brooks@faa.gov)) if you have questions on this memorandum or section 788 and how it applies to airport development projects.