

SUNSET COMMISSION DECISIONS



TEXAS AEROSPACE COMMISSION

November 2002

AGENCY INFORMATION

Agency at a Glance

The Legislature created the Texas Space Commission in 1987 to encourage economic development of industries related to the commercialization of space, later renaming it the Texas Aerospace Commission (TAC) in 1993.

The Commission performs the following functions:

- helps recruit and expand aerospace industries in Texas by promoting working relationships among governmental agencies, academic and other research institutions, and industry;
- administers state grant funds to assist with the establishment of reusable launch facilities, or spaceports; and
- helps promote space-related research.

Key Facts

- **Funding.** The agency operates with an annual appropriation of about \$213,000, composed entirely of General Revenue Funds. The agency receives some revenue from the sale of its speciality license plates.
- **Staffing.** The agency has three full-time equivalent positions, including an Executive Director and two staff that are responsible for planning and agency operations.
- **Spaceport Initiatives.** The Commission received an additional \$1.57 million in General Revenue for the 2002-2003 biennium for grants to local spaceport authorities to support initial planning and development costs for commercial spaceports.

ISSUE / RECOMMENDATIONS

Issue 1 Texas Has No Clear Need to Continue a Stand-Alone Agency to Foster Industries Related to the Commercialization of Space.

Recommendations

Change in Statute

1.1 The Texas Aerospace Commission should be abolished under the terms of the Sunset Act.

Under this recommendation, no action would be needed by the Sunset Commission and no legislation would be needed to abolish the Commission. The Commission would simply be abolished on its Sunset date of September 1, 2003. The standard one-year period for an abolished agency to conclude its affairs would be necessary to ensure that any outstanding spaceport pursuit grants would be closed out by the agency's termination date.

The State has many other entities dedicated to promoting the economic development of the state. The Legislature established the Texas Department of Economic Development to market the entire state as both a business and tourist destination. Additionally, most economic development in Texas occurs locally through local economic development entities that encourage and promote economic development that is targeted for their areas.

Although the Texas Aerospace Commission was created to foster industries related to the commercialization of space, the commercial space industry has declined significantly in recent years. Having a small, stand-alone state agency dedicated to fostering this specific industry is not an efficient use of the State's limited resources.

The Commission has established a private, non-profit foundation, the Aerospace Commission Foundation of Texas, that will continue to operate for the benefit of aerospace industries in Texas. And, if a significant need for or growth in this industry arises, the Governor has the authority to create a task force to study and assess the industry, or to market Texas to the industry, much like the Boeing Task Force that was created in 2001. A task force would offer a more flexible and responsive way to identify and address the needs of this industry. The task force would have specific charges and deliverables, exist only until these charges were accomplished, and be free from the numerous administrative functions that challenge small state agencies.

1.2 Transfer the responsibility of administering the Spaceport Trust Fund to the Texas Department of Transportation's Aviation Division.

In 2001, the Legislature established the Spaceport Trust Fund consisting of gifts, grants, or donations made for the development of spaceport infrastructure. The Texas Aerospace Commission is responsible for administering this Fund; however, no funding has been appropriated nor have any funds been raised. Additionally, if and when funds are available, they can only be used once a reusable launch vehicle has been created, commits to launching from Texas, and obtains a license from the Federal Aviation Administration. The Texas Aerospace Commission and the three local spaceports estimate that this may not happen for another five to 15 years.

The Texas Department of Transportation's Aviation Division is currently responsible for administering infrastructure grants to small municipal airports. The Division administers grants totaling about \$60 million and has the expertise necessary to administer the Spaceport Trust Fund, if funds become available and the industry has progressed to the point of being able to use them.

Fiscal Implication

These recommendations would result in an overall savings of approximately \$213,000, including the reduction of three full-time equivalent (FTE) positions. These savings would not begin until fiscal year 2005, following the one-year wind down period for agencies abolished under Sunset.

Responses

Agency

The agency opposes these recommendations. The agency agrees that it has performed projects above and beyond its statutory authority and concurs that process improvements are necessary. However, according to the agency, the legislative intent of changing the agency's name was to broaden the scope of its duties to include both space and aviation. Additionally, the agency's funding pattern includes a goal to enhance awareness and recognition of both space and aviation industries. Finally, according to TAC, the agency and its customers believe that there has never been a time when it has been more important to have a stand-alone agency with the unique technical expertise and experience to address the needs of the aviation and space industries in Texas. (William F. Looke, Executive Director - Texas Aerospace Commission)

Agency Modification

1. Continue the agency and amend the its statute to clarify the Texas Aerospace Commission's statutory authority regarding aviation and space-related industries.

Affected Agency

The Texas Department of Transportation does not have a comment on the report or its recommendations. The Department's Aviation Division assists cities and counties for applying for, receiving and disbursing federal and state funds for reliever and general aviation airports. The division does not administer any funds held outside the treasury, as envisioned for the Spaceport Trust Fund, nor conduct any business plan analysis similar to that statutorily required for the Spaceport Trust Fund. (Michael W. Behrens, P.E., Executive Director - Texas Department of Transportation)

The Texas Department of Economic Development takes no position on the abolition of the Texas Aerospace Commission. The Department is the lead state agency for economic development, responsible for marketing the state as a business location and tourism destination, and assisting communities to maximize their economic development opportunities. It is the intent of the agency to further the role of market research to drive the identification of targeted markets and industries which may have a comparative advantage by locating in Texas. If the aerospace industry were to be identified, then the agency would work with the Aerospace Commission or any other state or local entity to pursue expansion of that industry in Texas. (Jeff Moseley, Executive Director - Texas Department of Economic Development)

For

None received.

Against

George W.S. Abbey - NASA Lyndon B. Johnson Space Center, Houston

Larry Bell, Professor/Director - Sasakawa International Center for Space Architecture, University of Houston

Vern Broomall, Corporate Vice President Engineering, Quality and Technology - Vought Aircraft Industries, Inc., Dallas

Marie Dalton, Ed.D., Executive Vice President - Aerospace Academy, Houston

William J. Ehrie, Chairman - Texas Defense, Aviation, and Aerospace Alliance, Abilene

The Honorable Filemon "Phil" Esquivel, Mayor - City of Kingsville, South Texas Spaceport Consortium, U.S. Conference of Mayors

The Honorable Delmon Hodges, Pecos County Judge

Randell W. Livingston, Jr., President/CEO - Penn-Tex Aerospace, Austin

Mick McKeown, Vice President for Washington Operations - Vought Aircraft Industries, Inc., Dallas

Dick Messbarger, Executive Director - Greater Kingsville Economic Development Council

Joe Moseley, PE, Ph.D., Consultant to Willacy County - Corpus Christi

Mike Mott, Vice President and General Manager, NASA Systems - The Boeing Company, Houston

The Honorable Simon Salinas, Willacy County Judge

Fred H. Welch, President - Gulf Coast Regional Spaceport, Angleton

Opposes Recommendations 1.1 and 1.2, but supports Modification 1 - Tristan "Tris" Castaneda, Jr., Government Relations Consultant for the City of Fort Stockton/Pecos County - Austin

Modifications

2. Continue the Texas Aerospace Commission for 12 years and clarify its mission in law as encouraging economic development by fostering the development of aerospace and aviation industries in Texas.

Require the Commission to perform the following duties.

- Analyze the State of Texas' economic position within the aerospace and aviation industries.
- Develop short and long-term business strategies for the state designed to promote the retention, development, and expansion of aerospace and aviation industry facilities, including specific recommendations to the Legislature and Governor.
- Liaison with other state and federal entities with related economic, educational, and defense responsibilities to support marketing Texas' aerospace and aviation capabilities.
- Provide technical support and expertise to the state and local spaceport authorities regarding aerospace and aviation business matters.

Require the Commission to develop and implement the following management and oversight controls.

- A Strategic Plan that ensures a clear focus and direction for the agency, includes reasonable goals and strategies that are achievable with the agency's resources, and details the methodology of how the Commission plans to implement the strategies.
- Consistent agency-wide policies, procedures, and controls over day-to-day operations including fiscal management and budgeting, contracting, human resources, and travel.
- Criteria to evaluate and prioritize which projects to pursue, and the amount of time and resources to allocate for each project.
- Financial and operational controls over the Commission's non-profit foundation.

Require the Commission to submit quarterly reports to the Sunset Commission beginning in January 2003, on the status of all of these recommendations, and to submit a report to the Sunset Commission detailing any progress that has been made to address these recommendations in December 2004, prior to the 79th legislative session.

Apply the Sunset Commission Across-the-Board recommendations to the Commission.

(Senator Jackson, Sunset Commission member)

3. Continue the Texas Aerospace Commission as a separate, independent state agency. (Vern Broomall, Corporate Vice President Engineering, Quality and Technology - Vought Aircraft Industries, Inc., Dallas; Marie Dalton, Ed.D., Executive Vice President - Aerospace Academy, Houston; The Honorable Delmon Hodges, Pecos County Judge; Randell W. Livingston, Jr., President/CEO - Penn-Tex Aerospace, Austin; Mick McKeown, Vice President for Washington Operations - Vought Aircraft Industries, Inc., Dallas; Joe Moseley, PE, Ph.D., Consultant to Willacy County - Corpus Christi)
4. Continue the Texas Aerospace Commission and update the Commission's statute to reflect current realities and challenges. (Jeffrey Dodson, Director State Government Relations - The Boeing Company, Austin; Mike Mott, Vice President and General Manager, NASA Systems - The Boeing Company, Houston)
5. Continue and fully fund the Texas Aerospace Commission to boost the Texas economy via economic development opportunities in the fields of space, commercial and general aviation. (William J. Ehrie, Chairman - Texas Defense, Aviation, and Aerospace Alliance, Abilene)

Staff Comment: The Commission's current appropriation for the 2002-2003 biennium is approximately \$426,000. However, in its current Legislative Appropriations Request, the agency is requesting an additional \$1.8 million and 7 FTEs for the 2004-2005 biennium to carry out its operations.

Recommended Action: Adopt Recommendations 1.1 and 1.2.

Commission Decision: Adopted Modification 2, including the following Across-the-Board recommendations, and directed the Commission to carry out these duties with its current funding and staffing levels.

ACROSS-THE-BOARD RECOMMENDATIONS

Texas Aerospace Commission	
Recommendations	Across-the-Board Provisions
	A. GENERAL
Apply	1. Require at least one-third public membership on state agency policymaking bodies.
Update	2. Require specific provisions relating to conflicts of interest.
Update	3. Require that appointment to the policymaking body be made without regard to the appointee's race, color, disability, sex, religion, age, or national origin.
Apply	4. Provide for the Governor to designate the presiding officer of a state agency's policymaking body.
Apply	5. Specify grounds for removal of a member of the policymaking body.
Apply	6. Require that information on standards of conduct be provided to members of policymaking bodies and agency employees.
Apply	7. Require training for members of policymaking bodies.
Apply	8. Require the agency's policymaking body to develop and implement policies that clearly separate the functions of the policymaking body and the agency staff.
Apply	9. Provide for public testimony at meetings of the policymaking body.
Apply	10. Require information to be maintained on complaints.
Apply	11. Require development of an equal employment opportunity policy.
Apply	12. Require information and training on the State Employee Incentive Program.
Apply	13. Require agencies to make effective use of technology.
Apply	14. Develop and use appropriate alternative rulemaking and dispute resolution procedures.

NEW ISSUES

New Issues

The following issues were raised in addition to the one issue contained in the staff report. These issues are numbered sequentially to follow the staff recommendations.

2. Direct the state to undertake a comprehensive statewide economic benefit analysis with a well-defined basis for determining the potential direct, indirect and induced effects of a spaceport and potential statewide values. These effects might include attraction of new space-related equipment development, research activities, new businesses and educational institution growth. (The Honorable Simon Salinas, Willacy County Judge)
3. Emphasize initiatives to identify and retain aerospace technology and development opportunities in Texas in the period before a spaceport becomes fully functional. (The Honorable Simon Salinas, Willacy County Judge)

Staff Comment: According to Judge Salinas' testimony, the amount of funding necessary to implement New Issues 2 and 3 is estimated to be \$500,000.

Recommended Action: Staff makes no recommendation on either of the new issues.

Commission Decision: The Sunset Commission did not adopt either of the new issues.

