# Re-thinking Transportation Systems for Rural Areas:

The Role of the Federal Government, Funding Formulae, and Strategic Disinvestment

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### ABSTRACT

State and federal transportation funding mechanisms, which are primarily dependent on gas and diesel taxes, are becoming increasingly inefficient due to both a reduction in overall fuel purchases and an inflationary decrease in purchasing power. The proposed solutions to this funding crisis have either limited applicability in rural areas or raise equity concerns when applied to rural areas. High occupancy toll lanes (HOT lanes), tolling, congestion pricing, and public-private partnerships are all dependant on high levels of vehicular activity, which are not usually found in rural areas.

Rural transportation corridors are critical to our nations' economic and security interest, providing access to agricultural and energy resources and enabling the movement of people and goods between metropolitan areas. If the new transportation bill is to address national transportation issues, it is essential to move beyond urban-centric funding solutions. This paper outlines concepts related to rural state transportation funding issues raised during a Vermont Summit hosted in December 2008.

The following concepts were identified as of critical interest to rural states: supporting a strong federal government role in transportation; being cautious with use of opt-out programs; significant changes and new variables in funding formulae; identification of diverse new federal revenue sources; questioning of non-federal match sources and requirements; further exploration of strategic disinvestment in highway infrastructure; and creation of new mobility systems designed explicitly for efficient operation in rural areas.

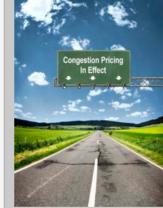
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Conclusions and statements made here are those of the authors

# SUMMIT QUESTIONS

- What should rural areas support as the appropriate federal role in funding a transportation system to meet the mobility needs of people and to enable the efficient movement of goods?
- 2. The next federal authorization bill will need to be a transitional bill to move us from our current funding system that relies primarily on gas and diesel taxes to a new funding scheme. What are the key elements that must be included in the funding formulae for this transition to ensure that the unique needs of rural states and their citizens are considered?
- 3. If revenue is not available to meet infrastructure needs are we, in fact, disinvesting in our transportation infrastructure? How do rural areas prioritize trade-offs between maintenance, rehabilitation, expansion and doing nothing?



#### FUNDING IMPLICATIONS FOR RURAL STATES

New Funding Mechanisms	Challenges for Rural Areas
Congestion Pricing	Few areas of high congestion, unlikely that funds would go to Highway Trust Fund
Tolling	Low traffic volume
High Occupancy Toll (HOT) Lanes	Low traffic volume
Public/ Private Partnerships	Low vehicle miles traveled
Vehicle Miles Traveled (VMT) fee	Higher burden for those who must travel greater distances, unintended environmental impacts



# CONCLUSIONS

Summit organizers concluded based on presentations and discussions that policy makers from rural states should consider:

- supporting a strong federal government role in transportation;
- being cautious with use of opt-out programs;
- significant changes and new variables in funding formulae;
- · identification of diverse new federal revenue sources;
- questioning of non-federal match sources and requirements;
- further exploration of strategic disinvestment in highway infrastructure; and,
- creation of new mobility systems designed explicitly for efficient operation in rural areas.

#### Ideas for New Federal Funding Formulae Changes

The following factors should be evaluated when determining a new federal funding formula:

- age of infrastructure
- age of population
- · impacts of climate change and adaptations needed
- resident vs. non-resident VMT



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