

0-7066: Developing a Small Airport Economic Impact Estimator

Background

Knowing the current economic impact of an airport is critical to both airport sponsors and the Texas Department of Transportation (TxDOT). While TxDOT periodically commissions a statewide economic impact study, the ability to provide updated or more precise economic impact values to airport sponsors and other stakeholders is needed. A number of factors have led to the need for a more up-to-date accounting of an airport's economic impact, such as:

- Some airports' not being included in the statewide study (or incomplete information being used).
- Privacy concerns with respect to the financial/economic data because the airport may only have one tenant or business, making it identifiable.
- Changes in an airport's activity levels since the last statewide study was performed.
- An airport's desire to have a more detailed analysis than that allowed when looking at 300 airports at one time.

Having updated and current numbers is important because many local officials use the airport's economic impact values to justify the authorization of grant-matching funds for state and federal airport grants. This allows the officials to better leverage local funds for airport improvements.

What the Researchers Did

The research team reviewed economic impact methodologies and determined that a traditional input/output (I/O) model would provide the best estimates of the economic impact for a small

airport. Researchers built the I/O model using IMPLAN multipliers, visitor spending data from the Texas Governor's Office, Terminal Area Forecast data from the Federal Aviation Administration, and the latest available data from the recently completed statewide economic impact study of Texas airports. The web tool, called the Small Airport Economic Estimator, takes the model and provides an interface for users to calculate the economic impact of the airport of their choice. The user has the option to calculate using the default data or provide new inputs based on his or her knowledge of current conditions. The Estimator takes these inputs and generates summary outputs for three different types of activity:

- Airport activity—employment or expenses directly related to the functioning of the airport.
- Visitor activity—the impact of visitor spending on the region.
- Tenant/business activity—employment or expenses related to any tenants or businesses that are located on the airport.

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Project Completed:

10/31/2020

In addition, the Estimator calculates the annual impact of capital expenditures at the airport, based on an average of the past three years of capital expenses. Figure 1 shows an overview of the Estimator tool.

What They Found

The research team found that building an estimator tool that can be tailored to each airport provides more precise estimates of that airport’s impact. The model and tool move beyond the statewide study by using region-specific estimates and inputs, where possible, and allowing for user input when conditions have changed since the last statewide economic impact report. In building the Estimator, researchers found that economic conditions vary

widely across the state, which makes the use of local multipliers and input data key to providing accurate results.

What This Means

The Small Airport Economic Estimator tool provides a resource for airport managers, planners, and local officials. As economic conditions change and the airport develops, the Estimator provides up-to-date economic impact numbers that can support grant applications and local funding matches, as well as attract new development. In addition, the Estimator can estimate economic impacts that may be realized if certain improvements are made that increase airport activity.

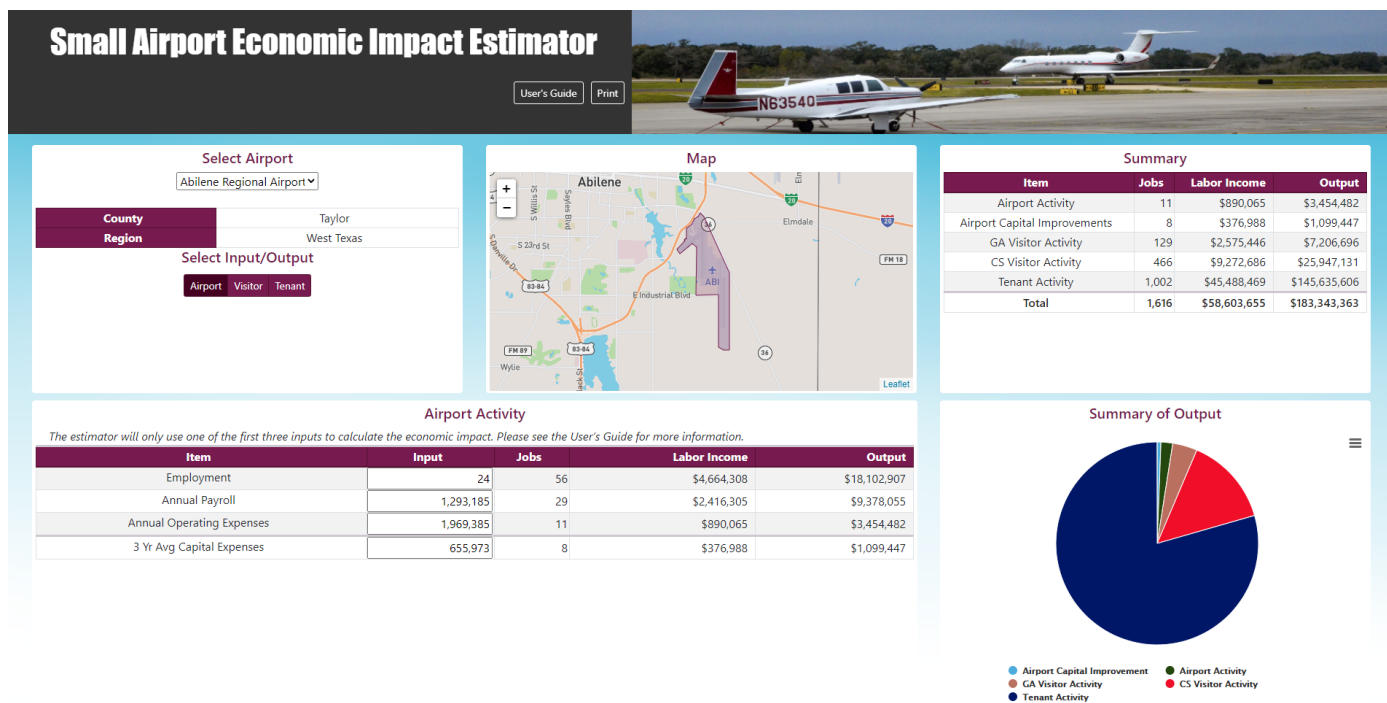


Figure 1. Small Airport Economic Impact Estimator.

For More Information

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 Keyword: Research

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