



# Transportation Funding Situation Assessment

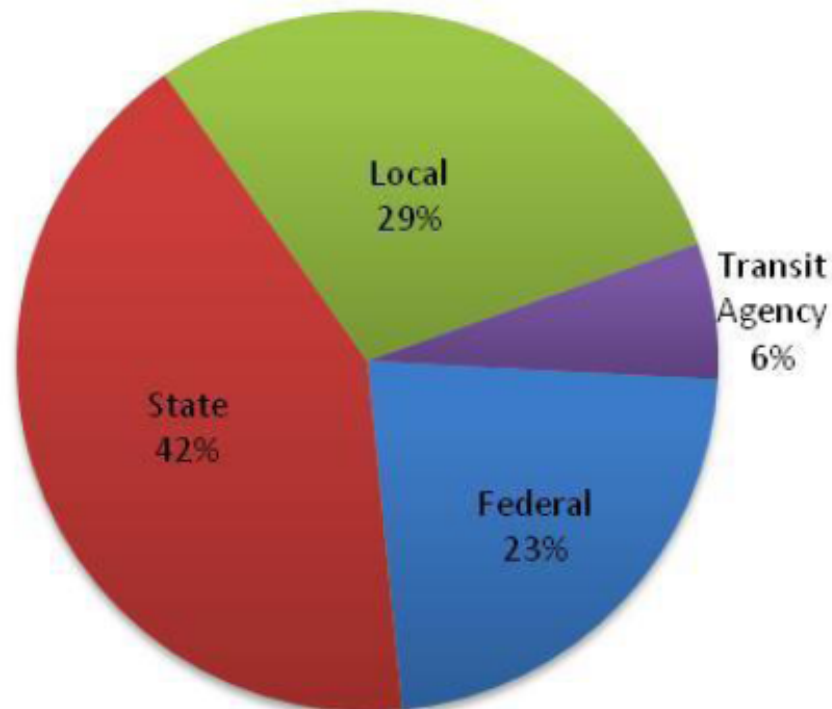
December 2, 2010

# Overview

- **Infrastructure Spending Historical Overview**
- **Federal Funding Predicament**
- **State Fiscal Pressures**
- **What it Means for Ohio River Bridges**

# National Funding Overview

## Funding Sources for Surface Transportation, By Level of Government

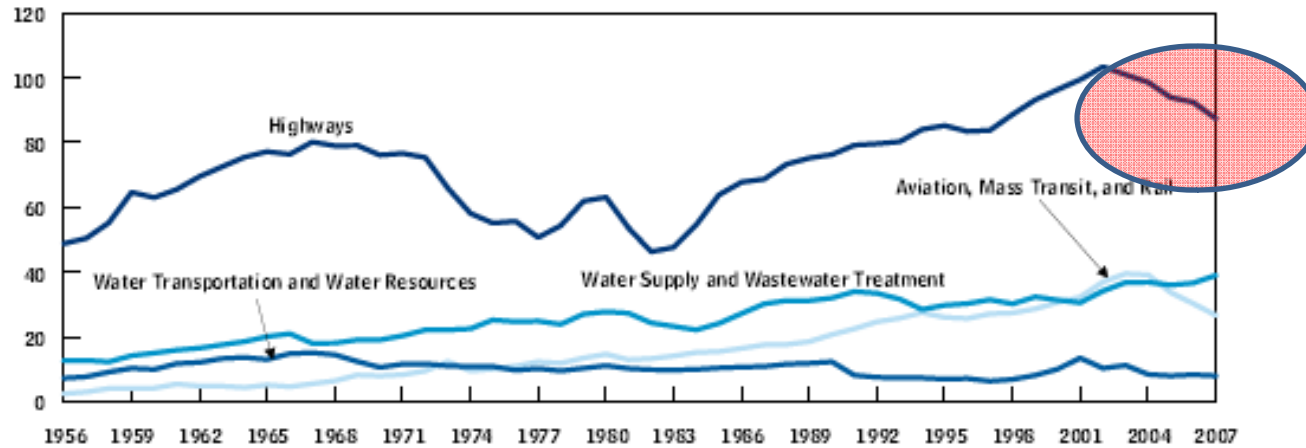


Source: FHWA. *Highway Statistics. Table HF-10. State Funding for Highways – Summary (2008)*. Published February 2010. Revenues used for Highways-By Collecting Agencies, Total Current Income. APTA. *2010 Public Transportation Fact Book. April 2010. Table 20: Funding Sources (2008)*, page 22.

# CBO Study: Infrastructure Capital Spending

## Total Public Spending for Transportation and Water Infrastructure Capital, by Type of Infrastructure, 1956 to 2007

(Billions of 2009 dollars)



Source: Congressional Budget Office.

Notes: Total public spending is the sum of expenditures by the federal government and by state and local governments.

For the purposes of this analysis, the phrase "transportation and water infrastructure" encompasses the facilities and systems that support transportation, provide water resources, supply drinking water, and treat wastewater.

Capital spending includes the purchase, construction, rehabilitation, or improvement of physical assets, such as land, facilities, and equipment.

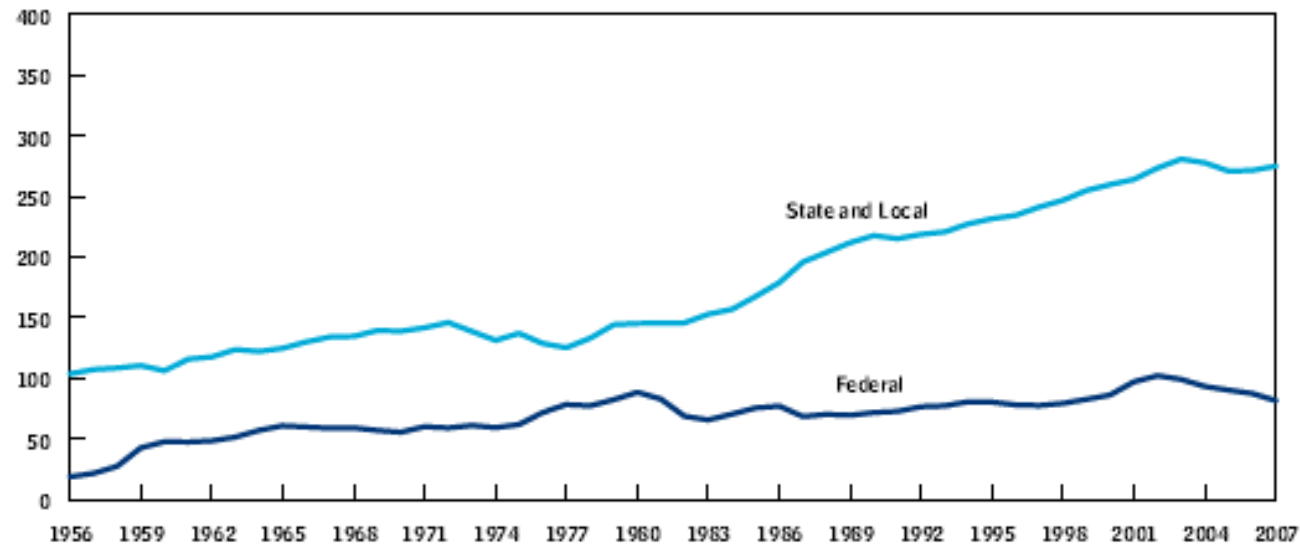
Spending expressed in constant dollars has been adjusted to reflect the effects of inflation between the year the spending occurred and a base year, which in this study is 2009.

Data on public spending for water transportation and water resources after 1990 do not include expenditures by states and localities on water resources.

# CBO Study: Infrastructure Spending by Level of Government

## Public Spending for Transportation and Water Infrastructure, by Level of Government, 1956 to 2007

(Billions of 2009 dollars)



Source: Congressional Budget Office.

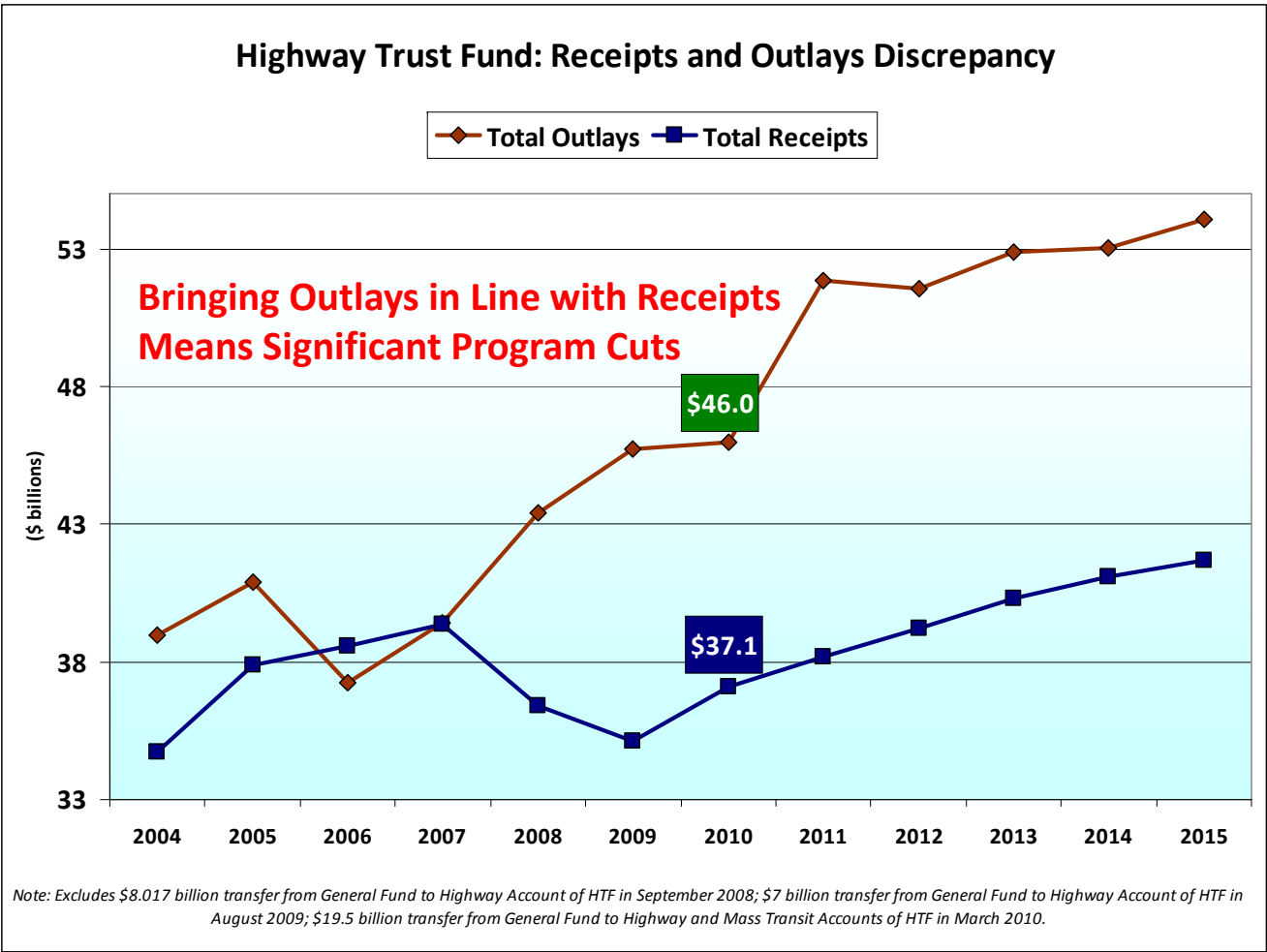
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# Federal Landscape

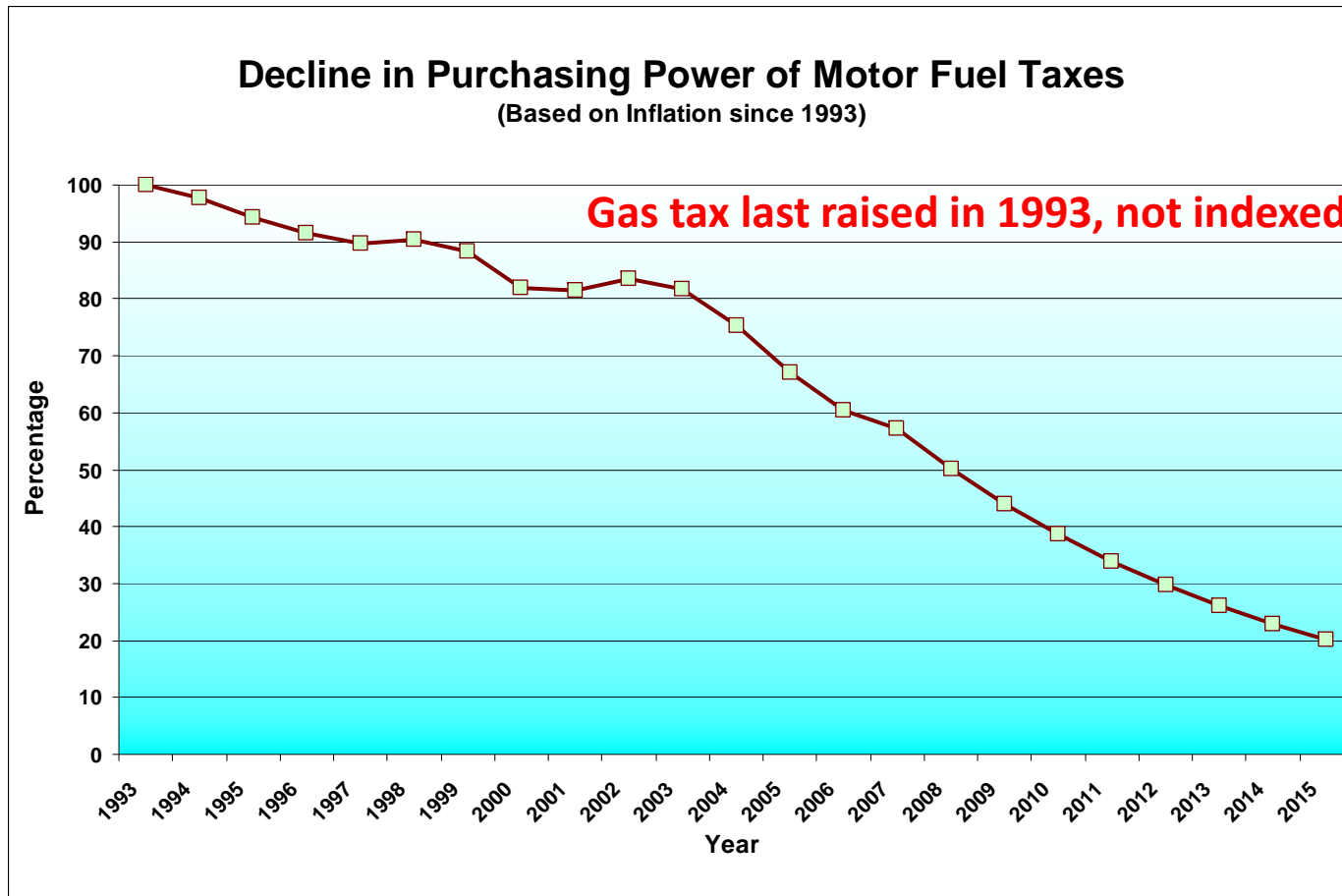
- Surface transportation program funding expires December 3<sup>rd</sup>
  - Congress expected to pass short-term extension at Fiscal Year 2010 funding levels
- Surface transportation authorization expires December 31<sup>st</sup>
  - Possibility of six-month program extension
  - “Listening sessions”
  - Multi-year authorization???
- Deficit Commission joins gas tax bandwagon; *calls for program funding in line with revenues*
- Pressure to leverage existing resources – facilitate public-private partnerships, encourage tolling, expand financing opportunities
- Spotlight on Congressional earmarking...and Admin discretionary programs
- Underlying key question: what is the Federal government’s role?
  - Likely narrower scope, less direct funding
  - Facilitator of non-federal initiatives

# Highway Trust Fund Bottom Line



Source: American Association of State Highway and Transportation Officials

# Transportation Funding Workhorse (Fuel Tax) in Decline



Source: American Association of State Highway and Transportation Officials

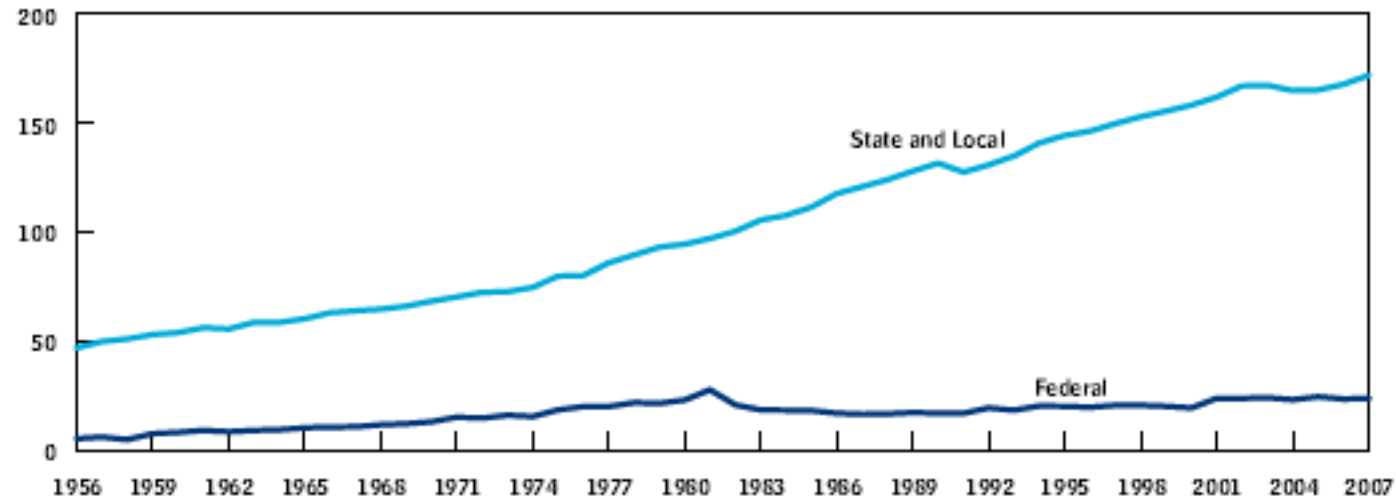
# State Funding Landscape

- **State Transportation General Fund Spending Cuts in 21 States in FY 2010 (National Association of State Budget Officers)**
- **Across the country, “borrowing” from Transportation Trust Funds to backstop General Fund**
- **Transportation revenues down and limited appetite to raise rates, including but not limited to gas tax**
- **Operations, maintenance, and system preservation consuming increasing share of state transportation programs, little left for new capacity**

# CBO Study: Mounting O&M Demands

## Public Spending for the Operation and Maintenance of Transportation and Water Infrastructure, by Level of Government, 1956 to 2007

(Billions of 2009 dollars)



Source: Congressional Budget Office.

Notes: For the purposes of this analysis, the phrase "transportation and water infrastructure" encompasses the facilities and systems that support transportation, provide water resources, supply drinking water, and treat wastewater.

When calculating spending for operation and maintenance, which pertains primarily to physical assets, CBO also includes spending on investment in intangible assets (for instance, for research and development), as well as expenditures for administrative activities and public outreach (such as educational and safety programs).

Spending expressed in constant dollars has been adjusted to reflect the effects of inflation between the year the spending occurred and a base year, which in this study is 2009.

# Takeaways for Ohio River Bridges

- Federal funding tied up in knots, likely shrinking
- States can't make up for federal program shortfall
- Nationally, conventional federal and state sources paying small and shrinking share of new urban capacity
  - Tolling and targeted local taxes picking up some of the balance
  - Mega-projects relying on alternative sources, including user fees
- Partnerships and financing mechanisms can facilitate and accelerate improvements
- But, *need underlying revenue stream(s)*
  - And, most often, a mix of funding sources