STATE OF THE REGION:
HISTORICAL TRANSPORTATION FUNDING RESOURCES
WORKING PAPER #3

December 2012
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STATE OF THE REGION: 
HISTORICAL TRANSPORTATION FUNDING RESOURCES FOR THE 2006-2011 PERIOD

This is the third in the series of white papers that will serve as background information for Imagine Central Arkansas. This paper addresses historical mechanisms for funding transportation projects in the region, including sources and amounts.

A variety of transportation services and facilities are provided within Central Arkansas including the State Highway System, city and county roads and streets, and public transit. Fixed-route public transit and demand response transit service is provided by the Central Arkansas Transit Authority (CATA). These services and facilities are funded through various sources at the federal, state, and local level.

The following narrative outlines the funding received by source for the CARTS area between 2006 and 2010, and 2011 where available. The remainder of this memorandum provides a breakdown of the federal, state, and local funds received during this same time period. The results of this historical funding analysis will be used, in part, as the basis for funding forecasts for Imagine Central Arkansas.

Summary of All Funding Sources

Historical financial information relative to the funding of transportation services within central Arkansas was obtained from federal, state, and local agencies with the assistance of Metroplan and the Arkansas Highway and Transportation Department (AHTD). The CARTS area received an average of $194.5 million per year between 2006 and 2010 (the most recent year for which full funding data is available). It should be noted the CARTS area received a one time allocation of funds through the American Recovery and Reinvestment Act of 2009. This one time allocation used for transportation projects in the region is not included in this analysis.

Overall, funding between 2006 and 2011 fluctuated significantly, beginning at over $224.9 million in 2006 and dropping to $144.1 million in 2007 and con-

Highlights

- CARTS received an average of $194.5 million in funding from federal, state and local sources between 2006 and 2010.
- Funding amounts fluctuated significantly between 2006 and 2011, attributed to variances in highway project progression to completion.
- Federal funds make up almost half (47%) of all CARTS funding, the vast majority ($84.8 million on average) going to highway sources.
- Most federal funding of transit ($5.3 million on average) comes from the Federal Transit Administration (FTA) and goes toward capital expenses.
- State funding, which fluctuated significantly between 2006 and 2011, averages about $24.9 million per year, the vast majority of which is spent on highway projects.
- Local funding amounts, which are more consistent than federal or state sources, averaged $65.8 million for roads and $11.1 million for transit between 2006 and 2010.

Continuing to fluctuate until reaching a high of $242.3 million in 2010 (see Figure 1). Such high year-to-year variances are attributed to fluctuations in the number and size of highway projects that progress to construction in a given year.
Federal-aid Funding

As shown in Figure 2, federal funds make up almost half of total transportation funds received since 2005, with local funds providing the next largest amount.

The current federal surface transportation bill was signed into law by the President on July 6, 2012. This is the first long-term transportation funding act since 2005. The Moving Ahead for Progress in the 21st Century Act (MAP-21) funds surface transportation programs at over $105 billion for fiscal years 2013 and 2014. MAP-21 represents a streamlined and performance-based approach to funding highway, transit, bicycle and pedestrian programs and policies as established in earlier transportation funding acts.
The majority of federal-aid highway funding has come from the Federal Highway Administration (FHWA) based on specific federal program allocations as determined in Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and previous surface transportation acts. Major funding categories for highways prior to MAP-21 included:

- Highway Safety Improvement Program;
- National Highway System (NHS);
- Interstate Maintenance (IM);
- Surface Transportation Program (STP);
- Bridge Program (BR);
- Transportation Enhancement (TE);
- Safe Routes to School (SRTS);
- Recreational Trails;
- Earmarks; and
- Congestion Mitigation and Air Quality (CMAQ).

The obligation of Federal-aid funds is a key step in project financing after which the funds are con-

### Table 1. Federal-aid Highway Funding Obligated by Funding Category, 2006-2011

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHS</td>
<td>$35,522</td>
<td>$17,197</td>
<td>$6,869</td>
<td>$23,708</td>
<td>$30,655</td>
<td>$38,299</td>
<td>$25,375</td>
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<tr>
<td>IM</td>
<td>$39,346</td>
<td>$3,801</td>
<td>$27,153</td>
<td>$16,351</td>
<td>$19,396</td>
<td>$12,473</td>
<td>$19,733</td>
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<tr>
<td>STP-State</td>
<td>$14,653</td>
<td>$10,989</td>
<td>$14,155</td>
<td>$6,018</td>
<td>$45,275</td>
<td>$13,269</td>
<td>$17,393</td>
</tr>
<tr>
<td>Highway Safety</td>
<td>$2,039</td>
<td>$2,217</td>
<td>$15,041</td>
<td>$1,988</td>
<td>$2,248</td>
<td>$4,226</td>
<td>$4,626</td>
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<tr>
<td>STP&gt;200K</td>
<td>$8,924</td>
<td>$11,542</td>
<td>$4,873</td>
<td>$1,489</td>
<td>$18,046</td>
<td>$12,958</td>
<td>$9,639</td>
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<tr>
<td>STP&lt;200K</td>
<td>$575</td>
<td>$75</td>
<td>$262</td>
<td>$75</td>
<td>$58</td>
<td>$157</td>
<td>$175</td>
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<tr>
<td>Bridge Program</td>
<td>$ (10)</td>
<td>$ (903)</td>
<td>$886</td>
<td>$2,614</td>
<td>$202</td>
<td>$6,180</td>
<td>$1,495</td>
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<tr>
<td>TE</td>
<td>$1,238</td>
<td>$28</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$211</td>
</tr>
<tr>
<td>SRTS*</td>
<td>-</td>
<td>-</td>
<td>$363</td>
<td>$558</td>
<td>$325</td>
<td>$305</td>
<td>$388</td>
</tr>
<tr>
<td>Recreational Trails</td>
<td>$194</td>
<td>-</td>
<td>$68</td>
<td>$189</td>
<td>$172</td>
<td>$290</td>
<td>$152</td>
</tr>
<tr>
<td>Earmarks</td>
<td>$3,151</td>
<td>$3,205</td>
<td>$3,794</td>
<td>$15,400</td>
<td>$2,710</td>
<td>$6,024</td>
<td>$5,714</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$105,633</td>
<td>$48,151</td>
<td>$73,463</td>
<td>$68,240</td>
<td>$119,088</td>
<td>$94,180</td>
<td>$84,792</td>
</tr>
</tbody>
</table>

*Safe Routes to School program began in 2008, therefore 2006 and 2007 are not included in the annual average.

Note: All figures in thousands of dollars, totals may differ due to rounding.
Federal funds make up almost half (48%) of all CARTS funding, the vast majority ($84.7 million on average) going to highway sources.

Considered "used" although no cash is transferred. The Federal government obligates or promises to pay the Federal share of a project's eligible cost when a given stage of a project is approved. Table 1 reports the obligations for major Federal-aid categories for CARTS area projects during Federal Fiscal Years (FFY) 2006-2011.

Total funding from Federal sources has varied significantly between 2006 and 2011, ranging from a low of $48.2 million in 2007 to a high of $119.1 million in 2010. The average amount received by CARTS between 2006 and 2011 is $84.8 million. The year-to-year variance in funding amounts is attributed to differences in the level of construction work in any given year. The six year average is a better indicator of annual revenue.

Federal-aid highway funding for the categories listed above were provided by AHTD. While there has been some variation in funding levels for federal programs over the last six years, generally the largest programs for which funding was received are the National Highway System, Interstate Maintenance, and the Surface Transportation Program. These are the largest programs nationally as well.

It should be noted that a small amount of Transportation Enhancement funds were spent in the CARTS area under statewide projects such as the wildflower program. However, the bulk of Transportation Enhancement funds during this period went to new tourist information centers around the state. Also, the Safe Routes to School program began in Fiscal Year 2008; therefore, this annual average is calculated on a four year average.

The National Highway System, Interstate Maintenance, and Surface Transportation-State funds make up almost 75 percent of total federal highway funds obligated between 2006 and 2011 (see Figure 3). Combined, these sources represent about $62.6 million in annual revenue on average.

Transit

Almost all of the federal-aid transit funding comes from the Federal Transit Administration (FTA) based on both formula and discretionary funds. Major funding categories for federal transit funding prior to MAP-21 included:

- Urbanized Areas Formula Program (FTA 5307);
- Fixed Guideway Modernization/Major Capital Improvements (FTA 5309);
- Enhanced Mobility for Seniors and Individuals with Disabilities (FTA 5310);
- Formula Grants for Other than Urbanized Areas (FTA 5311);
- Job Access and Reverse Commute (JARC) Program (FTA 5316); and
- New Freedom Program (FTA 5317).

Federal transit funding for FTA 5307, 5309, 5316, and 5317 were provided by AHTD.

Figure 4. Annual Average Sources of Federal Transit Funds for CARTS

![Figure 4. Annual Average Sources of Federal Transit Funds for CARTS](image-url)
As shown in Figure 4 and Table 2, FTA 5307 formula funding is by far the largest source of federal transit funding for CATA. A majority of this funding is used for transit activities. FTA 5309 was earmarked for construction of the River Rail Streetcar, was completed in 2009. Leftover or remaining funds will be used for other projects in the future.

State Funding

Arkansas, like other states, deals with dwindling transportation dollars and increasing transportation costs. Historically, Arkansas has depended on their consumption-based fuel tax to support the majority of funding for their highways, roads, and even transit programs. However, with a national trend of reduced fuel consumption due to a variety of factors, the transportation dollars they once depended on may not be as readily available.

State highway funding was obtained from the AHTD, which make up the vast majority of state transportation funding. As shown in Table 3, it varied significantly between 2006 and 2011, ranging from a low of $8.3 million in 2007 to a high of $31 million in 2006. The average funds received between 2006 and 2011 is $19.1 million. The years with higher funding amounts are generally attributed to a limited number of 100 percent state-funded construction projects.

The total for state highway funding includes the state match for federal programs, the state-funded overlay program, routine highway maintenance, and a handful of 100 percent state-funded projects.

Table 3. State Transportation Funding, 2006-2011

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Highway Funds</td>
<td>$31,054</td>
<td>$8,326</td>
<td>$21,525</td>
<td>$14,337</td>
<td>$18,181</td>
<td>$21,096</td>
<td>$19,087</td>
</tr>
<tr>
<td>AHTD Road Maintenance</td>
<td>$7,852</td>
<td>$8,387</td>
<td>$10,299</td>
<td>$7,531</td>
<td>$11,185</td>
<td>$9,851</td>
<td>$9,185</td>
</tr>
<tr>
<td>PITF* (Public Transit)</td>
<td>$1,085</td>
<td>$1,197</td>
<td>$1,090</td>
<td>$1,090</td>
<td>$1,090</td>
<td>$1,090</td>
<td>$1,107</td>
</tr>
<tr>
<td>PITF* (Human Service)</td>
<td>$91</td>
<td>$111</td>
<td>$28</td>
<td>$115</td>
<td>$70</td>
<td>$0</td>
<td>$69</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$40,082</td>
<td>$18,021</td>
<td>$32,942</td>
<td>$23,073</td>
<td>$30,526</td>
<td>$32,037</td>
<td>$29,447</td>
</tr>
</tbody>
</table>

Note: All figures in thousands of dollars, totals may differ due to rounding.

*Public Transit Trust Funds funded by a state rental car tax.
State funds provided for transit are from the Public Transit Trust Fund (PTTF), which is funded by the state rental car tax that averages about $1.2 million per year for transit. The PTTF funds are used by human service agencies to match Section 5310 program funds. The PTTF was not used to match 5310 funds in 2011 but may be in the future. The PTTF is also used to fund South Central Arkansas Transit (SCAT) operations in Saline County.

**Local Funding**

Local contributions are made to both roadway and transit services funding. The jurisdictions in the CARTS area contribute through the street fund accounts for roadway funding and contributions from their general funds. Farebox revenues also are used to fund transit services. Local funding amounts are significantly more stable between 2006 and 2010 compared to federal and state sources.

**Roadway**

Roadway funding from local sources was obtained from historical street fund accounts for each local jurisdiction in the CARTS area. Total funding averaged about $65.8 million between 2006 and 2010 (see Table 4). Local sources can be parsed into three main categories:

- State Motor Fuels Tax Turnback ($28.9 million average) – Revenue generated by Arkansas’ levy of 21.5 cents per gallon of gasoline and 22.5 cents per gallon on diesel. Specific formulas are used to distribute the revenues between the state aid road fund and the cities and counties;
- Local Taxes ($30.7 million average) – This could include property taxes, sales tax, and/or city taxes; and
- Other Sources ($6.2 million average) – This includes revenue from the general fund, interest income, and miscellaneous income.

**Figure 5. Annual Average Sources of Local Roadway Funds for CARTS**

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Motor Fuels Tax Turnback</td>
<td>$28,470</td>
<td>$29,707</td>
<td>$28,751</td>
<td>$26,694</td>
<td>$30,954</td>
<td>$28,915</td>
</tr>
<tr>
<td>Local Taxes</td>
<td>$28,577</td>
<td>$28,473</td>
<td>$30,753</td>
<td>$30,916</td>
<td>$34,533</td>
<td>$30,650</td>
</tr>
<tr>
<td>Other Sources</td>
<td>$6,905</td>
<td>$4,874</td>
<td>$6,170</td>
<td>$3,645</td>
<td>$9,545</td>
<td>$6,228</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$63,952</td>
<td>$63,055</td>
<td>$65,674</td>
<td>$61,256</td>
<td>$75,031</td>
<td>$65,793</td>
</tr>
</tbody>
</table>

*Note: All figures in thousands of dollars, totals may differ due to rounding*
A review of the revenue history in the previous Long Range Transportation Plan showed the state motor fuels tax turnback as the slightly larger local funding source for roadways. However, in the last few years, local taxes have been the larger funding source. For example, over the last five years, taxes accounted for 47 percent of local roadway revenues (about $30.7 million) compared to 44 percent ($28.9 million) for the state motor fuels tax turnback. This is likely the result of lower fuel tax receipts as fuel consumption has decreased due to higher gas prices and more fuel efficient vehicles coupled with the recent economic recession.

**CATA**

As shown in Table 5 and Figure 6, local contributions from the participating communities are the largest source of revenue for CATA (about $9.1 million per year on average). Farebox collections (just under $2.0 million per year on average) also provide support for the operations of the transit agency.

**Conclusion**

This review of the historical funding for the CARTS area sets the stage for forecasting future revenues. A comprehensive look at factors impacting future revenues as well as an examination of alternative funding sources will be performed in the next project task.

In anticipation of the next task, we will review the recently signed MAP-21 bill authorizing transportation funding for the next two years. Funding for MAP-21 will remain at SAFETEA-LU levels through September 30, 2013 and increase slightly for 2014. It is useful to keep in mind that federal highway and transit funds come from the Highway Trust Fund which is supported primarily by the federal motor fuels tax. The fuel tax yield is declining with the production of more fuel efficient vehicles and the increased use of alternative fuel. It is likely revenues will decline over time if other sources are not determined. This trend for federal revenues is expected to hold true for many state and local revenue sources as well that rely on motor fuel taxes.