

# Re-thinking Transportation Systems for Rural Areas: The Role of the Federal Government, Funding Formulae, and Strategic Disinvestment

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Paper # 10-2473



## 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.

## ACKNOWLEDGMENTS

The Project Team gratefully acknowledges the efforts of the Summit Steering committee: Peter Plumeau, Thomas Humphrey, Jeff Munger, Robert Rich, Mary Sprayreagan, Claire Benjamin, Greg Cota, and Ted Brady, as well as discussions with Dr. Richard Watts, Dr. Glenn McRae and Charlie Smith. Funding for the Summit was provided by the U.S. Department of Transportation (US DOT) Research Innovation and Technology Administration (RITA) through the University Transportation Center program.

Conclusions and statements made here are those of the authors.

## SUMMIT QUESTIONS

1. 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

Congestion Pricing .....

Tolling .....

High Occupancy Toll (HOT) Lanes .....

Public/ Private Partnerships .....

Vehicle Miles Traveled (VMT) fee.....

### Challenges for Rural Areas

*Few areas of high congestion, unlikely that funds would go to Highway Trust Fund*

*Low traffic volume*

*Low traffic volume*

*Low vehicle miles traveled*

*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.

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### 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

