



IMAGINE CENTRAL ARKANSAS

Plan Smart. Live Smart.

STATE OF THE REGION: HISTORICAL FUNDING RESOURCES

WORKING PAPER #3

October 2012



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STATE OF THE REGION: HISTORICAL 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 Interstates, the State Highway System, and city and county roads and streets. Fixed-route public transit is provided by the Central Arkansas Transit Authority (CATA), while demand response transit service is provided by both CATA and South Central Arkansas Transit (SCAT). These services and facilities are funded through various sources at the federal, state, and local level.

The following narrative outlines the revenues 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 revenue forecasts for Imagine Central Arkansas.

Summary of All Revenues

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 \$188.9 million per year between 2006 and 2010 (the most recent year for which full funding data is available). This represents an increase over funding averages previously reported in *METRO 2030.2*. 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

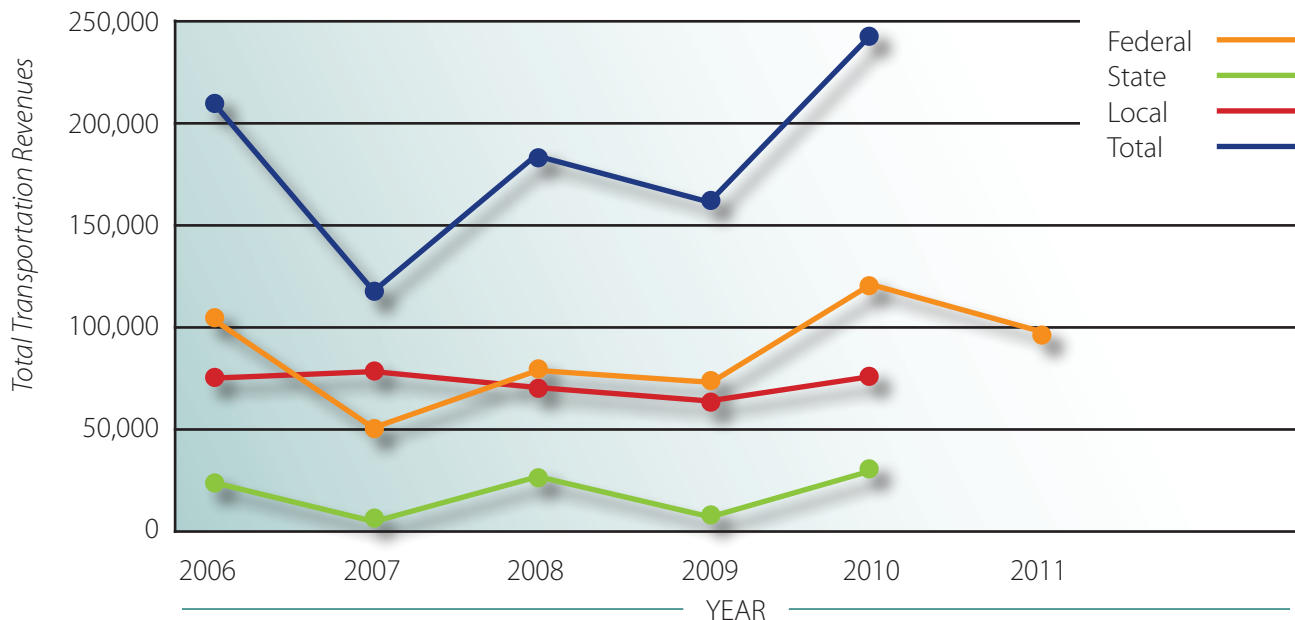
Highlights

- CARTS received an average of \$188.9 million in revenue from federal, state and local sources between 2006 and 2010.
- Funding amounts fluctuated significantly between 2006 and 2011, attributed to variances in revenue received from state sources.
- Federal funds make up almost half (48%) of all CARTS revenue, the vast majority (\$84.7 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 operating expenses.
- State funding, which fluctuated significantly between 2006 and 2011, averages about \$23.8 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.

transportation projects in the region is not included in this analysis.

The increase can be attributed to two main factors: inflation and the addition of several funding categories (Safe Routes to School, Recreational Trails,

Figure 1. Total Transportation Revenues for CARTS (highway and transit), 2006-2011



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

Earmarks, Job Access and Reverse Commute Program (FTA 5316), New Freedom Program (FTA 5317), and State Rental Car Tax.

Overall, revenues between 2006 and 2011 fluctuated significantly, beginning at over \$213.5 million in 2006 and dropping to \$137.2 million in 2007 and continuing to fluctuate until reaching a high of \$247.7 million in 2010. Such high year-to-year variances are attributed to fluctuations in federal sources.

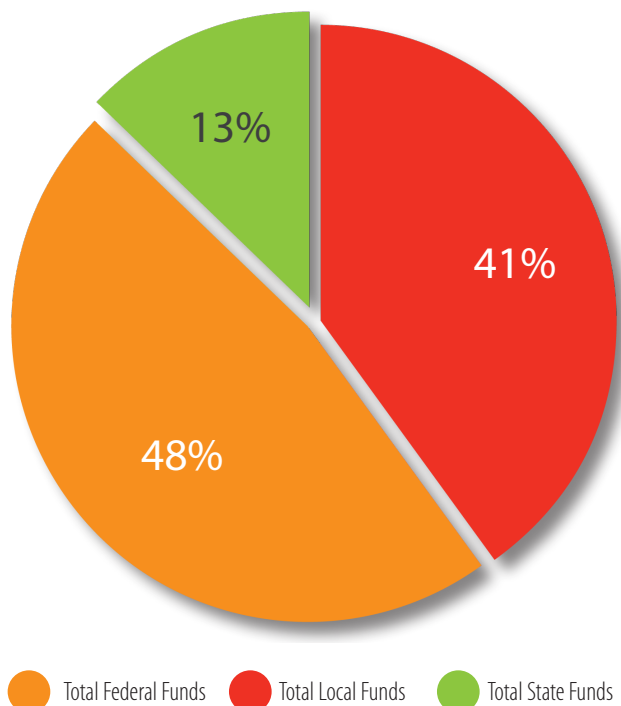
Federal Revenues

Federal funds make up almost half of total funds received since 2005, with local funds providing the next largest amount.

The federal surface transportation bill, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) expired in September 2009. Congress extended the act nine times until July 2012, when the Moving Ahead for Progress in the 21st Century Act (MAP-21) was enacted. The MAP-21 act provides the current basis for distribution of federal funding used for highway and transit services and facilities. The next two

subsections provide a summary of federal revenues received in the central Arkansas region from 2006 to 2011 under the SAFETEA-LU act.

Figure 2. Distribution of the Annual Average Transportation Funds for CARTS



Highway

The majority of federal highway funding comes from the Federal Highway Administration (FHWA) based on specific federal program allocations as determined in SAFETEA-LU and previous surface transportation acts. Major funding categories for highway revenues include:

- National Highway System (NHS);
- Interstate Maintenance (IM);
- Surface Transportation Program (STP);
- Bridge Program;
- Transportation Enhancement (TE);
- Safe Routes to School (SRTS);
- Recreational Trails; and
- Earmarks.

Total funding from these sources has varied significantly between 2006 and 2011, ranging from a low of \$47.7 million in 2007 to a high of \$119.1 million in 2010. The average amount received by CARTS between 2006 and 2011 is \$84.7 million. The year-to-year variance in funding amounts is attributed to differences in the level of construction work

Figure 3. Distribution of the Annual Average Federal Highway Funds for CARTS

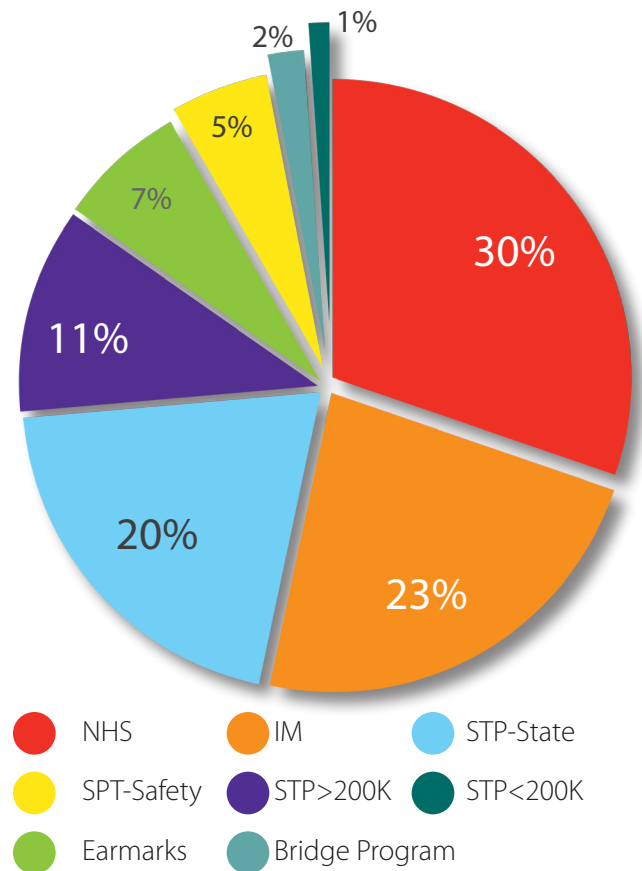


Table 1. Federal Highway Funding Received by Funding Category, 2006-2011

Revenue Source	2006	2007	2008	2009	2010	2011	Annual Average
NHS	\$35,522	\$17,197	\$6,869	\$23,708	\$30,655	\$38,299	\$25,375
IM	\$39,346	\$3,801	\$27,153	\$16,351	\$19,396	\$12,473	\$19,753
STP-State	\$14,653	\$10,989	\$14,155	\$6,018	\$45,275	\$13,269	\$17,393
STP-Safety	\$2,039	\$2,217	\$15,041	\$1,988	\$2,248	\$4,226	\$4,626
STP>200K	\$8,924	\$11,542	\$4,873	\$1,489	\$18,046	\$12,958	\$9,639
STP<200K	\$575	\$75	\$262	\$(75)	\$58	\$157	\$175
Bridge Program	\$(10)	\$(1,336)	\$886	\$2,614	\$202	\$6,180	\$1,423
TE	\$1,238	\$28	-	-	-	-	\$211
SRTS*	-	-	\$363	\$558	\$325	\$305	\$388
Recreational Trails	\$194	-	\$68	\$189	\$172	\$290	\$152
Earmarks	\$3,151	\$3,205	\$3,794	\$15,400	\$2,710	\$6,024	\$5,714
TOTAL	\$105,633	\$47,718	\$73,463	\$68,240	\$119,088	\$94,180	\$84,720

* 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

in any given year. The six year average is a better indicator of annual revenue. It should be noted that the STP funds that are greater than \$200,000 are directly suballocated to Metroplan.

Federal highway revenues 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 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 received between 2006 and 2011. Combined, these sources represent about \$62.6 minimum in annual revenue on average.

Transit

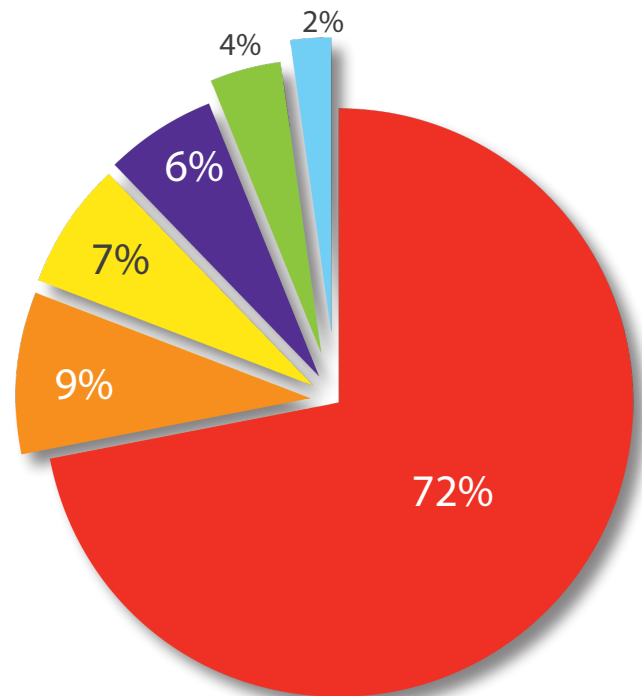
Almost all of the federal transit funding comes from the Federal Transit Administration (FTA) based on both formula and discretionary funds. Major funding categories for federal transit revenue include:

- Urbanized Areas Formula Program (FTA 5307);
- Fixed Guideway Modernization/Major Capital Improvements (FTA 5309);
- Transit for Elderly Persons and Persons 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 revenues for FTA 5307, 5309, 5316, and 5317 were obtained from the list of apportionments provided by the FTA. Details on revenues for 5310 and 5311 funds were provided by AHTD.

FTA 5307 formula funding is by far the largest source of federal transit revenues for CATA. A majority of this funding is used for transit operations. FTA 5309 earmarked for construction of the River Rail Streetcar,

Figure 4. Distribution of the Annual Average Federal Transit Funds for CARTS



- FTA 5307
- FTA 5309
- FTA 5310
- FTA 5311
- FTA 5316
- FTA 5316

was completed in 2009. These funds will be used for other projects in the future.

State Revenues

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

Table 2. Federal Transit Funding Received by Funding Category, 2006-2011

Revenue Source	2006	2007	2008	2009	2010	2011	Annual Average
FTA 5307	\$3,325	\$3,579	\$3,825	\$4,094	\$4,125	\$4,143	\$3,848
FTA 5309	\$446	\$550	\$750	\$1,000	-	-	\$458
FTA 5310	\$215	\$57	\$414	\$346	\$371	\$360	\$294
FTA 5311	\$380	\$380	\$380	\$380	\$380	\$380	\$380
FTA 5316	\$194	\$204	\$221	\$259	\$248	\$248	\$229
FTA 5317	\$103	\$116	\$125	\$144	\$142	\$143	\$129
TOTAL	\$4,662	\$4,887	\$5,715	\$6,225	\$5,265	\$5,273	\$5,338

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

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 revenues were obtained from the AHTD, which make up the vast majority of state transportation funding, varied significantly between 2006 and 2011, ranging from a low of \$10.2 million in 2007 to a high of \$35.0 million in 2010. The average funds received between 2006 and 2011 is \$22.5 million. The years with higher funding amounts are generally attributed to the state-funded construction activity.

The total for state highway funding includes the state match for federal programs, the state-funded overlay

program, and a handful of 100 percent state-funded projects. State revenues provided for mass transit were obtained from the National Transit Database (NTD) and are available through 2010. The state rental car tax amount was provided by the AHTD and is available through 2011 state funding for transit averages about \$1.2 million per year. The state rental car tax funds are an extension of the FTA 5310 program and are 80 percent state with a 20 percent local match. They are often used to purchase vehicles for human service agencies in the CARTS area. The state rental car tax was used in 2006-2010. According to AHTD, this funding source was not used to supplement FTA 5310 in 2011. It may be used again in the future.

Table 3. State Highway and Transit Funding, 2006-2010 (2011 where available)

Revenue Source	2006	2007	2008	2009	2010	2011	Annual Average**
State Funds	\$27,172	\$10,198	\$26,553	\$13,592	\$35,036	\$22,576	\$22,521
Road Maintenance	?	?	?	?	?	?	?
Mass Transit	\$901	\$763	\$2,320	\$275	\$1,945	Not available	1,241
State Rental Car Tax Funds	\$91	\$111	\$28	\$115	\$70	\$0	\$69
TOTAL*	\$28,163	\$11,072	\$28,901	\$13,982	\$37,051	Not available	\$23,834

*Total does not include amount for road maintenance.

** Annual average includes year 2011 when available.

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

It should be noted that the state funds revenue figure does not include state funded road maintenance. Staff from AHTD are working to determine this amount and will provide it in the near future.

Local Revenues

Local contributions are made to both roadway and transit services. 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 revenue amounts are significantly more stable between 2006 and 2010 compared to federal and state sources.

Roadway

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

- State Gas Tax Turnback (\$28.9 million average) – Revenue generated by Arkansas’ levy of 21.8 cents per gallon of gasoline. 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

... OVER THE LAST FIVE YEARS, TAXES ACCOUNTED FOR 47% OF LOCAL ROADWAY REVENUES (ABOUT \$30.7 MILLION) COMPARED TO 44% (\$28.9 MILLION) FOR THE STATE GAS TAX TURNBACK.

Figure 5. Distribution of the Annual Average Local Roadway Funds for CARTS

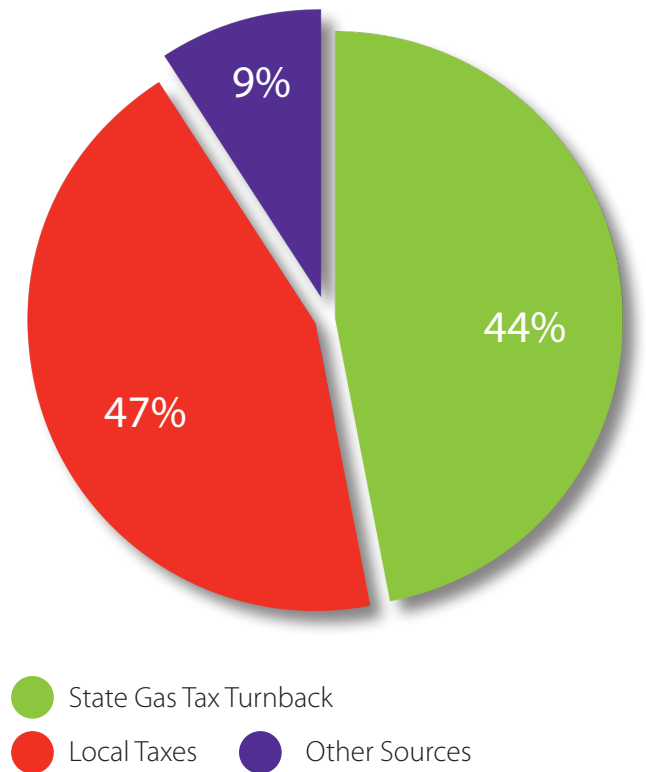


Table 4. Summary of Roadway Funding from Local Contributions, 2006-2010

Revenue Source	2006	2007	2008	2009	2010	Annual Average
State Gas Tax Turnback	\$28,470	\$29,707	\$28,751	\$26,694	\$30,954	\$28,915
Taxes	\$28,577	\$28,473	\$30,753	\$30,916	\$34,533	\$30,650
Other sources	\$6,905	\$4,874	\$6,170	\$3,645	\$9,545	\$6,228
TOTAL	\$63,952	\$63,055	\$65,674	\$61,256	\$75,031	\$65,793

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

Table 5. Summary of Transit Funding from Local Contributions, 2006-2010

Revenue Source	2006	2007	2008	2009	2010	Annual Average
Local Contributions (General Fund)	\$9,182	\$8,533	\$8,917	\$9,568	\$9,335	\$9,107
Farebox Revenues	\$1,943	\$1,952	\$2,021	\$1,950	\$1,977	\$1,968
TOTAL	\$11,125	\$10,485	\$10,939	\$11,518	\$11,311	\$11,075

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

- Other Sources (\$6.2 million average) – This includes revenue from the general fund, interest income, and miscellaneous income.

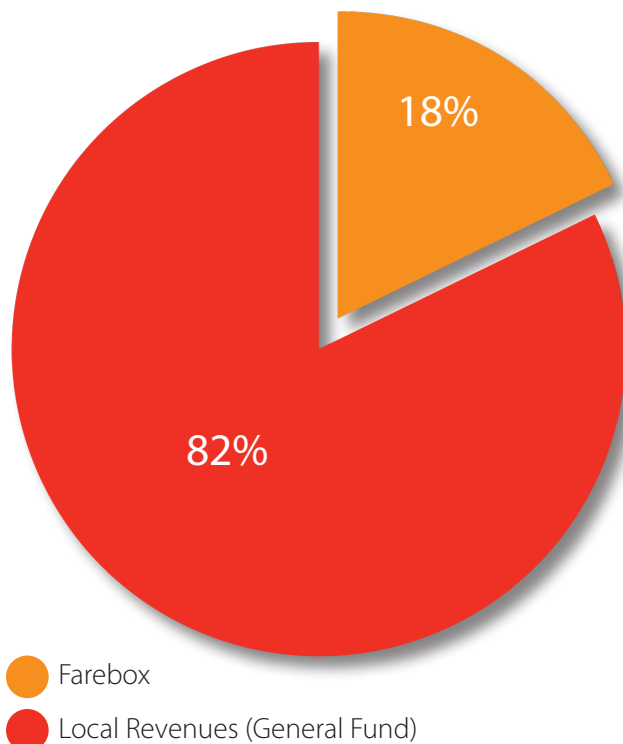
A review of the revenue history in the previous L RTP showed the state gas tax turnback as the slightly larger local funding source for roadways. However, in the last few years, local taxes have been the larger funding source. For example, over the last five years, taxes accounted for 47 percent of local roadway revenues (about \$30.7 million) compared to 44 percent (\$28.9 million) for the state gas 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.

Transit

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.

Figure 6. Distribution of the Annual Average Local Roadway Funds for CARTS



Conclusion

This review of the historical revenues 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 transportation bill authorizing transportation funding for the next two years. Funding for this new authorization, Moving Ahead for Progress in the 21st Century (MAP-21), will remain at SAFETEA-LU levels through September 30, 2012 and increase slightly for the years 2013 and 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 motor fuel 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.