

Transportation Funding

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Dan Franklin
Iowa Department of Transportation

Transportation at a Crossroads

State funding - Road Use Tax Fund

- Road Use Tax Fund (all systems)
- Average annual projected growth 1%
 - 2008 - \$1.142 billion
 - 2009 - \$1.150 billion
 - 2010 - \$1.163 billion
 - 2011 - \$1.170 billion
 - 2012 - \$1.178 billion
 - 2013 - \$1.206 billion

Federal funding – Highway Trust Fund

- Highway Account - nationwide
- Average annual projected growth 2%
 - 2008 - \$34.6 billion
 - 2009 - \$35.7 billion
 - 2010 – \$36.4 billion
 - 2011 - \$36.9 billion
 - 2012 - \$37.5 billion
 - 2013 - \$38.2 billion

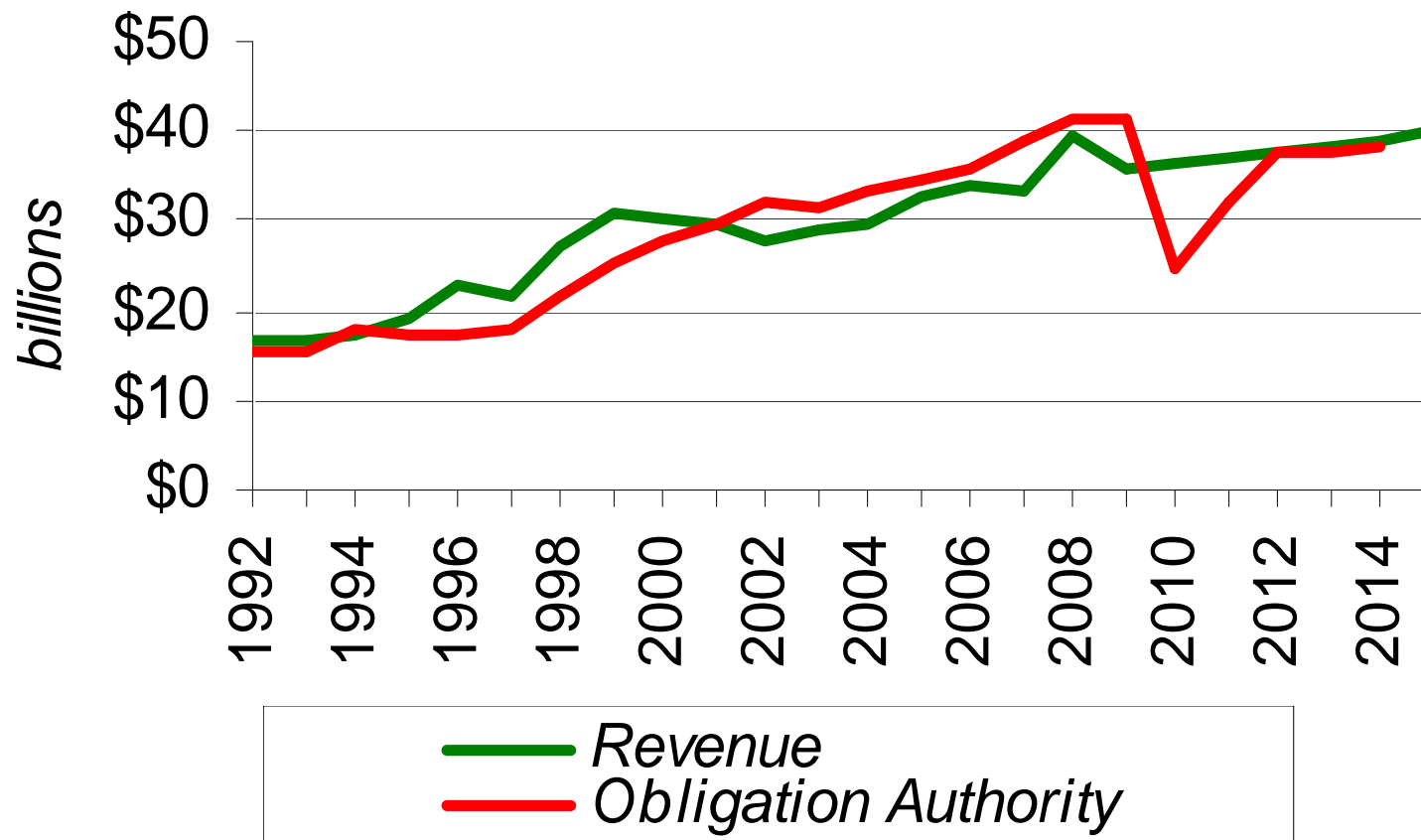
State and Federal Funding

- State: revenues and expenditures track fairly well
- Federal: revenues and expenditures do not track well
 - Federal funding is a two step process of Authorization and Appropriations,
 - Multiple program categories and distribution formulas

Federal Highway Program

- SAFETEA-LU establishes programs and funding levels
 - for planning purposes
- Annual Appropriations bills established annual funding
 - for construction purposes

Federal Highway Trust Fund - Highway Account



Federal Highway Program

- Key points in the previous chart:
 - Obligation authority – Spending money – Expenditures are exceeding Revenues
 - Without help there will be a shortfall in 2009 (- \$3.1 billion or – \$1.1 billion)
 - There will be a “Crash” in 2010
 - After 2010 is very uncertain and dependent on the new authorization bill.

Federal Highway Program

The Crisis is Here -
Now

Future Federal Funding - Authorizations

- SAFETEA-LU expires September 2009
- Federal taxes expire September 2011
- Past Highway Bills had a trust fund balance and/or new revenue
- By design the balance is gone
- Outlook for new revenue ??????

Future Federal Funding

- SAFETEA-LU established two Commissions in preparation for next Authorization:
 - National Policy and Revenue Commission
 - www.transportationfortomorrow.org
 - National Finance Commission
 - <http://financecommission.dot.gov>

National Policy Commission

Declaration of Policy and Call to Action

- In the national interest to preserve and enhance the surface transportation system for the 21st century
- Future of our nation is at stake – national economy, global competitiveness and quality of life
- Must take action now !!

National Policy Commission

- Mission
 - Study current condition and future needs
 - short term (next bill) and long term (50 years)
 - Develop plan and alternative approaches for revenues, federal policies and legislation

National Policy Commission

Findings

- The nation's surface transportation systems are unable to provide the essential transportation services necessary for the next generation
- Faced with a Policy Crisis
- Faced with a Financial Crisis

National Policy Commission

- A policy crisis
 - Lack of vision and sense of purpose
 - Project delivery
 - Donor vs donee conflict
 - Earmarking
 - Flexibility

National Policy Commission

- A financing crisis
 - Loss of purchasing power
 - Cash deficit
 - Under investing – at all levels
 - Need to invest \$225 billion/year
 - Current \$87 billion/year

National Policy Commission

- Recommendations
 - Must maintain a strong federal role
 - Must increase investment
 - Must establish national plans and performance based outcomes
 - Must develop multi-modal solutions

National Policy Commission

- Initial thoughts and concerns
 - Federal role
 - Urban Congestion
 - Freight bottlenecks
 - Use of “Cost to Complete”
 - National Performance Measures
 - Impact on Rural States
- “Devil is in the Details”

National Policy Commission

- Do not want this report to “Stay on the Shelf”
- Congressional Committees are likely to use this report as a starting point for the next surface transportation authorization
- NO FREE LUNCH

National Finance Commission

- **Mission**

(similar to National Policy Commission)

- Analyze highway and transit funding needs
- Analyze finances of the HTF
- Recommendations for alternative approaches for financing surface transportation
- Release final report – Fall of 2008

National Finance Commission

- Preliminary report
 - Demands outpace investment (maintenance vs needed expansion /capacity)
 - Fuel tax no longer sufficient at current rate
 - More direct user charges should be explored

Surface Transportation Authorization

- Over the next two years will hear much about authorization –
 - Policy issues
 - Funding issues

Surface Transportation Authorization

Some of the many Associations involved in
the next Authorization – A nationwide effort:

State DOTs – AASHTO

County, City and Regional
Associations

NGA

NCSL

US Chamber of Commerce

APTA

AAR

ATA

ARTBA

AGC

NAPA

Summary

- Transportation Crisis is here
- Critical to the future of the Nation
- As transportation officials we do not do a good job of explaining to the public:
 - The tie between transportation and the economy
 - The tie between transportation and our quality of life

We are living off the vision of our
parents and grandparents !

What are we going to leave to
our children and grandchildren?

Questions?

- A lot of capacity was built into the original systems – that capacity is now gone and we are having trouble maintaining and preserving our system – without trying to provide increased capacity

Federal Highway Program

- Federal program expires September 30, 2009
- Federal fuel taxes expire on September 30, 2011