



## **Ohio Aerospace and Aviation Technology Committee**

### **October 6, 2015 – Approved Minutes**

*Statehouse Room 017*

Chairman Perales called the meeting of the Ohio Aerospace and Aviation Technology Committee (OAATC) to order at 9:36 AM on October 6, 2015.

- The roll was called. A quorum was present.
- Chairman Perales asked members to review the minutes from the previous meeting. With no objections the minutes were approved.
- Chairman Perales decided that in the interest of time the committee would skip the administrative updates and begin with the day's presenters.
- Chairman Perales called upon Carlos Grodsinsky, Chair of the Ohio Aerospace and Aviation Council, to testify before the committee.
- Carlos Grodsinsky testified on Ohio Aerospace Day 2015.
  - Mr. Grodsinsky expressed the importance of the Ohio aerospace and aviation communities to maximize and leverage the contributions to the industry.
  - Mr. Grodsinsky explained that Ohio is the 4th largest advanced manufacturing state and the 3rd largest related workforce in the US, and emphasized the importance of supporting the state's aerospace infrastructure to bring not only high paying jobs within the industry, but also tangential opportunities in other sectors.
  - Mr. Grodsinsky identified a list of key stakeholders that he sees as playing substantial roles in the success of Ohio aerospace and aviation industries:
    - Ohio's higher education institutions
    - Wright-Patterson Air Force Base (WPAFB)
      - Air Force Research Laboratory (AFRL)
    - NASA Glenn Research Center
    - Ohio Aerospace and Aviation Council (OAAC)
    - JobsOhio
      - regional economic development organizations
    - Ohio Federal and Military Jobs Commission (OFMJC)
      - Ohio Research Network
    - United States Department of Defense (DoD)

- Mr. Grodsinsky continued to state that Ohio Aerospace Day is an event that is designed to promote the collaboration of all of the aforementioned groups, and the criticality of all Ohio's aerospace and aviation parties to come together with "One Voice".
- Chairman Perales thanked Mr. Grodsinsky for his testimony and asked for any questions from the committee or audience. There were none.
- Chairman Perales invited Bob Tanner, VP of NetJets Inc. and OAATC member, to testify.
- Bob Tanner testified on NextGen technology.
  - Mr. Tanner explained that the Federal Aviation Administration (FAA) continues to collaborate with the industry to convert the air traffic control system from a radar/tower based system to a satellite/GPS system.
    - NextGen navigation will ease air traffic congestion, optimize fuel efficiency and increase the overall safety of the air traffic control system in the US.
  - Mr. Tanner elaborated on the nationwide challenge of educating the various stakeholders of NextGen navigation:
    - pilots and operators
    - air traffic control
    - airports
    - avionics suppliers
    - elected/appointed officials who have oversight responsibilities
  - Mr. Tanner explained that Ohio has had many opportunities in the field of NextGen, however it lacks a certain amount of available funding to make the infrastructure improvements to support the technology.
  - Mr. Tanner urged the committee to buy-in to NextGen technology so that Ohio can lead the charge in this historic endeavor.
- Chairman Perales thanked Mr. Tanner for his testimony, and asked if there were any questions from the committee or the audience. There were none.
- Chairman Perales called upon Greg Heaton and Doug Hammon, representing the Ohio Aviation Association (OAA), to testify on aviation fuel tax issues.
  - Mr. Heaton explained that over the last decade, funding for airports in the state had dropped 250%, and that in the last fiscal year, funding for the Ohio Airport Grant Program was set at \$1 million per year.
  - Mr. Heaton also noted that until recently, Ohio have seen declining grants from the FAA Airport Improvement Program. However, in the most recent FAA grants the state saw a substantial increase in funding.
  - Mr. Heaton explained that availability to airports is a significant factor in businesses looking to move or expand in Ohio and explained that Ohio is struggling to maintain competitiveness in this area.
  - Mr. Heaton continued to explain their proposal to create an excise tax structure for aircraft fuel in Ohio, similar to the structure of motor vehicles.
    - Under this structure, all tax revenues would be rolled back into Ohio's airports.
  - Mr. Heaton explained that under the current sales tax structure, the state generates \$15.9 million in tax revenue, all of which goes into the General Revenue Fund (GRF) and then is appropriated. This causes all funding for airports in Ohio to be reliant on GRF appropriations every two years.

- Mr. Hammon, Director of the Ohio State University Airport, testified on OAA's proposal, specifically how they propose the funds be distributed.
- Mr. Hammon suggested 3 primary changes to the Ohio Airport Grant Program:
  - Local Match Support for FAA Grants: In recent years, ODOT Airport Grant Program funds were not allowed to be used to meet local match requirements for airports seeking funds from the FAA Airport Improvement Program. FAA grants require a 10% local match, so any state funds used to draw down these grants will have a significant return. Every state that borders Ohio has a state fund that provides match support.
  - Broaden Eligible Projects and Fund Uses: The Ohio Airport Grant Program only allows funding to be used for preservation of existing pavement, obstruction clearing, and limited navigational aid upgrades. In response to increased funding, we expect ODOT to broaden fund uses going forward. However, we recommend that eligible projects and costs for state funding be aligned with current FAA AIP rules. This would create synergy with federal funding and allow airports to fully utilize their state grants.
  - Allow All Airports to Participate: Currently, Ohio Airport Grant Program funding can only be used by general aviation airports, even though revenue from fuel sales is generated at both general aviation and commercial airports. We recommend that all airports that are part of FAA National Plan of Integrated Airports System (NPIAS) or the ODOT Ohio State Airport System Plan be eligible for state funding.
- Mr. Hammon reiterated that OAA believes that aviation funding in Ohio will provide opportunities for increased FAA grant awards to Ohio along with new jobs and economic development in and around Ohio's airports.
- Chairman Perales thanked Mr. Heaton and Mr. Hammon for their testimony and asked if there were any questions from the committee or the audience.
- Representative O'Brien asked the witnesses how funding was divided up between the small airports and larger ones?
- Mr. Heaton explained that currently the Ohio Airport Grant Program (OAGP), administered by the Ohio Department of Transportation (ODOT), has full control of awarding the funds that are appropriated to it. Mr. Heaton reiterated some of the limiting factors of the current Ohio Airport Grant Program.
- Representative O'Brien asked if Mr. Heaton anticipated ODOT making changes on their own in the near future.
- Mr. Heaton commended ODOT for their reaction to the recent budget changes. He explained that after the increased appropriation in the 2016-2017 two-year state operating budget, the OAGP began allowing their grants to be used as matching funds, and they also reissued grant requests in order to efficiently distribute those new funds.
- Chairman Perales thanked Mr. Heaton and Mr. Hammon for their testimony.
- Chairman Perales called upon David Gallagher, Chief of Staff, UAS Center & Test Complex, to testify on Unmanned Aircraft Systems (UAS).
- Mr. Gallagher testified on the Ohio/Indiana UAS Center.
  - Mr. Gallagher gave a brief overview of the program's key partners and locations
  - Mr. Gallagher explained that the UAS Center is eager to work with this committee to identify and promote UAS friendly legislation and programs. He continued that they could be a key resource to identify UAS unfriendly legislation as well.

- Chairman Perales asked if Mr. Gallagher could elaborate on any current legislation regarding UAS.
- Mr. Gallagher explained that there were currently two bills that he was watching closely as they could have unintended consequences.
  - HB 218 (Rep. Barnes) - To enact sections 4561.50 and 4561.51 of the Revised Code to regulate the operation of drones near airports and to impose certain record-keeping requirements on retail sellers of drones.
  - HB 228 (Rep. Cupp) - To amend sections 2981.01 and 2981.02 and to enact section 2917.48 of the Revised Code to prohibit the commission of any of a list of specified offenses by using a drone or by directing or supervising another person's use of a drone.
- Chairman Perales thanked Mr. Gallagher for filling in for his colleague Ryan Smith and for his testimony and asked for any questions from the committee or audience. There were none.
- Chairman Perales called upon Glenn Richardson, JobsOhio, to testify.
- Mr. Richardson testified on manufacturing workforce shortages.
  - Mr. Richardson explained that workforce issues are incredibly complex to resolve.
  - Mr. Richardson stated that hands down the single most important issue that companies in the aerospace and advanced manufacturing fields are facing in Ohio is the lack of qualified workers.
  - Mr. Richardson emphasized the importance of critical career paths stemming from high school, associates, and bachelors degree programs. He continued stating the need to identify which programs are best suited to each specific field within manufacturing and other aerospace related industries.
  - Mr. Richardson explained that experiential learning in the classroom with hands-on curriculum and in the workplace through internships are necessary early on to develop the crucial combination of technical and soft skills, that are difficult to develop in other ways.
  - Mr. Richardson explained that the most successful companies that he has dealt with are companies that focus on talent development.
  - Chairman Perales asked if Mr. Richardson could identify where the efforts of the committee should be most focused.
  - Mr. Richardson said that there were many great examples at the local level of partnerships between institutions of learning and industry members. However, he stated that the specific ways to expand this on the state level has not yet been identified.
  - Tony Bailey stated that from his standpoint a major issue is the experience gap. He stated that he has no trouble finding educated candidates, but he struggles to find experienced candidates. He suggested that internships are crucial for eliminating that gap.
  - Rep. Baker asked if the education system was part of the issue when it comes to developing a qualified workforce. She asked if the current teaching environment is embracing new technologies in their curriculum to the extent that is needed.
  - Glenn Richardson explained that while he is not an expert in the education field, as he comes from an economic development background, he believes that kids come out of school with an idealist view of the world, and that is a result of a lack of experiential learning.
  - Sue Louscher added that at the last workforce development workgroup meeting there was a discussion about previous programs that targeted resource partnering and lacked the curricula development component.

- Ms. Louscher continued to suggest a program that targets veterans, many of whom already have technical training. She suggested creating accessing a database of enlisted persons, and target their exit dates with a letter from the Governor or legislature encouraging them to come to Ohio.
- Chairman Perales thanked Mr. Richardson for his testimony
- Chairman Perales called upon Mark Brown to give the committee an update on the Outreach workgroup.
- Mark Brown explained that to an extent the actions of the Outreach workgroup are dependent on the actions of other groups.
  - Mr. Brown Described the goals of the Outreach workgroup:
    - To Brand Ohio as an aerospace and aviation state outside the state
    - Build support for aerospace and aviation within the state
    - Market Ohio's aerospace and aviation industry
    - Promote aviation tourism
  - Mr. Brown laid out a few future actions for the Outreach workgroup:
    - Identify specific branding needs
    - Addition of Aviation related "Events" page to website
    - Research opportunities for an Ohio Aviation Hall of Fame
    - Consider low-hanging fruit legislative actions such as:
      - Revise Title 1, Chapter 122 of the ORC to include a new section 122.100 Aviation Marketed Growth in Ohio. As Ohio is the Birthplace of Aviation (as stipulated in U.S. House Resolution 378-3), all state aided/funded programs that promote Ohio will include Aviation in in marketing and promotional materials in any format (electronic, media, print, etc). As a minimum, the tag line "Ohio - Birthplace of Aviation" will be added. Exempt from this requirement is legal and required notifications that are published in any format.
      - Revise the OAATC code 122.98 to include the following: (E) The Ohio aerospace and aviation technology committee will, as a matter of charter utilizing committee members, provide support and education to state promoted youth education programs such as and strive to ensure the promotion of Aviation as a career for Ohio youth is fully explored.
- Mike Heil suggested for the Ohio Aviation Hall of Fame, that the committee look into partnerships with organizations such as Triumph of Flight
  - Mr. Heil continued by stating that the committee should be sure to not conflict in any way with other Aviation Hall of Fames in the state and country.
- Chairman Perales agreed and thanked Mark Brown for his update.
- Chairman Perales called upon Jeff Rolf to give the committee an update on the Workforce workgroup on behalf of Vince Russo.
- Jeff Rolf explained that the Workforce Development workgroup is still in the data gathering mode and that the next phase would be identifying recommendation to the OAATC.
  - Mr. Rolf added that through their previous meetings they were able to identify many workforce initiatives that are already in place with other organizations:
    - JobsOhio Initiatives - Glenn Richardson

- Assist aerospace and aviation companies to locate and remain in Ohio
  - Jobs and Family Services – what is needed, skill sets, and jobs created
  - Customized Workforce Training
  - Need focus on high school students not headed to Universities
- Ohio Federal-Military Jobs Commission Workforce Initiatives – Chad Watchorn
  - Chapter 3 Update---report in final stages
  - One-stop Jobs Centers in six regions of Ohio
- The Ohio State University Workforce Initiatives – David Williams
  - OSU Airport
  - Keep Federal Government aware of importance of WPAFB and NASA Glenn
- Mr. Rolf added that the workgroup is compiling all of the these initiatives such that the OAATC can find a niche that has the most bang for the buck.
- Chairman Perales thanked him for the update.
- Chairman Perales called upon Paul Orkwis to give the committee an update on the Technology Development workgroup.
- Paul Orkwis explained that the Technology Development workgroup has two priorities at this time:
  - Priority 1- Identify the critical technologies needed by the Ohio aerospace industry and government laboratories, and foster their development at Ohio academic and research institutions.
  - Priority 2- Identify barriers to effective collaboration between industry and academia and between academic institutions.
- Mr. Orkwis explained that in order to further delve into these priorities, the workgroup used a brainstorming exercise.
  - Mr. Orkwis highlighted 3 key ideas for collaboration between industry and academia
    - Visiting Professor Exchange – Ohio universities can create a one semester exchange, 1 for 1, where, for example, a UC professor might go to UD in the Fall and the UD professor comes to UC in the Spring, they teach some specific classes, meet people and gain trusted colleagues – probably a no cost option but State might provide travel funds (po)
    - Academia-Industry-Lab Exchange – Two (or more) nonacademic organizations can exchange visitors for a semester, academician working on real-world problems, industry/lab researcher teaching some class – might be more practical part time or over a sabbatical but would probably involve the hosting institution paying something or the State covering the costs to make it happen on both ends (po)
    - Encourage Ohio university faculty to take sabbaticals with Ohio industry, federal laboratories
  - Mr. Orkwis suggested that the Technology Development working group should focus on those technologies that perhaps support the broader aviation and aerospace infrastructure and that would ALSO give Ohio a competitive advantage over other states.
    - Mr. Orkwis identified a critical need for some Ohio businesses and airports in development and implementation of NEXTGEN air traffic management procedures.
- Chairman Perales thanked Mr. Orkwis for his input and emphasized the importance of working closely with the Ohio Federal Military Jobs Commission to not duplicate efforts.

- Chairman Perales called upon Tony Bailey to give the committee an update on the Industry Support workgroup.
- Tony Bailey explained that the Industry Support workgroup has been holding regular meetings on all industry issues, however the primary focus of discussions were related to tax exemptions.
  - For legislative purposes, there are two approaches to be presented to OAATC for review:
    - A tax abatement on business category aircraft sales called a “Fly-Away” tax defined in a previous session. This topic is now open for clarification.
    - A tax abatement on all aircraft sales transactions that occur in the State of Ohio. This topic is now open for clarification.
  - Mr. Bailey explained that the Industry Support group will continue to collect as much data as possible specific to aviation related tax incentives and the application of aviation sales incentives in other States.
  - Mr. Bailey explained that the industry support group will continue to look into small business issues regarding R&D and SBIR as the primary focus.
- Bob Tanner elaborated that the broader general aviation sales and use tax exemption has already been passed in 6 states, and emphasized that companies like NetJets and others pay very close attention to state tax structures when making transactions of aircraft.
- Tony Bailey explained that both tax incentives could be leaving millions if not billions on the table for Ohio.
- Representative Baker emphasized the need to collect data on the potential return on investment of these tax policies.
- Chairman Perales agreed and added the importance that Ohio not be put at a disadvantage in tax policies.
- Chairman Perales thanked Tony Bailey and Bob Tanner for the update.
- Chairman Perales called upon Mike Heil to give the committee an update on the Installations Support workgroup.
- Mike Heil explained that the objective of the Installations Support workgroup is to recommend to the Committee legislation or policies that support State and Federal Aerospace and Aviation related installations
  - Mr. Heil identified three priorities:
    - Identify recommendations on how to coordinate local and regional efforts that are focused on supporting Active/Guard/Reserve/Research installations in upcoming or potential force structure actions
      - Mr. Heil explained that for this priority, it will be important to work in balance with the newly formed Ohio Military Facilities Commission.
    - Identify economic or regulatory recommendations for the committee that would enhance Ohio businesses and suppliers to State and Federal Installations to better posture those installations during force structure evaluations
      - Mr. Heil explained that the recommended actions for this priority is to reach out to businesses, educational and trade organizations to identify any economic or regulations that they feel would enhance their posture to support Installations in a force structure evaluation.

- Mr. Heil elaborates that the Installations Support workgroup believes this would require a state funded study.
  - Mr. Heil continued to emphasize that a strong industry support base is crucial in the case of force structure actions.
- Identify specific workforce related initiatives that Federal installations could benefit from and recommend to the committee how to implement them
  - Mr. Heil explained that this priority would fall under the Ohio Federal Military Jobs commission and the workgroup recommends no action on this item.
- Chairman Perales thanked him for his update.
- Chairman Perales asked if anyone on the committee or in the audience had anything to add to the discussions.
- Brady Templeton, President of Airborne Maintenance and Engineering Services, Inc., requested to speak briefly.
  - Mr. Templeton commended JobsOhio and Glenn Richardson for doing such a great job, and expressed that it was nice to hear someone listening to these workforce issues.
  - Mr. Templeton explained that he sees a great opportunity with vocational schools, and described a partnership that Airborne is currently utilizing to this end.
  - Mr. Templeton suggested that the Ohio Department of Education, parents, teachers and administrators promote the vocational school pathway moving forward.
  - Mr. Templeton explained that there are many more opportunities similar to his situation and that the state of Ohio as well as the aerospace and aviation industries could greatly benefit from promoting programs similar to his.
- Chairman Perales thanked all of the committee members, witnesses and audience members for attending the meeting, and encouraged everyone to stick around for the rest of Aerospace Day 2015.
- Chairman Perales adjourned the meeting at 11:39am.