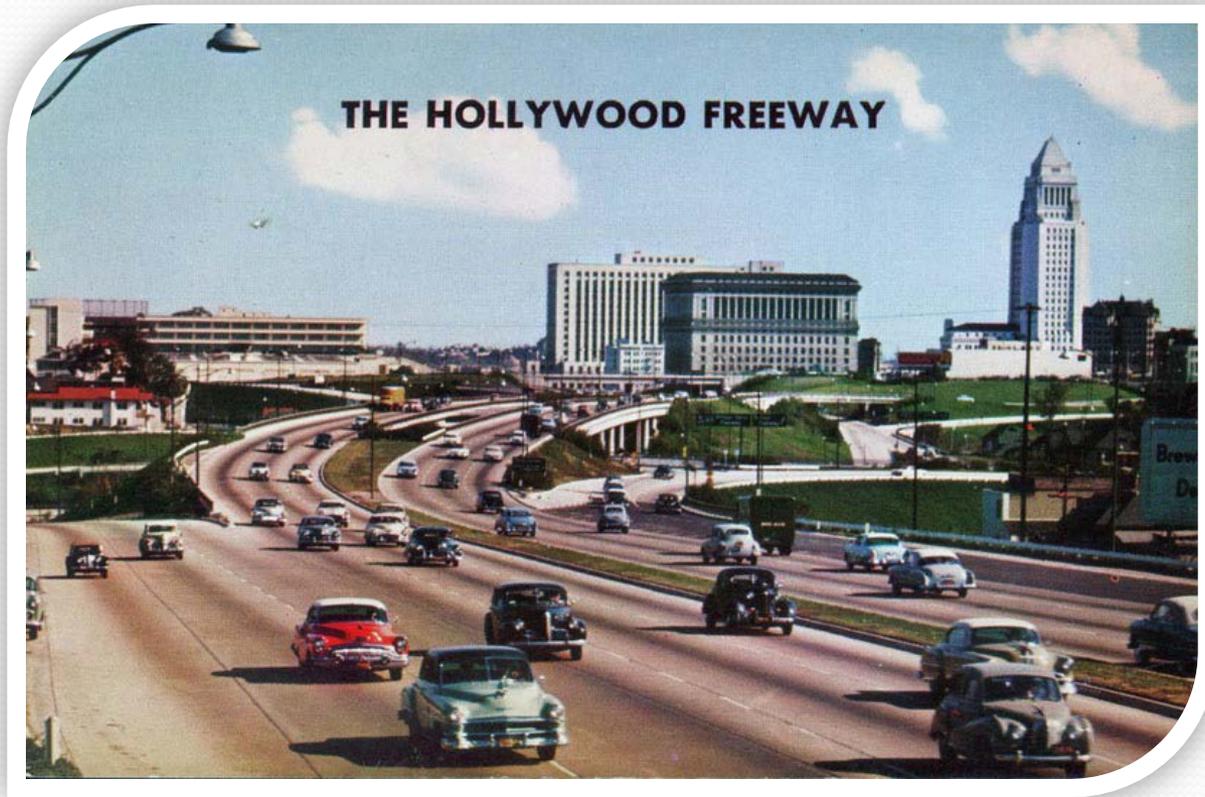


# History of Highway Funding

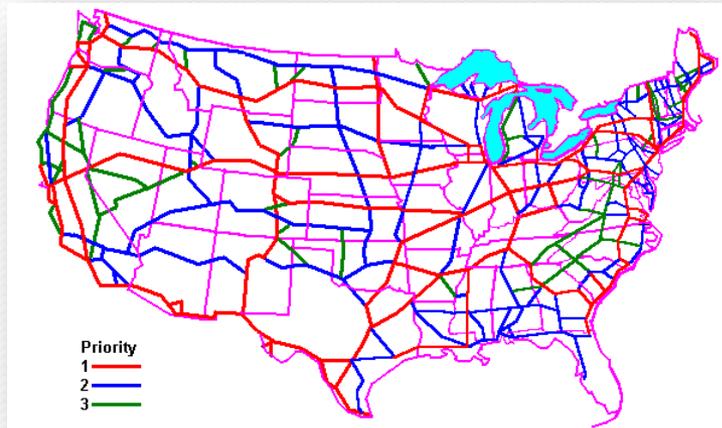
Presented by  
Rachel Falsetti

# History



# Federal Aid Road Act

- First program – 1916 for five years
  - \$75 million a year 50% match
- Second Act – 1921
  - \$75 million a year 50% match



# Thomas Harris MacDonald

The Federal Highway Chief Engineer - 1919



*“We will be able to drive out of any county seat in the United States at thirty-five miles per hour and drive into any other county seat – and never crack a spring.”*

*"Next to the education of the child, road building is the greatest public responsibility."*



The first unit completed under the authorization of the Federal Aid Road Act, approved by President Woodrow Wilson on July 11, 1916, was California Federal-Aid Road Project No. 3, situated in Contra Costa County and known locally as the “Alameda County Boundary to Richmond Road.” The project, shown in the accompanying illustration, was 2.55 miles in length and extended from Albany (Alameda County Boundary) to Richmond in Contra Costa County.

# Interstate Era (1956 -1987)

- The greatest public works project ever
  - 41,000 miles of road
  - 54,663 Bridges
  - 104 Tunnels



# Impact of the Interstate System

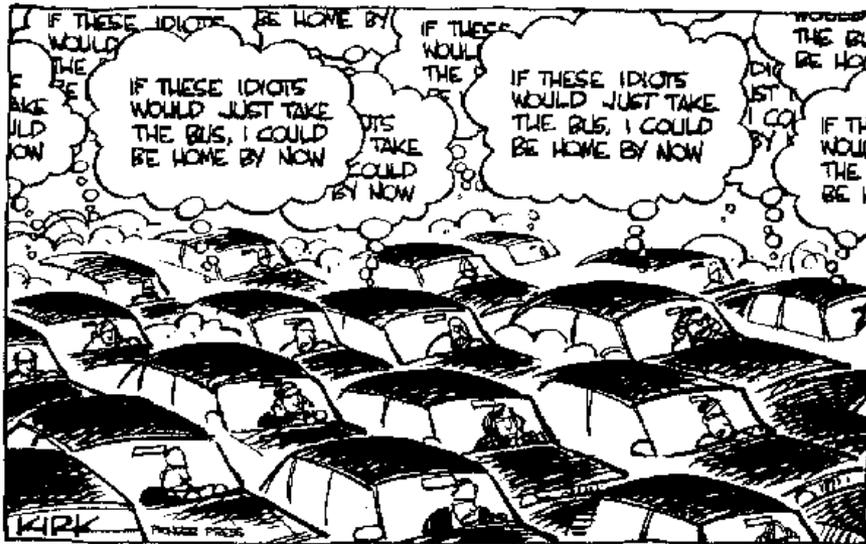
*“The world’s largest public-works project has left us with 47,000 miles of remarkably uniform roads that have reshaped the American landscape and way of life.”*



David LaGesse  
*U.S. News & World Reports*  
June 30/July 7, 2003

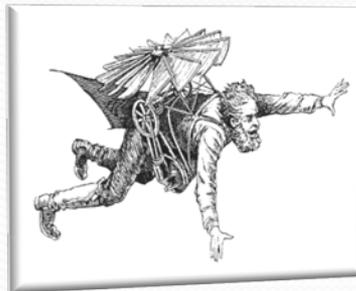
# Post Interstate Era

- ISTEA - \$123 billion highway, \$31 billion transit
- TEA21 - \$177 billion highway, \$41 billion transit
- SAFETEA-LU - \$210 billion highway, \$45 billion transit
- MAP-21 same funding as SAFETEA-LU



# Turn of the 20<sup>th</sup> Century - California

- Bureau of Highways (1895 and 1896)
- Department of Highways (Created April, 1, 1897)
  - Initially bond funded and then 2 cents excise tax



# Early 20<sup>th</sup> Century - California

- State Department of Engineering 1907
- Legislature passed first state highway bond in 1910
  - Provided \$18 million for const. and acquisition of state highways
- Three member Highway Commission 1911
- First highway construction contract awarded 1912



# Early 20<sup>th</sup> Century - California

- First state gas tax for transportation 1923
  - 2 cents per gallon
- State Route 1 completed 1937
  - First state north-south highway



# Mid 20<sup>th</sup> Century - California

- Collier Burns Act passed provided \$76 million per year for new highway construction in 1947
- Gas tax increased to 6 cents per gallon in 1953
- Eisenhower provided 90 percent of funding with 10 percent match in 1956



# Mid 20<sup>th</sup> Century - California

- Highway Transportation Agency formed in 1961
- Collier-Unruh Act passed provided first rapid transit funding in 1963
- Gas tax increased to 7 cents per gallon in 1963
- Agency renamed to Transportation Agency in 1965



# Mid to Late 20<sup>th</sup> Century - California

- Business and Transportation Agency formed in 1969
- First HOV lane opened in SFOBB in 1970
- Caltrans was formed in 1973
- California Transportation Commission in 1978



# Late 20<sup>th</sup> Century - California

- Agency renamed to Business , Transportation and Housing Agency in 1980
- Gas tax increased to 9 cents per gallon in 1983
- Caltrans established District 12 in 1987
- Gas tax increased to 14 cents per gallon in 1990 with one cent per year increase for four years



# Mid to Late 20<sup>th</sup> Century - California

- State Master Plan for Transportation adopted in 1990
  - Focus to reduce congestion and emphasis on expanding bus, rail and other public transit systems instead of adding more freeways.
- Gas tax at 18 cents per gallon in 1994
- Caltrans developed the Good Movement Action Plan in 2005
  - Offered solutions to improve goods flow while reducing environmental impacts.



# Recent- California

- California Transportation Plan 2040 – Published 2015
  - Freight Plan
  - Interregional Transportation Strategic Plan
  - Rail Plan



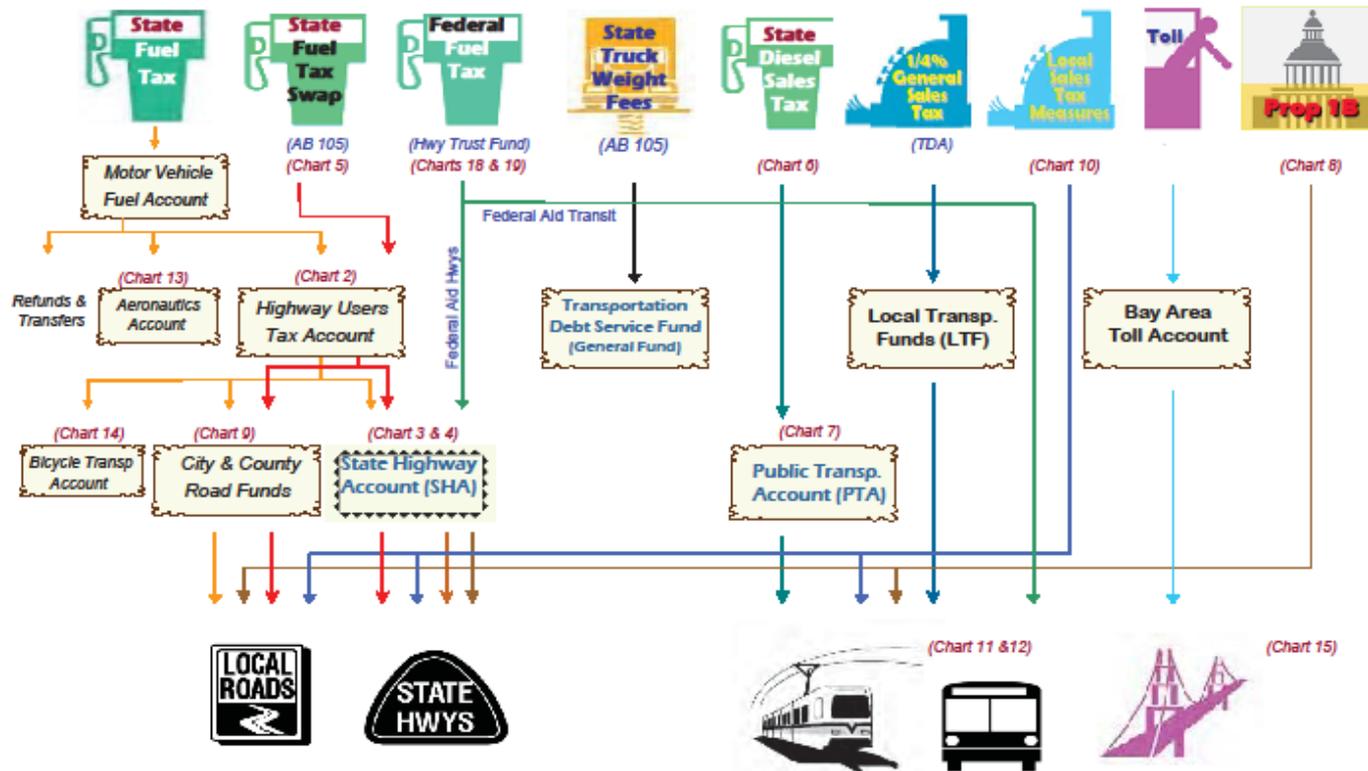
# Transportation in California a State on the Move

- 50,000 lane miles of State Highway System
- 157,000 miles off the State Highway System
- Over 800 airports and aviation facilities
- Three major intercity rail lines with over 5 million passengers per year
- 19,000 transit vehicles that carry over a billion passengers per year
- 325 Billion Vehicle Miles Traveled per year



# California Transportation Funding

## Simplified Overview



Economic Analysis Branch  
Division of Transportation Planning

# Base State Excise Tax Perspective



It takes the revenue generated from the sale of 2.3 million gallons of gasoline to pay for the rehabilitation of one lane mile of highway - The amount contained in 3.5 miles of tanker trucks parked end-to-end. That's enough gasoline to drive an average car 55 million miles!



0.0

1.0

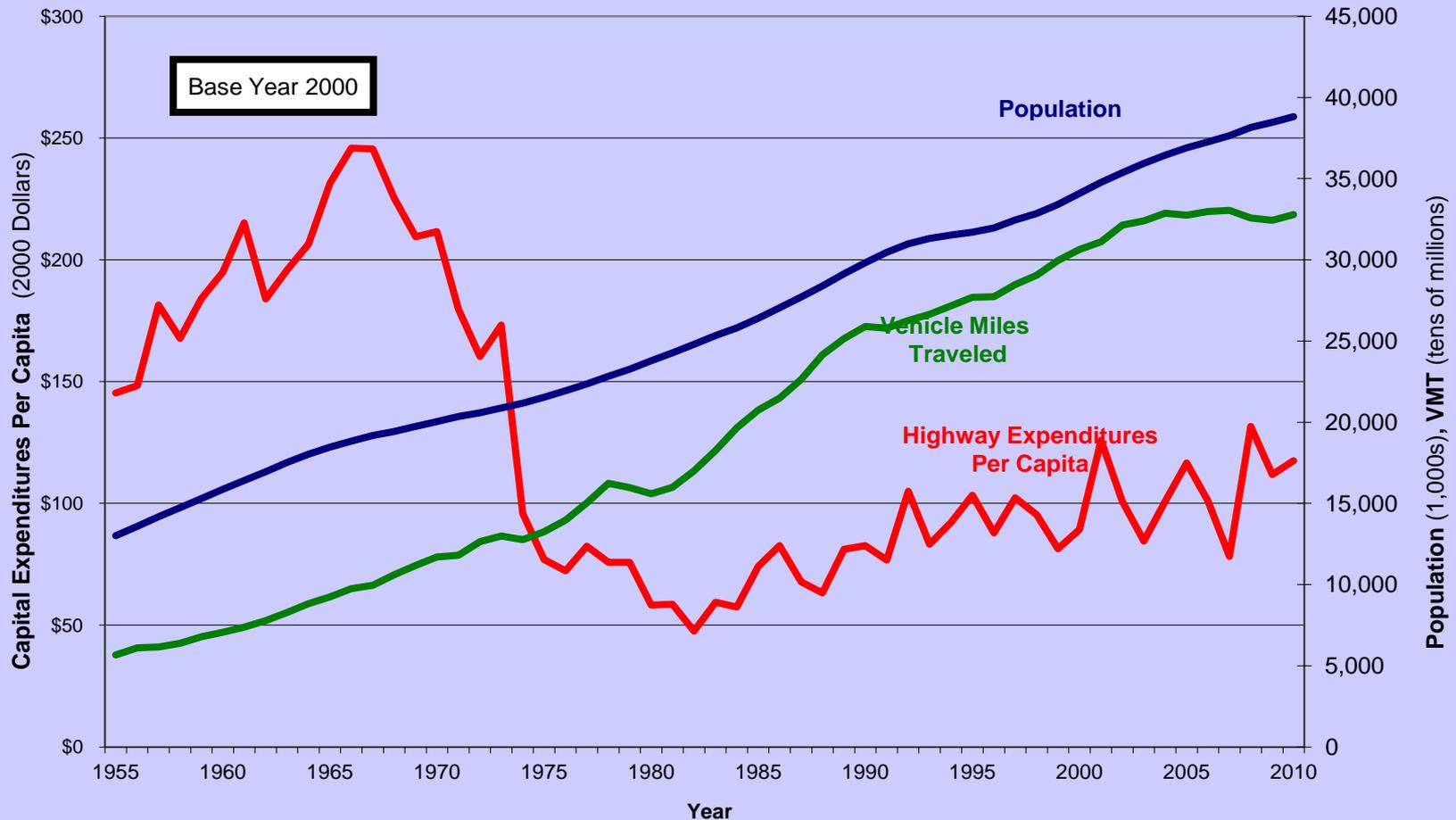
2.0

3.0

4.0

# Increasing System Demands

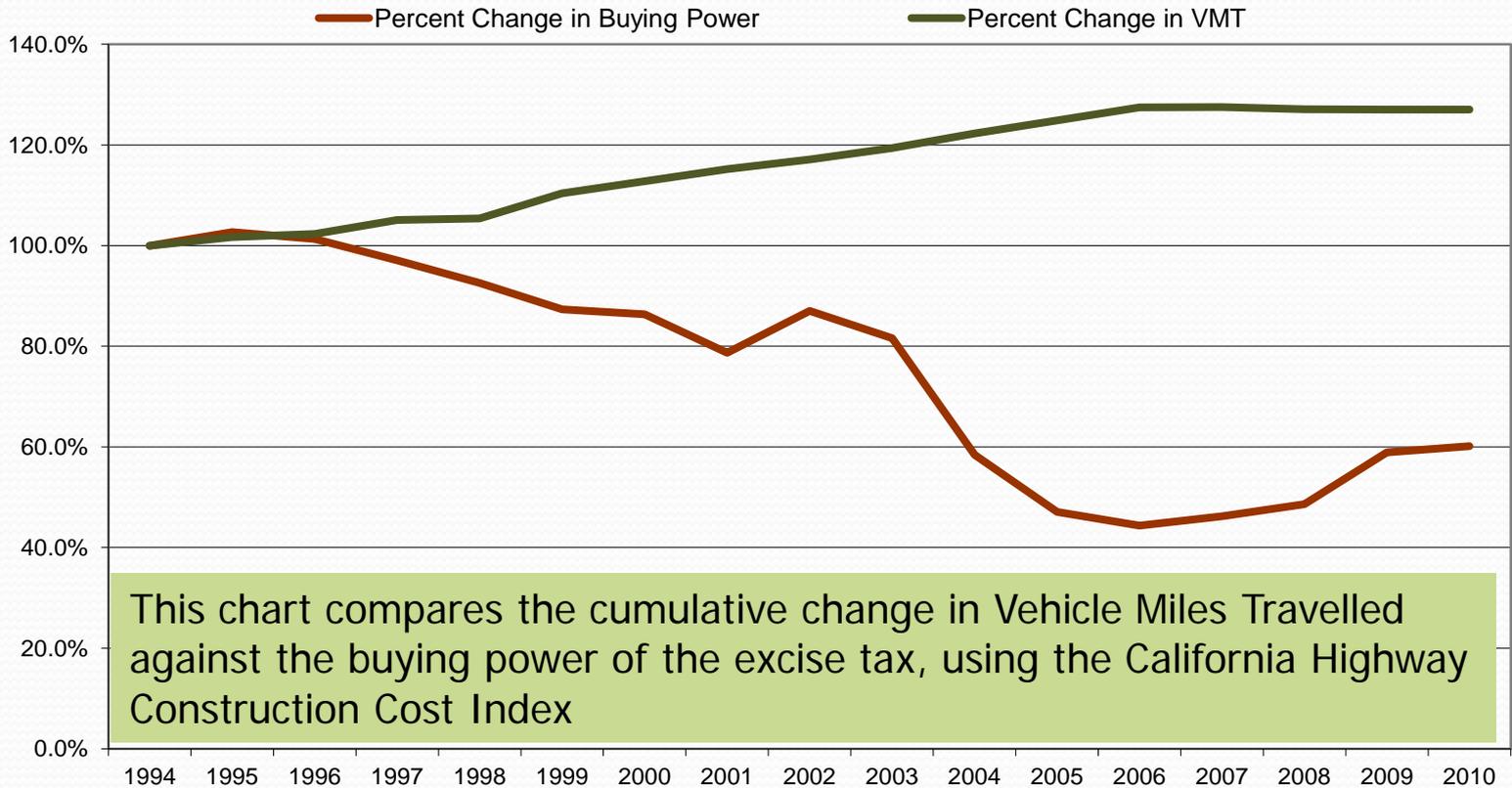
**Population, Travel and Per Capita Highway Capital Expenditures in California\***  
1955-2010



\*Includes expenditures for local assistance and state highway capital outlay.

# Value for Money

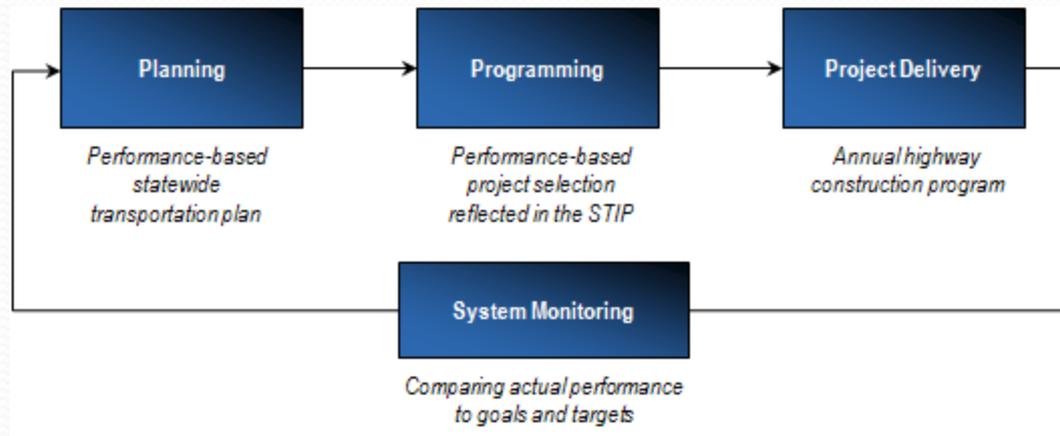
## Comparative Loss of Buying Power Since 1994



# How projects get funded

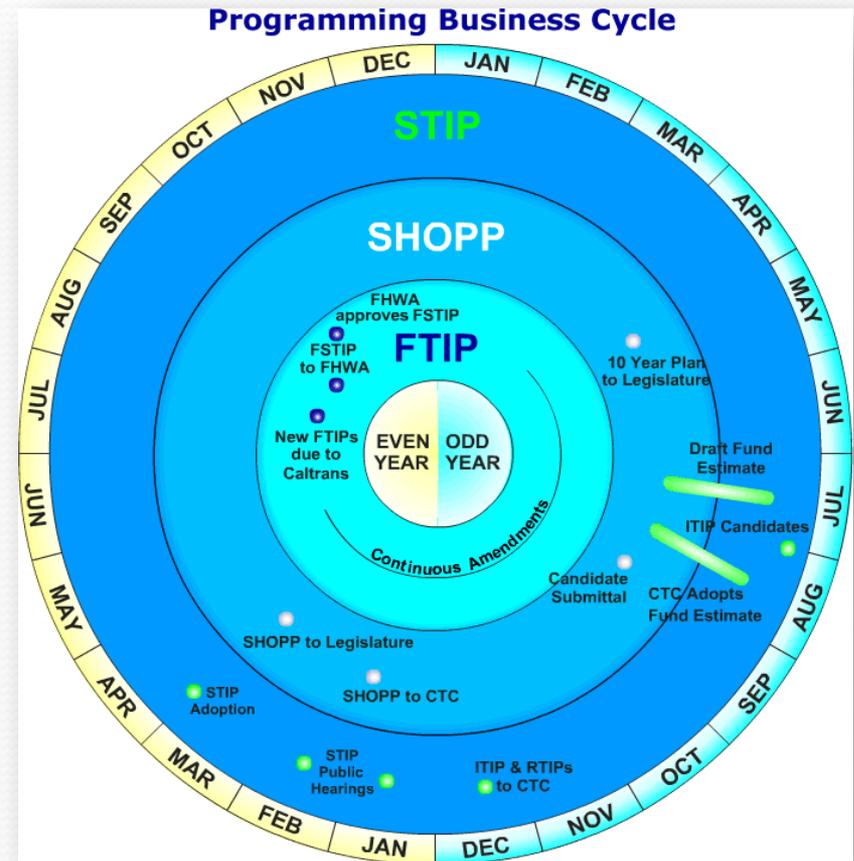


# Bringing a project to life

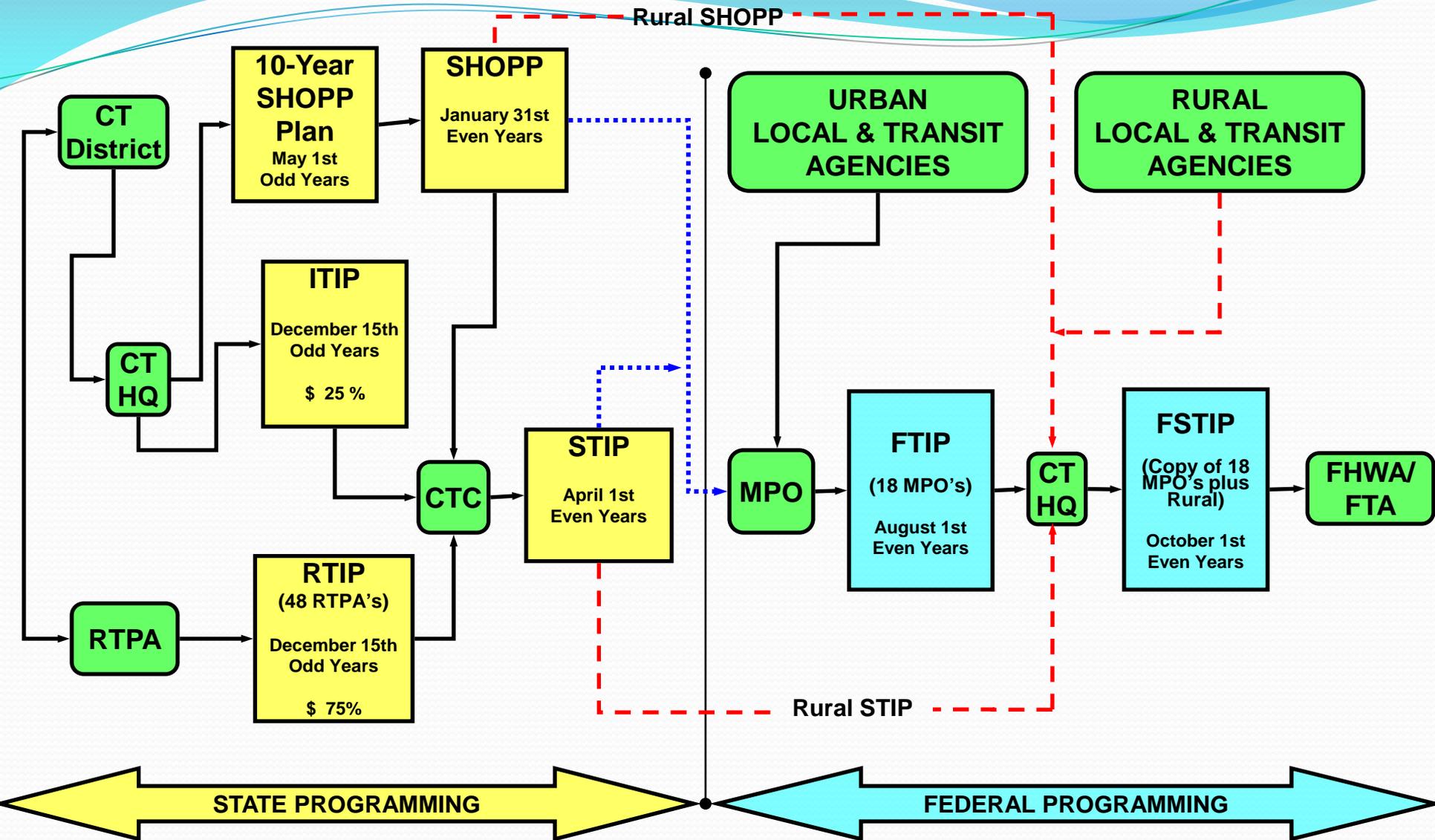


# The 2 Year Cycle

- The business cycle for programming new projects is a biannual process. Every two years (even years) new STIP and SHOPP documents are approved by the CTC. The cycle begins in July of each odd year (2009, 2011, etc.) as shown here.



# State and Federal Programming Process



# State Highway Operation and Protection Program (SHOPP)

- 4 year Transportation Programming updated every 2 years
  - \$2.0 Billion per year
- Maintain and preserve the asset



# State Transportation Improvement Program (STIP)

- Five Year Program of Projects updated every two years
  - \$1.1 B per year
- State and regional highway improvements, intercity rail and transit
- Increased capacity or operational improvements.



# STIP cont'

- ITIP-25%
- RTIP – 75% (75% for pop. and 25% state highway miles)

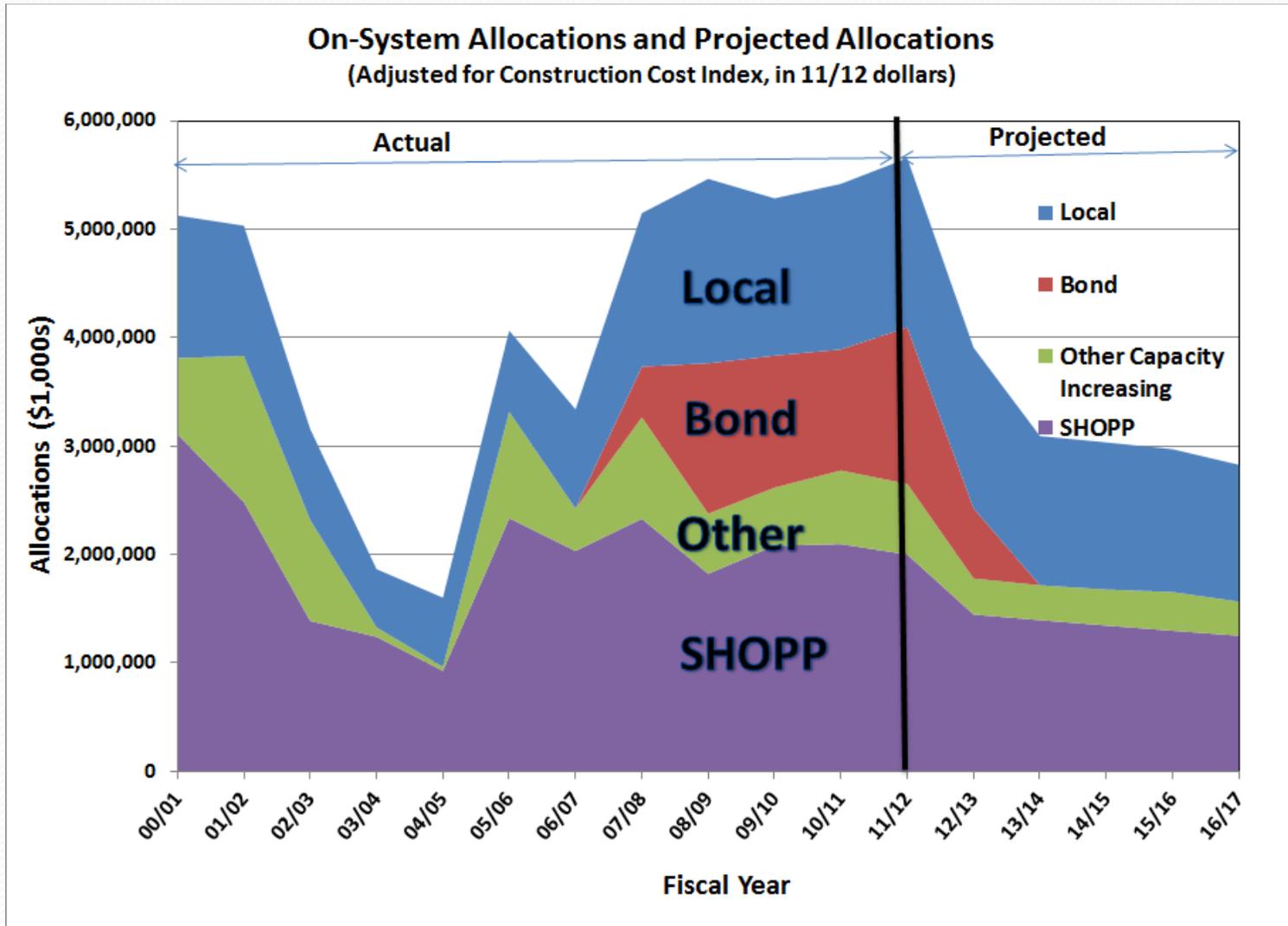


# Active Transportation Program

- Governor's Budget Trailer Bill



# Predictability of Revenue



# Future



# Potential Sources of funding

- Gas Tax
- Weight fees
- Vehicle License Fee
- Measure Money
- Tolling
- Road Charge fee
- Congestion Pricing
- Public Private Partnership
- Cap and Trade
- Container fee



# Gas Tax



# Weight fees



# Vehicle License Fee



**Figure 1**  
Sample DMV Renewal

| FEES                                       |              |
|--|--------------|
| REGISTRATION FEE                           | \$30         |
| LICENSE FEE (may be income tax deductible) | \$257        |
| WEIGHT FEE                                 | \$0          |
| SPECIAL PLATE FEE                          | \$0          |
| COUNTY/DISTRICT FEES                       | \$7          |
| OWNER RESPONSIBILITY FEE                   | \$0          |
| <b>TOTAL DUE ON OR BEFORE 07/20/98</b>     | <b>\$294</b> |

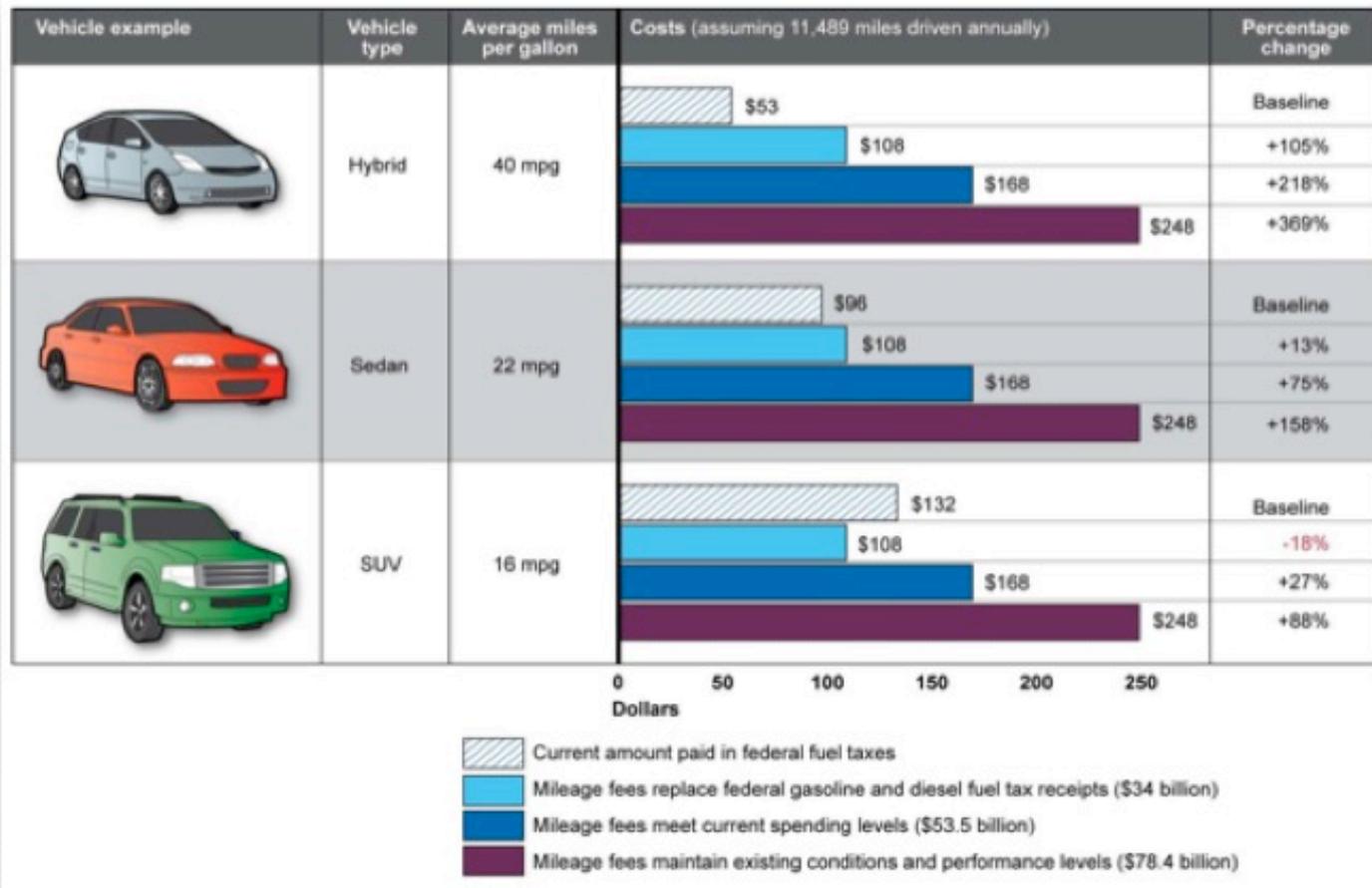
# Measure Money



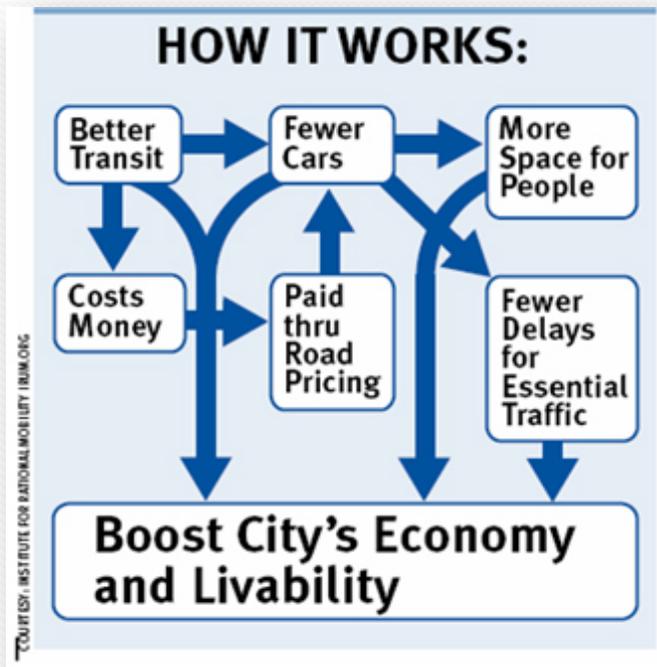
# Tolling



# Road Charge



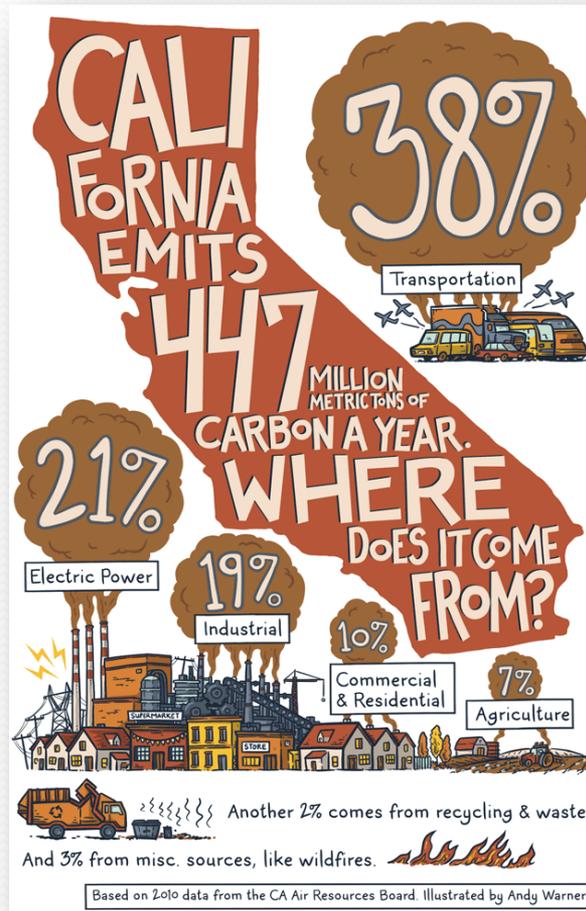
# Congestion Pricing



# Public Private Partnership



# Cap and Trade



# Container Fees



# Challenges

- Proposition 1B bonds will be exhausted
- Recovery Act spending will complete
- Inflation is expected to outweigh revenue growth
- Cost of doing business and mandates are expected to continue to increase
- Uncertainty of federal funding continues, at least until a new act is in place



# Points to Remember

- Funding is complex and unstable
- Funding is insufficient
- Revenues are currently declining
- Increasing oversight
- Scarce resources increases scrutiny of every priority
- Increasing mandates
- Increasing demand for transportation



# Resources

- Transportation Funding in California  
[http://www.dot.ca.gov/hq/tpp/offices/eab/fundchrt\\_files/Transportation\\_Funding\\_in\\_California\\_2011.pdf](http://www.dot.ca.gov/hq/tpp/offices/eab/fundchrt_files/Transportation_Funding_in_California_2011.pdf)
- Transportation Programming <http://www.dot.ca.gov/hq/transprog/index.htm>
- Fund Estimate  
[http://www.dot.ca.gov/hq/transprog/ocip/archives/stip2012/2012\\_fund\\_estimate.pdf](http://www.dot.ca.gov/hq/transprog/ocip/archives/stip2012/2012_fund_estimate.pdf)
- The Gas Tax Swap Frequently Asked Questions  
<http://www.boe.ca.gov/sutax/gasswapfaq.htm>
- Monthly Highway Users Tax Account Payments  
[http://www.sco.ca.gov/ard\\_payments\\_highway.html](http://www.sco.ca.gov/ard_payments_highway.html)
- MAP-21 <http://www.dot.ca.gov/hq/transprog/map21.htm>
- CTC Needs Assessment  
[http://www.catc.ca.gov/reports/2012%20Reports/Trans\\_Needs\\_Assessment\\_corrected\\_01172012.pdf](http://www.catc.ca.gov/reports/2012%20Reports/Trans_Needs_Assessment_corrected_01172012.pdf)
- New Framework for Transportation Finance  
[http://financecommission.dot.gov/Documents/NSTIF\\_Commission\\_Final\\_Report\\_Exec\\_Summary\\_Feb09.pdf](http://financecommission.dot.gov/Documents/NSTIF_Commission_Final_Report_Exec_Summary_Feb09.pdf)





# Conclusions

- Financing and funding of transportation is complex
- Thank you for your interest in transportation

