

SAFETEA-LU

Distribution of Surface Transportation Program (STP) funds

Issue:

SAFETEA-LU is the acronym for the current federal transportation act, Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. Signed into law in August 2005, SAFETEA-LU will expire in September 2009. The act provides spending “flexibility” to state and local governments in using federal funds to meet each state’s transportation needs.

The STP distribution by population and “state flexible” amounts are significantly less than the state’s forecast of \$445 million and \$430 million respectively. The forecast was based on the assumption that the TEA-21 funding framework continued. In the SAFETEA-LU legislation a larger portion of the available federal funding was earmarked for high priority projects reducing the funding available for traditional programmatic funds such as the surface transportation program. In addition, two new programs were created from funds that used to be included in the surface transportation program and the two new programs were funded at a higher level than what was available under TEA-21. The two new programs are the highway safety improvement program and railway-highway crossings program.

Based on current information from FHWA, Washington will receive:

- Approximately \$393 million of STP distribution by population compared to the forecast of \$445 million resulting in a reduction of 13%.
- Approximately \$296 million of “state flexible” funds compared to the forecast of \$430 million resulting in a reduction of 45%.

The recent passage of SAFETEA-LU provides the state an opportunity to establish the rules of allocating the “state flexible” funds. This document describes how and why STP funds were distributed during TEA-21 and decisions needed for SAFETEA-LU.

Background:

For purposes of distribution, STP funds either fall in a category that is distributed to benefit communities falling within certain population categories (“distribution by population”) or in a category distributed in accordance with a state’s discretionary rules of distribution (“state flexible”).

Distribution by Population

A total of \$352 million was designated in TEA-21 as STP distribution by population funds. The distribution of these funds, established in ISTEA and unaltered by TEA-21 and SAFETEA-LU, reserves a certain portion of these funds for communities of greater than 200,000 population, and a certain portion for communities of smaller than 5,000 population, with the remaining for the other areas in the state.

- The funds for communities greater than 200,000 population, are divided between the three largest MPO’s: Puget Sound, Spokane and Vancouver. The shares are based on the MPO’s respective levels of urbanized population.
- The funds for communities under 5,000 population are distributed based upon a different formula comparing road mileage under the vintage 1991 Federal Aid Secondary System.
- The funds for communities under 200,000 population are distributed in proportion to their relative share of non-urbanized population of the state’s population.

Distribution of “State Flexible” Funds

Congress has left splitting the pie of the “state flexible” funds to the states for TEA-21 and SAFETEA-LU.

TEA-21

Shortly after TEA-21 was passed, a “statewide steering committee” was established in this state to decide the distribution question. The statewide steering committee was made up of MPO’s, cities, counties, ports, transits, the legislature, the governor’s office and WSDOT. The committee, however, was unable to reach agreement and the legislature then stepped in with the passage in 1999 of ESHB-1125. That solution, however, failed to satisfy the governor, who vetoed the distribution of the flexible funds outlined in ESHB-1125.

The governor then established the rules of the allocation, for 1999-2003, resulting in the outcome shown in the chart on the right. Within each category, the selection of specific projects for application of the funds is determined as follows.

Rural Economic Vitality: 22%

The Rural Economic Vitality grant program was created out of the Governor’s Economic Initiative to fund transportation improvements necessary for rural economic development. The goal of the program is to facilitate a rapid response to emerging economic opportunities. WSDOT partnered with Community, Trade and Economic Development working through the Community Economic Revitalization Board in establishing the criteria and procedures for this statewide grant program. Several statewide calls for projects were made and projects prioritized. The Community Economic Revitalization Board selects the projects.

Statewide Competitive: 22%

The purpose of the Statewide Competitive program, which relates back to ISTEA, is to fund multi-modal transportation projects with an emphasis on regional significant corridors. WSDOT and the Transportation Improvement Board (TIB) established the criteria and procedures for this statewide grant program. Several statewide calls for projects have been made and projects prioritized. The projects were submitted to TIB for final approval on project selections.

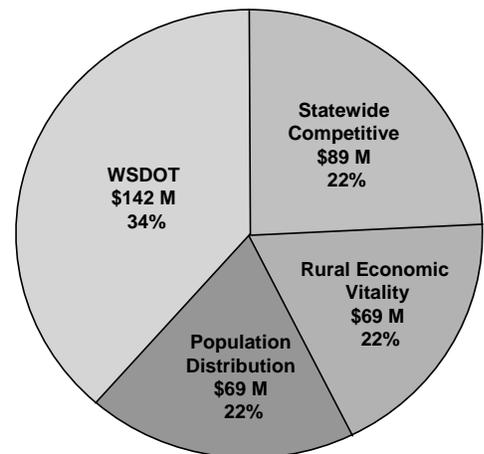
WSDOT: 34%

The State Flexible funds distributed to WSDOT are expended on projects in the Improvement and Preservation programs. Under certain circumstances, transfer of funds from the Interstate Maintenance to the STP program, augment this amount.

Population Distribution: 22%

The State Flexible funds are distributed to MPO’s, RTPO’s and county lead agencies, in proportion to their relative share of the state’s population.

**STP – State Flexible
FFY 1998-2003 \$369 Million**



Distribution decision:

As stated previously, the recent passage of SAFETEA-LU provides the state an opportunity to establish the rules of allocating the “state flexible” funds. Based on current information from FHWA, Washington will receive approximately \$296 million of “state flexible” funds through September 2009.

WSDOT has assumed the distribution of 34% to WSDOT projects and 22% to population through September 2009, approximately \$166 million.

The remaining “state flexible” funds that had been assigned to the Rural Economic Vitality and Statewide Competitive program amounts to approximately \$130 million through September 2009. However, the 2005 Transportation Budget identified \$18 million of these federal funds for Freight Mobility Strategic Investment Board projects. Leaving approximately \$112 million of STP “state flexible” funds remaining for policy decision.

