

**Testimony of Kansas Department of Commerce
on the Affordable Airfares Program
by Dan Lara, Public Information Officer**

Interim Budget Committee
9 a.m., Thursday, Oct. 15, 2012
Room 548S, The Statehouse

Good morning, Madam Chairwoman, and members of the Committee. I am here to provide an update of the Affordable Airfares Program and Air Service Support Funding for Manhattan and Topeka administered by the Kansas Department of Commerce.

Affordable Airfares Program

- The Department of Commerce deployed the \$5 million budgeted for the FY 2012 Kansas Affordable Airfares Program upon receipt of the letter from REAP officials dated July 23, 2012, that included information on the local matching requirements for Sedgwick County and Garden City.
- The Department of Commerce and REAP came to an agreement on the terms for an independent, third party review of the Fair Fares program in July 2012. This was done in the form of a Memorandum of Understanding (MOU) that outlines the terms of the study.
- As described in the MOU the study is “an independent review of the financial reports submitted by REAP as well as analysis of the data used by REAP pursuant to the guidelines for expenditure pursuant to KSA (2001 Supp) 74-50, 150(a).”
- The review is being conducted by the Center for Applied Economics at the University of Kansas School of Business and with a final report due to the Secretary of Commerce during the 2013 legislative session. A preliminary report will be completed no later than January 15, 2013.
- The costs of the study will be paid by REAP and shall not exceed \$10,000.

Air Service Support Funding for Manhattan and Topeka

- The Department is in the process of working with both Manhattan and Topeka to negotiate and finalize terms to allow for the implementation of the funding for those projects. Both cities are actively seeking carriers to provide air service. We anticipate having the background agreements and documents completed in the near future.