

NEW YORK STATE

Economic Impacts of Aviation



2010 Executive Summary

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EXECUTIVE SUMMARY

PURPOSE

The purpose of this study is to highlight the impacts of the aviation sector - specifically the impacts derived from public-use airports - to the economy of the state. It provides a benchmark of aviation's contribution to our economy in 2009 by looking at the economic activity, jobs, and taxes generated by this sector. All of the airline airports (those with scheduled commercial airline service) - as well as many of the larger airports without scheduled airline service (called General Aviation airports) - are publicly owned and provide mobility for people and goods as well as vital links to the national and international transportation system.

This study was made possible by a grant from the Federal Aviation Administration (FAA).

As an integral component of the state's transportation system, the aviation sector has a positive impact on the state's economy, in both direct and indirect terms. Investments in this area of the transportation system have the potential to help improve the health of local economies and the state as a whole. This FAA-NYSDOT-sponsored study quantifies the level of economic activity that is attributed to the aviation sector for the year 2009 and shows that this sector produces an impact greater than the level of public investment required to maintain the system in a state of good repair.

Findings from this study demonstrate the rationale for investments in the aviation mode by showing aviation's contributions to the state's economy. The Department's multi-year capital plans stress the importance of a sound transportation system as a vital component of the state's economy. Like other modes of transportation, the aviation system faces deteriorating infrastructure conditions; investments in these assets will ensure an aviation system that will continue to serve and provide positive economic impacts.

The scope of this study is statewide and utilizes surveys of individual airports to determine on-airport jobs, on-airport spending, visitor spending and other published data, to estimate direct and indirect impacts. The Port Authority of New York & New Jersey's input and results were used where applicable. Please refer to Appendix A of the Technical Report for more details on the definition of direct and indirect impacts¹ and the study methodology.

¹ Definition of direct impacts in *Appendix A: Study Methodology* on page A-1; indirect impacts defined on page A-6.

1. IMPACT OF AVIATION IN NEW YORK STATE:

The economic impacts of New York State's airports are varied:

- 90 public-use airports.
- \$50 billion in annual economic activity for New York State businesses is attributable to aviation; equaling 4.4 percent of the total \$1,144.5 billion Gross State Product, or \$1 out of every \$23.
- Approximately 394,500 New York State jobs are related directly or indirectly to aviation, representing roughly 4.6 percent of the 8.5 million jobs in the state.
- Payroll from aviation totals more than \$18 billion, or 2 percent of total income in the state.
- Economic impacts from aviation in New York State are 6 percent of the nation's total aviation economic impact (three times more than for the average state).
- Fortune 500 businesses, such as IBM, Pfizer, Verizon, American Express, Time Warner, Eastman Kodak, and many others, are significant users of New York's aviation system and help sustain local economies. These businesses rely on commercial service and general aviation to meet their business transportation needs.
- More than \$4.5 billion in state and local tax revenues related to aviation were collected, roughly 4.1 percent of all 2009 state and local taxes.
- More than \$610 million was invested by federal, state, and local sources in capital development at New York State airports in 2009.
- Airline markets across New York State have attracted low-fare carriers, such as Southwest Airlines, JetBlue, AirTran and Allegiant Air, saving New Yorkers millions of dollars in air fares each year. Cities with low-fare carriers have made businesses more accessible to their clients and New York locations more accessible to tourists.

New York State Economic Impacts of Public-Use Airports			
SUMMARY IMPACTS			
Airport Categories	Total Jobs*	Annual Earnings (\$ million)	Annual Economic Activity (\$ million)
JFK and LGA Airports	319,000	\$15,161	\$42,059
Other Airline Service Airports	66,400	\$2,387	\$7,072
Non-Airline Airports/Heliports	9,100	\$504	\$1,124
Total Statewide Airport Impacts	394,500	\$18,052	\$50,255

*Note: Total Jobs is defined as all direct and indirect jobs generated. Indirect impacts are those impacts resulting from the respending of income generated directly by an activity (direct impacts) within the economy.

2. IMPACT OF THE GLOBAL RECESSION ON AVIATION IN NEW YORK

The impact of the current national/global economic recession has been significant to the aviation industry nationwide and in New York. In New York State, 367,400 jobs across all sectors were lost as a result of the economic downturn. Prior to the recession, the FAA predicted that the U.S. would experience 1 billion airline passengers by 2015. That time frame has been pushed back to 2023 because of the economic slowdown.

The decline in U.S. airline passenger traffic since 2007 has been significant, with an overall 8.3 percent drop through the end of 2009. In New York State, the 6.9 percent decline was less severe overall, due largely to the better-than-average performance of JFK International during the period. Five New York airline airports performed better than the U.S. benchmark, while seven performed worse:

- Three airports gained enplanements: Elmira/Corning Regional, Ithaca Tompkins Regional and Westchester County.
- Two airports performed better than the national benchmark: Buffalo Niagara International and JFK International.
- Airports in New York State hit harder by the recession than the national averages include: Albany International, Binghamton Regional, Greater Rochester International, LaGuardia, Long Island MacArthur, Stewart International, and Syracuse Hancock International. These airports experienced an average 12.8 percent decrease in enplanements for the 2007-2009 period.

A decline in U.S. general aviation operations (as measured by the FAA) of 8.3 percent during the 2007-2009 period was exceeded by a 12.4 percent decline in New York State during the same period. Thus, compared to a national benchmark, overall airline passenger activity in New York fared better, while total general aviation operational activity in the state was impacted more severely.

3. NEW YORK STATE'S AIRPORT SYSTEM

New York State has an airport system that includes 90 public-use facilities in the State Aviation System Plan. Scheduled airline passenger service is provided at 18 of these airports, generating much of the economic impact to the state. The other 72 public-use general aviation (GA) airports and heliports feature services, such as quick access for medical emergencies and law enforcement; charter flights for business and executives; flight training; and tourism and recreational flying. These general aviation airports and heliports are within a 30-minute drive for most New Yorkers. This study has found that many of these non-airline airports provide a critical transportation link for local businesses.

NYS Economic Impacts of Aviation – Detailed Impacts for Airline Airports			
Commercial Service Airports	Total Jobs	Annual Earnings	Annual Economic Activity
Adirondack Regional	74	\$4,084,700	\$7,885,600
Albany International	8,872	\$288,002,700	\$760,810,300

NYS Economic Impacts of Aviation – Detailed Impacts for Airline Airports			
Commercial Service Airports	Total Jobs	Annual Earnings	Annual Economic Activity
Buffalo Niagara International	16,628	\$384,019,500	\$1,071,185,400
Chautauqua County-Jamestown	341	\$17,365,800	\$43,368,700
Elmira/Corning Regional*	3,377	\$208,438,800	\$1,543,279,400
Greater Binghamton	483	\$23,236,400	\$52,784,800
Greater Rochester International	9,998	\$295,207,000	\$800,363,800
Ithaca Tompkins Regional	510	\$28,573,300	\$66,836,400
JFK International**	224,621	\$10,883,000,000	\$30,314,000,000
LaGuardia**	94,367	\$4,278,000,000	\$11,745,000,000
Long Island Mac Arthur	6,085	\$229,179,700	\$577,016,600
Massena International	61	\$4,177,300	\$8,571,000
Ogdensburg International	53	\$3,564,300	\$7,445,600
Plattsburgh International	373	\$15,652,100	\$38,698,000
Stewart International	5,579	\$333,621,900	\$750,722,800
Syracuse Hancock International	7,552	\$213,062,800	\$596,918,100
Watertown International	87	\$4,708,600	\$9,881,700
Westchester County	6,328	\$334,138,200	\$735,879,600
Subtotal Commercial Service	385,389	\$17,548,033,100	\$49,130,647,800

NYS Economic Impacts of Aviation – Detailed Impacts for GA Airports			
General Aviation Airports	Total Jobs	Annual Earnings	Annual Economic Activity
Akron	11	\$527,400	\$1,160,900
Brookhaven-Calabro	101	\$6,925,200	\$16,174,500
Buffalo-Lancaster	25	\$1,337,600	\$2,913,100
Camillus	4	\$180,000	\$351,000
Canandaigua	57	\$4,983,900	\$12,030,500
Cattaraugus County-Olean	16	\$1,040,000	\$2,366,000
Chautauqua County/Dunkirk	44	\$2,032,600	\$3,968,600
Columbia County	95	\$7,639,900	\$20,429,200
Corning-Painted Post	27	\$1,720,500	\$3,915,100
Cortland County	25	\$1,595,600	\$3,106,100
Dansville Municipal	20	\$1,193,000	\$2,845,500
Dutchess County	238	\$13,383,500	\$44,047,500
East Hampton	91	\$5,812,800	\$12,605,100
Finger Lakes Regional	21	\$1,444,300	\$2,831,600
Floyd Bennett Memorial	53	\$3,614,600	\$8,395,000
Francis S. Gabreski	1,359	\$67,232,500	\$121,598,300
Fulton County	11	\$638,600	\$2,096,000
Genesee County	90	\$7,548,600	\$18,127,600
Great Valley	3	\$228,800	\$461,600
Griffiss International	510	\$22,039,000	\$66,931,100

NYS Economic Impacts of Aviation – Detailed Impacts for GA Airports			
General Aviation Airports	Total Jobs	Annual Earnings	Annual Economic Activity
Hamilton Municipal	48	\$2,997,800	\$6,136,500
Hornell	6	\$248,200	\$525,900
Joseph Y. Resnick	12	\$563,100	\$1,278,000
Kingston-Ulster	17	\$1,161,700	\$3,181,900
Lake Placid	40	\$2,442,300	\$7,127,300
Ledgedale Airpark	62	\$3,552,000	\$7,875,200
Lt. Warren Eaton	11	\$498,300	\$1,005,900
Malone-Dufort	6	\$255,700	\$620,700
Montauk	7	\$371,100	\$876,500
Niagara Falls International	1,706	\$84,764,200	\$158,590,400
Oneonta Municipal Airport	20	\$1,065,500	\$2,228,400
Orange County	37	\$1,826,200	\$5,942,300
Oswego County	25	\$1,241,200	\$2,536,100
Penn Yan	199	\$22,064,000	\$52,843,800
Perry-Warsaw	17	\$1,070,600	\$2,007,500
Piseco Municipal	4	\$88,500	\$228,400
Potsdam	121	\$10,343,500	\$25,843,600
Republic	1,384	\$78,025,500	\$214,144,300
Saratoga County	59	\$5,862,900	\$13,383,700
Schenectady County	1,724	\$81,457,300	\$152,428,700
Schroon Lake	2	\$91,400	\$184,500
Sidney Municipal	18	\$972,600	\$2,988,100
Skaneateles	1	\$30,900	\$78,300
Sky Acres	42	\$2,178,100	\$4,437,000
South Albany	12	\$723,700	\$1,326,100
Sullivan County International	119	\$11,873,600	\$26,473,200
Ticonderoga	11	\$478,500	\$1,040,200
Tri-Cities	14	\$492,800	\$1,914,900
Wellsville	30	\$1,614,800	\$4,553,400
Whitford's	9	\$254,400	\$713,300
Williamson-Sodus	15	\$1,072,200	\$2,662,600
Wurtsboro	13	\$719,800	\$1,616,500
Small Public Airports – Aggregate***	91	\$6,055,600	\$12,338,300
Subtotal GA	8,683	\$477,576,400	\$1,065,485,800
Private Airports	18	\$1,259,100	\$2,403,300
Heliports	416	\$27,223,900	\$59,352,500
Subtotal Other	434	\$28,483,000	\$61,755,800
Grand Total	394,506	\$18,054,092,500	\$50,257,889,400

* Note: ELM included \$1.28 billion direct impacts from helicopter manufacturer on the airport.

** Note: JFK International and LGA Airports data from Port Authority of NY & NJ.

*** Fifteen (15) small public State Airport System Plan (SASP) airports were aggregated because of their small size and low levels of activity.

4. BOOSTING AN AIRPORT'S ECONOMIC IMPACT

To increase an airport's economic impact in its community, airport sponsors must find ways to attract businesses and new investment in their facilities. The following strategies are available for many airports, but they must be planned and applied locally to achieve maximum benefit:

- Airport Branding, Marketing and Promotion
- Air Service Improvements
- Partnerships with Other Public and Private Agencies and Institutions
- Retention Strategies for Existing Tenants and Transient Clients
- Development of Non-Aeronautical Real Estate
- Attraction of Aviation Businesses and Manufacturers

This study has found that the highest rates of economic activity and employment are centered in five primary aviation businesses:

- Aviation Manufacturing
 - Sikorsky at Elmira Generated \$1.3 billion with 1,250 Total Jobs
- Maintenance/Repair/Overhaul (MRO) Facilities
 - Griffiss International MRO Produced \$170 million and 900 Total Jobs
- Corporate Jet Aircraft
 - One Aircraft Can Generate \$1 million in Spending and 5 Direct Jobs (excluding Indirect Spending and Jobs)
- Airline Passenger Enplanements
 - Downstate: One Passenger Generates \$1,215 and 107 Passengers = One Job (including Direct and Indirect Jobs). (See Page 32 of the Report.)
 - Upstate: One Passenger Generates \$840 and 132 Passengers = One Job (including Direct and Indirect Jobs). (See Page 32 of the Report.)
- Air Cargo
 - One Ton of Air Cargo Generates \$2,600 and One Direct Job = 68 Enplaned Tons (including Direct and Indirect Jobs). (See Page 32 of the Report.)

5. TAXES RETURNED FROM AVIATION

More than \$4.5 billion in state and local taxes are generated from aviation-related activity in New York State. This amount represents approximately 4.1 percent of the total 2009 state and local tax revenue. This tax revenue impacts all New Yorkers.

6. CONCLUSIONS ABOUT AVIATION'S ECONOMIC IMPACT

The aviation sector is important to New York State's economy and to the communities served by airports.

- Annual Economic Activity attributable to aviation totals \$50 billion.
- The \$50 billion impact is 4.4 percent of the \$1,145 billion estimated Gross State Product (GSP).

- Approximately 394,500 New York State jobs (almost 4.6 percent of total jobs) are related, directly or indirectly, to airports and the aviation industry. Combined these jobs pay \$18 billion annually.
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- Airports and aviation pay more than \$4.5 billion in state and local taxes each year – about 4.1 percent of the state’s total.
- Aviation’s annual economic activity is \$2,574 per New York State resident.

Convenient, affordable, and safe airline and commuter services are vital to New York State’s economic well-being.

- JFK International and LaGuardia Airports make up almost 84 percent of the state’s aviation economic impact.
- The other 16 airline airports, with total direct and indirect impacts of more than \$7 billion in economic activity and more than 66,400 jobs, account for more than 14 percent of the state’s aviation economic impact.

New York’s 72 non-airline public-use airports are also important to the local and state economies.

- Non-airline airports yield approximately \$1.1 billion in annual economic activity and provide businesses and residents with access to air transportation while relieving congestion at busy commercial service airports.

Public investment leverages measurable economic return for local communities and the state.

- Federal, state, and local funding of airports for capital improvements, which helps maintain New York’s investments, amounts to 1.2 percent of the \$50.3 billion annual economic impact generated by the airports. Much of this public funding is paid for by FAA grants from user fees and taxes. Grant funding may range from 75 percent to 95 percent of the total project.
- Aviation impacts every citizen, whether he or she has ever flown in an aircraft or shipped air cargo, because aviation supports the entire New York State economy. In this regard, the multiplied effect of respending aviation-generated dollars within the state radiates the impacts of aviation to every county and every community.

The impact of airports and aviation use in New York; however, is more than these numbers can estimate. Similar to roads and bridges, airports provide connectivity to business markets, facilitating economic growth. Airports are unique; however, in that they connect regional, interstate, and even global markets in the most direct and time-effective way. As with other modes of transportation, strategic investment in New York State’s airport infrastructure is essential to long-term economic recovery and growth.