

SAFETEA-LU

**SAFE, ACCOUNTABLE, FLEXIBLE,
EFFICIENT TRANSPORTATION EQUITY
ACT: A LEGACY FOR USERS
(SAFETEA-LU)**

A Reference Guide

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SAFETEA-LU Highlights

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (commonly known by its acronym, SAFETEA-LU) is the most recent federal transportation bill authorizing funding for the nation's surface transportation programs. Signed into law in August 2005, SAFETEA-LU replaced the expired Transportation Equity Act for the 21st Century (TEA-21). The law establishes funding levels and policies for the federal government's highway, highway safety, transit, motor carrier, and some rail programs administered by the U.S. Department of Transportation (DOT). SAFETEA-LU allocates \$286 billion for these programs over a six year period, including \$228 billion for the Federal Highway Administration as well as nearly \$53 billion for transit. SAFETEA-LU expires September 30, 2009.

Oregon's Congressional Delegation was actively involved in the drafting of SAFETEA-LU, and their efforts delivered important victories for Oregon. Congressmen Peter DeFazio and Earl Blumenauer are members of the House Transportation and Infrastructure Committee, and DeFazio is the Ranking Member of the Highways, Transit, and Pipelines Subcommittee and served on the conference committee. The influence DeFazio and Blumenauer have on the committee ensured that Oregon was well-represented in policy discussions. Senator Wyden, Senator Smith, Congresswoman Hooley, Congressman Walden and Congressman Wu all cooperated to advance Oregon's interests and helped secure hundreds of millions of dollars in needed investment in Oregon's transportation infrastructure.

Among the benefits of SAFETEA-LU for Oregon:

Increased funding: SAFETEA-LU significantly boosted funding for Oregon highways and transit. The bill increased Oregon's highway funding by 43 percent and increased guaranteed formula transit funding by 80 percent over TEA-21. Over the life of the bill, Oregon will receive \$212.5 million in additional flexible highway funding.

Increased return: Oregon was among 27 states that benefited from a special provision of SAFETEA-LU that guarantees the state the same portion of highway funding it received under TEA-21. As a result, Oregon will receive nearly \$1.03 for every dollar it pays into the highway trust fund.

Increased focus on safety: SAFETEA-LU created new programs focused on improving safety, such as the Highway Safety Improvement Program, Safe Routes to School, and High Risk Rural Roads.

High Priority Projects: SAFETEA-LU earmarks \$527 million for specific Oregon highway-related projects, including \$200 million for improvements to Oregon's bridges.

Proven program structure: TEA-21's basic program structure is continued in SAFETEA-LU, including funding set-aside for enhancements, bridges, air quality improvement, and other priorities.

Federal Funding 101: Key Terms and Concepts

Surface transportation programs are funded by the Highway Trust Fund, and to a lesser degree, the General Fund. The current version of the Surface Transportation Act, known as SAFETEA-LU, determines who gets these funds and how they may be used for highway, transit, safety, motor carrier and some rail programs. Aviation, waterways and other non-surface transportation modes are authorized by other legislation. Amtrak and most rail programs are also authorized separately.

Federal Highway Trust Fund

The Highway Trust Fund was established in 1956 as a dedicated source of revenue to build the Interstate System. In the early 1980's the Trust Fund was expanded to include transit funding. Federal taxes on motor fuels, primarily gasoline, supply revenue to the Trust Fund. Revenue from the 18.4 cent per gallon federal gas tax is split between a Highway Account and a Transit Account – 15.44 cents per gallon goes to the Highway Account, and 2.86 cents per gallon goes to the Mass Transit Account.

Apportionments

Apportionments are the funds a state receives under a program for which funding is distributed based on a formula rather than on a discretionary basis. Most of the largest highway programs, including the Surface Transportation Program, National Highway System, Interstate Maintenance, and others, are apportioned programs. Most apportionments are subject to the obligation limitation.

Obligation Limitation

While SAFETEA-LU authorizes the expenditure of federal funds and sets broad programmatic goals, appropriations bills ultimately determine how much federal money can be spent in a given fiscal year. States obligate funds provided under SAFETEA-LU before any cash is disbursed. Obligations are federal commitments to reimburse states for the federal share of a project's cost. By placing a ceiling on obligations as part of the annual transportation appropriations bill, Congress controls future cash outlays. As a result of this limitation, states do not receive the full amount they are apportioned under SAFETEA-LU. For example, for federal Fiscal Year 2005 the limitation rate was set at 84.67%, meaning states could spend less than 85 cents of every dollar they were apportioned.

Reimbursement

Most federal transportation programs are not “block grant” programs that provide cash up front. States must first spend non-federal dollars (such as state gas tax funds) on an eligible project and then receive reimbursement for the federal share of the project cost.

Match

Most federal transportation funds must be matched with non-federal funds. The required amount varies, but the most common requirement is 20 percent of the total project cost. For example, a project receiving \$800,000 of federal funds must be matched with at least \$200,000 of non-federal funds. Some programs allow “soft match” (donated right of way,

materials, etc.) in lieu of cash. For many projects, including those earmarked in SAFETEA-LU as well as bridges, Oregon is subject to a lower match requirement of 10.27 percent, cutting in half the financial commitment the state or local sponsor must provide. This benefit, known as “sliding scale match,” is available to only a handful of states.

Earmark

Earmarks provide congressional direction on how to spend funds. Earmarks can be for a specific project such as a bridge or for a broader program. SAFETEA-LU included a record number of earmarks. Most earmarks, including the High Priority Projects included in the bill, are taken out of formula funds states otherwise would have received, but some, such as the \$200 million Oregon received to fix bridges, add to a state’s total funding.

Firewalls

Budgetary “firewalls” protect spending for certain programs by preventing spending cuts from being used to increase spending for other federal programs. SAFETEA-LU continued this firewall between transportation spending and other domestic discretionary spending. The firewall amount for highways is keyed to the projected receipts to the Highway Account of the Trust Fund.

Revenue Aligned Budget Authority (RABA)

The firewall amount is adjusted as new receipt projections are made and actual receipts for earlier years are known. This adjustment is determined each year during the development of the President’s budget. When the firewall amount is adjusted, either upward or downward, equal adjustments are made to highway obligation limitations and authorizations. As a result, the amount of federal highway funds that states receive each year is increased or decreased depending on the actual receipts to the Highway Trust Fund. This adjustment process is called Revenue Aligned Budget Authority (RABA). RABA applies to highway funding but not transit funding.

Oregon’s Highway Funding

SAFETEA-LU determines who gets federal highway funds and how they may be spent. State departments of transportation are the primary recipients of federal highway funds. Highway funding is generally distributed in three ways:

- 1) **Formula:** Most federal highway funds, particularly those in the “core” programs, are distributed directly to states according to formulas set in federal law. These formula funds are known as apportionments.
- 2) **Discretionary:** Funds in discretionary programs are allocated by the Federal Highway Administration (FHWA). States compete for these funds on a competitive grant basis. However, there are only a few programs controlled by FHWA, and the amount of funding in them is not significant.

3) Earmarks: Congress also earmarks funding for specific projects. About seven percent of the total highway funding in SAFETEA-LU was earmarked for so-called “High Priority Projects.” A list of Oregon projects Congress earmarked in SAFETEA-LU is attached in the Appendix, and more information on earmarks can be found in the Highway Earmarks section.

How much federal highway money does Oregon receive?

Formula funds given to states make up the largest portion of federal highway funding. SAFETEA-LU significantly increases the amount of formula funds Oregon will receive. Under the new Equity Bonus program, Oregon and 26 other states are guaranteed the same share of apportionments they received under TEA-21. Because of the higher level of funding, Oregon increased its level of highway funding under SAFETEA-LU and will receive nearly \$1.03 for every dollar it contributes to the Highway Trust Fund.

Under TEA-21, Oregon received an average of \$340 million per year in apportionments; SAFETEA-LU provides apportionments averaging \$443 million each year. (Both these amounts are subject to the obligation limitation, which significantly reduces funding.) This will provide Oregon over \$500 million in additional highway formula funding. While over one-third of this funding is dedicated to a specific purpose, Oregon will have \$248 million a year to dedicate to projects under the Statewide Transportation Improvement Plan (STIP).

SAFETEA-LU will also provide Oregon a total of \$220 million in “above the line” earmarks for the state’s bridges and other projects that provide funding on top of the state’s formula apportionments. These earmarks bring the state’s annual total of formula apportionments and earmarks to an average of \$487 million. For more information, see the Highway Earmarks section.

Oregon Highway Funding

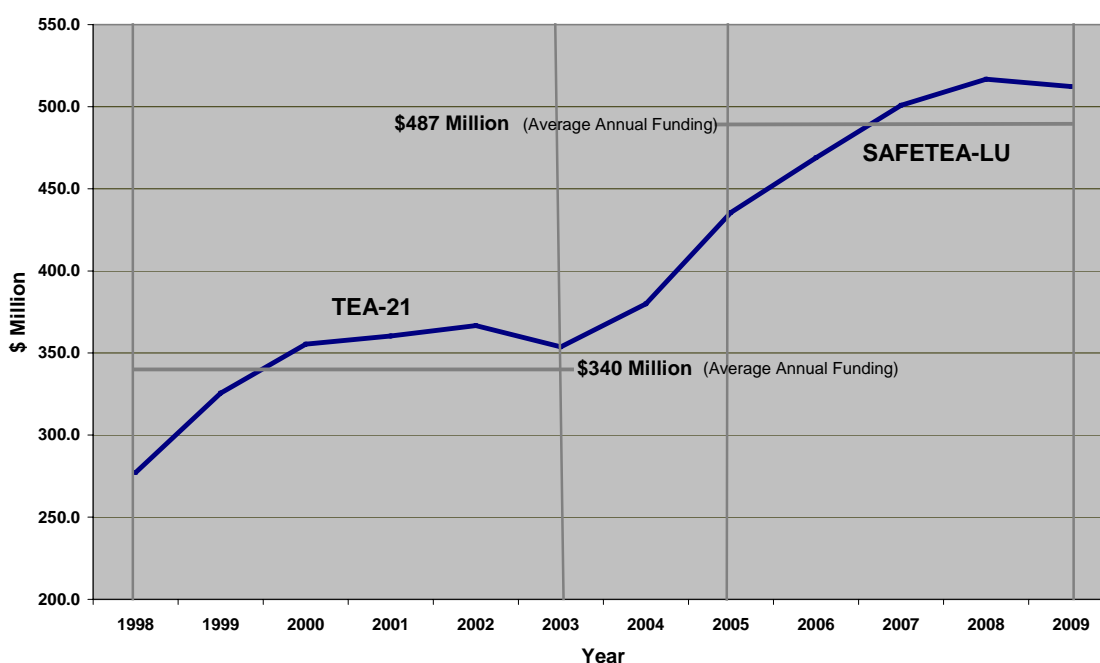


Table 1
Breakdown of Annual Highway Funding

	TEA-21	SAFETEA-LU
Dedicated Programs	13.8	26.4
Local Programs	63.1	76.5
Projects Earmarked by Congress	22.8	97
Funds Available for STIP	211.4	248.2

Amounts are in millions of dollars. All amounts are after calculation of obligation limitation and include both formula apportionments and earmarks. The obligation limitation was 91.5% over the life of TEA-21. For SAFETEA-LU ODOT assumes the obligation limitation to be 92%.

Dedicated Programs: Funding restricted by federal law for safety, research and planning, recreational trails.

Local Programs: Funding set-aside for local governments (i.e., local bridge, safety, metropolitan planning).

How does Oregon plan to spend the additional money it will receive under SAFETEA-LU?

Over the course of SAFETEA-LU, Oregon expects to have an additional \$212.5 million of additional flexible federal highway funds that can be used for transportation projects and activities throughout the state. The Oregon Transportation Commission (OTC), the body that sets policy for the Oregon Department of Transportation (ODOT) and determines how funds are distributed, approved a plan to distribute the additional federal funding coming to the state under SAFETEA-LU. The OTC dedicated nearly half of the additional federal money to modernization projects throughout the state by increasing the amount of modernization funding available in the 2008-2011 Statewide Transportation Improvement Plan (STIP). Determination on how to use these modernization funds will be made based on recommendations from Area Commissions on Transportation that cover most regions of the state.

Table 2
Distribution of Additional Federal Highway Funding

Category	Amount	Percent
Highway Modernization	97.8	46
Highway Maintenance and Operations	75.9	36
Highway Preservation	-3.7	-2
Building Repair and Replacement	13.7	6
DMV Testing and Imaging Equipment	2.4	1
Motor Carrier Fees and Transponders	2.9	1
Rail Passenger Service and Warning Devices	14.5	7
Transit Vehicles and Improvement Projects	9	4

Amounts are in millions of dollars.

Highway Programs

Federal highway funds do not come to the state in one lump sum. Funding is divided into many different program categories, each with its own rules and funding levels. SAFETEA-LU continues TEA-21's core programs, and established several new highway programs.

Core Programs

SAFETEA-LU continues TEA-21's core programs, including the Surface Transportation Program (STP), National Highway System (NHS), Bridge, Interstate Maintenance, and Congestion Mitigation and Air Quality Improvement (CMAQ). SAFETEA-LU adds a new dedicated safety program, the Highway Safety Improvement Program, as well as a new Equity Bonus program that is designed to achieve some level of distributional fairness among states. The majority of federal highway funds are distributed to states through these programs, based on funding formulas set by federal law. Table 3 explains the eligible uses of each of these programs.

Table 3
SAFETEA-LU Core Highway Program Categories

Core Highway Program	Eligible Uses	Apportionments	
		Nationwide	Oregon
Surface Transportation Program (STP)	All highway and bridge projects, transit and ITS capital, enhancements, bus facilities and natural habitat mitigation. Includes Transportation Enhancements program.	32,037	419.3
National Highway System (NHS)	Funds improvements to rural and urban roads that are part of the NHS system, including Interstates, as well as ITS capital, transit capital in limited circumstances, publicly owned bus terminals, and environmental restoration/enhancement.	29,780	418.4
Bridge	Replacement, rehabilitation, and systematic preventive maintenance of bridges. A minimum of 15% of funds must be used on local, non-federal aid highway projects.	20,837	391.9
Interstate Maintenance	Resurfacing, restoring, rehabilitating and reconstructing projects on Interstates only.	24,387	329.7
Highway Safety Improvement Program	Funds projects designed to achieve significant reduction in traffic fatalities and serious injuries on all public roads and pedestrian/bike pathways. Includes Railway-Highway Crossings program and High Risk Rural Roads program.	5,064	79.1
Congestion Mitigation and Air Quality Improvement (CMAQ)	Funds HOV lanes, ITS, park and ride lots, car/van pool programs, transit capital, and other investments that improve air quality.	8,501	70.6
Equity Bonus	Equity Bonus money is distributed to the other six core programs and takes on their eligibility characteristics.	40,896	180.9

All amounts are in millions of dollars. Funding levels are totals over the five year life of SAFETEA-LU.

Flexibility and Transferability

SAFETEA-LU continues to allow states the ability to flex and transfer federal highway funds to meet their needs. Flexibility refers to the ability to use certain federal highway funds for other purposes. For example, Surface Transportation Program (STP) funds are very flexible and can be used to purchase buses or build transit capital projects. Transferability refers to the ability to transfer funds from one highway program to another.

New Programs

In addition to continuing TEA-21's core programs, SAFETEA-LU authorized several important new highway programs, including:

Highway Safety Improvement Program

While highway safety projects were previously funded as a set-aside under a general highway program, SAFETEA-LU created a new core program, the Highway Safety Improvement Program that will provide a separate dedicated funding stream for highway safety activities. Funded at over \$1 billion a year, Oregon will receive \$18.8 million per year under this program to fund projects designed to achieve significant reduction in traffic fatalities and serious injuries on all public roads and pedestrian/bike pathways. Included within this program are the Railway-Highway Crossings program and High Risk Rural Roads program.

High Risk Rural Roads

Within the Highway Safety Improvement Program, Congress set aside \$90 million per year for the High Risk Rural Roads program. Oregon will receive approximately \$1.3 million annually to fix rural roads with high crash rates.

Safe Routes to Schools

Another new program with a focus on safety is the Safe Routes to School program, which is designed to encourage children in grades K-8 to walk and bicycle to school by making it safe and more appealing. Oregon will receive nearly \$1.4 million a year from this program, which will be used both for infrastructure improvements and public awareness/outreach efforts.

Highways for LIFE

The Highways for LIFE program was created to demonstrate state-of-the-art technologies, elevated performance standards, and new business practices in the highway construction process that result in improved safety, faster construction, reduced congestion from construction, and improved quality and user satisfaction. Funded at \$75 million over the life of SAFETEA-LU, ODOT expects to receive funding for one project.

Other Programs

SAFETEA-LU also continues important programs, including:

Federal Lands Highways Program (FLHP)

The FLHP funds road and transit improvements that are on, or provide access to, federal lands. Unlike most highway programs, FLHP funds do not require non-federal match. Funding is divided into several subcategories: Forest Highways, Public Lands Highways, Indian Reservations, Parks, and Refuge roads. Oregon is a major recipient of FLHP funding, in part because more than half the State of Oregon is under federal ownership.

Emergency Relief

This program funds repairs and reconstruction of federal-aid highways and roads on federal lands damaged by natural disasters. Oregon received more than \$100 million from this program to help pay for repairs caused by severe flooding during the winter storms of 1996 and 1997.

Transportation Enhancements

The Transportation Enhancement program, funded by a portion of a state's receipts under the Surface Transportation Program, offers local governments and others the opportunity to expand transportation options by developing bicycle and pedestrian facilities and scenic routes, beautifying the transportation system, and making other investments that increase opportunities for recreation, accessibility and safety.

Recreational Trails

The Recreational Trails program provides funds to states to develop and maintain recreational trails for both non-motorized and motorized recreational trail uses. In Oregon, the Oregon Parks and Recreation Department provides grants under this program to develop and maintain trails.

Local Programs

SAFETEA-LU will provide significant support to local governments to operate, maintain and modernize their transportation systems. In addition to dedicated funding from the STP and Bridge programs, local governments will receive more than \$30 million in annual funding from earmarks. Many other programs funded under SAFETEA-LU, including Recreational Trails, Transportation Enhancements, Congestion Management and Air Quality (CMAQ), Metropolitan Planning, Safe Routes to School, and most of the transit programs, provide funding to local governments.

Surface Transportation Program

Under the Surface Transportation Program, a portion of each state's funds are distributed to urban areas with populations greater than 200,000. In Oregon, the Portland metropolitan area, Eugene/Springfield, and Salem/Keizer receive a combined total of nearly \$25 million on average each year. In addition, ODOT has a revenue-sharing agreement with counties and cities with a population between 5,000 and 200,000 under which the state passes a significant portion of its STP apportionment to local governments.

Table 4
Distribution of Funds to Local Governments under
Surface Transportation Program

Annual Average	
Counties	11
Cities	7.4
Portland Metropolitan Area	18.4
Eugene Metropolitan Area	3.2
Salem Metropolitan Area	2.9
Total	43

Amounts are in millions of dollars.

Bridges

The Highway Bridge program also requires that 15% of funding be shared with local governments for work on bridges not on the state highway system. ODOT will distribute an average of nearly \$18 million each year for these bridge projects.

Highway Earmarks

SAFEATEA-LU includes a record number of earmarks for specific projects and programs. Oregon was a particularly large beneficiary of these earmarks: the state's congressional delegation earmarked \$527 million for investments in Oregon highway-related projects. Oregon:

- \$307 million for High Priority Projects;
- \$20 million in the Transportation Improvements program;
- \$160 million for I-5 bridges in the Projects of National and Regional Significance program;
- \$40 million under the Bridge Discretionary program for bridges on state highways.

Earmarks in the High Priority Projects program are taken out of formula funds the state otherwise would have otherwise received, but earmarks from the Transportation Improvements, Projects of National and Regional Significance, and Bridge Discretionary programs—the so-called “above the line” earmarks—add to the state's total funding.

Bridge Repairs

Congressman DeFazio was instrumental in convincing his colleagues to include \$200 million for bridge repairs in Oregon. SAFETEA-LU's "Projects of National and Regional Significance" includes \$160 million for fixing bridges and making other associated improvements on Interstate 5, and the bill also provides \$40 million for bridges throughout the rest of the state through the Bridge Discretionary Program. This commitment of federal funds will be used to make significant improvements to Interstate 5 and other highways that will complement and expand on the Oregon Legislature's commitment to improving our state's infrastructure and creating jobs under Oregon Transportation Investment Act (OTIA) III.

Oregon Transportation Commission Requests

The Oregon Transportation Commission, which sets policy for the Oregon Department of Transportation, requested that the Oregon congressional delegation secure funding for nine high priority projects with statewide implications. The congressional delegation secured significant funding for these projects, as shown in Table 5.

Table 5
OTC Earmark Requests Funded in SAFETEA-LU

Project	Earmark
Reroute U.S. 97 at Redmond	14
Improve U.S. 97 in Klamath County	5.1
Upgrade the I-5 Fern Valley Interchange in Medford	7.4
I-5 Beltline Interchange in Eugene	20
Highway 20 through Lincoln County	10.6
Add a lane to southbound I-5 in north Portland	16.2
Widen Highway 217 between the Tualatin Valley Highway and U.S. 26	8.8
Bridge repairs	200

Amounts are in millions of dollars.

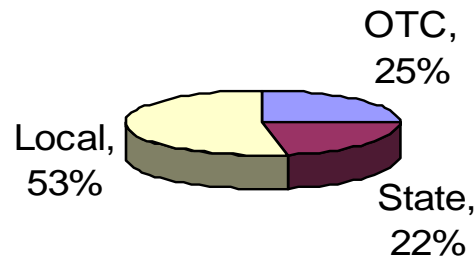
Local Projects

SAFETEA-LU included dozens of earmarks sponsored by local governments. Although ODOT oversees earmarked projects and administers all federal highway funds, local project sponsors are responsible for providing the required matching funds, making up any shortfalls, and delivering the final project. ODOT develops project agreements with local sponsors and guides them through the process of using federal funds to ensure that they develop and build a sound project that meets all federal requirements. Funds for earmarked projects are available in 20 percent increments each year from Fiscal Year 2005 through Fiscal Year 2009 and are available until spent.

The majority of the Oregon's earmarks in SAFETEA-LU's two main earmark programs, High Priority Projects and Transportation Improvements, went to local governments. The

Oregon Transportation Commission's official requests gathered one quarter of the HPP/TI funding. The remaining 22% went for projects on the state highway system that were primarily requested by local governments but for which ODOT will take responsibility.

Oregon's High Priority Project and Transportation
Improvements Earmarks by Requestor/Recipient



Safety Programs

In addition to funding highway safety programs that fix dangerous roadway features such as sharp curves, SAFETEA-LU funds a number of programs that address transportation safety through education and enforcement activities.

Motor Carrier Safety Assistance Program

The Motor Carrier Safety Assistance Program (MCSAP) is a Federal grant program that provides financial assistance to States to reduce the number and severity of crashes and hazardous materials incidents involving commercial motor vehicles (CMV). The goal of the MCSAP is to reduce CMV-involved crashes, fatalities, and injuries through consistent, uniform, and effective CMV safety programs. Investing grant monies in appropriate safety programs increases the likelihood that safety defects, driver deficiencies, and unsafe motor carrier practices are detected and corrected before they become contributing factors to crashes.

ODOT's Motor Carrier Transportation Division (MCTD) manages the federal Motor Carrier Safety Assistance Program (MCSAP) in Oregon and administers more than \$2.4 million in federal funds each year for truck safety inspections and traffic enforcement by ODOT and Oregon State Police. Many city police, county sheriffs, and county weigh masters also participate in the program. Motor Carrier Transportation Division specialists are responsible for training and certifying enforcement officers who perform truck, driver, and hazardous cargo safety inspections in Oregon. The division also helps law enforcement investigate truck accidents. In 2005, Oregon completed 55,840 safety inspections—a rate of one inspection every 9.5 minutes.

Driver Behavior

SAFETEA-LU funds a number of programs through the National Highway Traffic Safety Administration (NHTSA) that focus on avoiding crashes by reducing dangerous driver behavior. For example, SAFETEA-LU includes an Alcohol-Impaired Driving Countermeasures Incentive Grant program designed to encourage states to adopt effective programs to reduce traffic safety problems caused by people driving under the influence of alcohol. Through Oregon's Impaired Driving Program, ODOT's Transportation Safety Division (TSD) administers this program, using funds for public education and information campaigns, law enforcement and law enforcement training, as well as other purposes.

SAFETEA-LU also includes a safety belt incentive grant program designed to encourage states to adopt primary safety belt laws that allow law enforcement to stop motorists for not wearing a seat belt. Unfortunately, changes made under SAFETEA-LU may prevent Oregon from receiving funding under these two programs. TSD also administers a number of other federal safety programs, including a new motorcyclist safety grant program.

Transit Programs

Transit districts are the primary recipients of federal transit funds. Transit districts serving areas of more than 200,000 people—including Tri-Met, Lane Transit, and Salem Area Transit—receive their funding directly from the federal government, but funding for smaller cities and transit in non-urbanized areas is allocated to state departments of transportation, which then distribute the funding to local transit districts according to state transportation plans. Federal transit funds must be matched with non-federal funds.

Like federal highway funding, transit funding is distributed by both formula and discretionary grants, depending on the program category. Formula programs automatically allocate funding each year. Discretionary programs leave the decision of how to allocate funding up to the U.S. Department of Transportation, within statutory guidelines. Transit districts compete for discretionary funds according to rules issued by the U.S. DOT. "New Starts" funding for fixed-guideway projects, such as Portland's MAX light rail system, is the largest transit discretionary program.

New Programs

SAFETEA-LU also adds a "New Freedom" program and a "Small Starts" category within the New Starts program and converts the existing Job Access and Reverse Commute program into formula grants to states.

Table 6

Annual Oregon Funding for Transit Programs Under TEA-21 & SAFETEA-LU

Transit Program		Eligible Uses		Annual Apportionments	
		TEA-21	SAFETEA-LU		
Formula Programs					
Urban areas	Capital projects and improvements in areas over 50,000. Areas over 200,000 can flex portion of funding to highways.	28	41.8		
Non-urban areas	Capital projects and improvements, operating assistance, and administration in areas under 50,000. 15% of funding dedicated to supporting rural intercity bus service.	3.1	8.9		
Fixed Guideway Modernization	Capital projects to modernize, improve and maintain fixed guideway systems (light rail, commuter rail, trolleybuses).	3.1	6		
Elderly and Disabled	Purchase or lease vehicles to provide transit service to elderly and disabled. Under SAFETEA-LU, Oregon is one of seven states that can use up to 33% of funds for operations.	1.0	1.5		
New Formula Programs					
Job Access and Reverse Commute	Capital and operating expenses for transportation services so that welfare recipients and eligible low-income individuals can access jobs and job-related activities.	N/A	1.6		
New Freedom	Capital and operating costs to provide transportation services for persons with disabilities that go beyond those required by the Americans with Disabilities Act.	N/A	.8		

Amounts are in millions of dollars. Average annual funding numbers for SAFETEA-LU are for FY 2006-2009.

Small Starts

SAFETEA-LU includes a new category of transit project known as “Small Starts.” This program will allow fixed-guideway transit projects, such as streetcar, light rail and bus rapid transit that seek less than \$75 million in federal funding to go through a streamlined evaluation process. This program may prove beneficial to Oregon communities that consider streetcar, commuter rail, and bus rapid transit projects.

New Freedom

Designed as part of President Bush’s “New Freedom” initiative to help integrate the disabled into the workforce and daily life, the New Freedom program will provide formula funding for new transportation services to assist the disabled. 60% of funding will go directly to large urban areas, and 40% will go to states to split between small cities and rural areas.

Job Access and Reverse Commute (JARC)

The JARC program was created to provide transit services to assist low income and unemployed persons in commuting to jobs and training and to develop transit services to transport workers to suburban job sites. Previously a discretionary grant program,

under SAFETEA-LU JARC becomes a formula program which will provide 60% of funding directly to large urban areas, while 40% will go to states to split between small cities and rural areas.

Table 7
Annual Transit Formula Funding for
Oregon Urbanized Areas

Urban Area	FY06 Apportionment
Portland	41.2
Eugene	4.2
Salem	3.54
Bend	.67
Corvallis	.72
Medford	1.72

Amounts in millions of dollars. Includes funding under Urbanized Areas, Fixed Guideway Modernization, JARC, and New Freedom.

Rail and Intermodal Freight

While SAFETEA-LU focuses on highways and transit, it goes further than previous versions of the surface transportation legislation in investing in the rail system and intermodal freight connections. There is a growing recognition of the interconnectedness of the different parts of the transportation system, and SAFETEA-LU works to improve intermodal connections between rail and highways in order to enhance freight mobility. The rail system will benefit from a number of loan, bonding, and “innovative financing” programs included in SAFETEA-LU.

Railway-Highway Crossings

SAFETEA-LU provides \$220 million per year for making improvements to highway-rail grade crossing to eliminate safety hazards. Funding for this program will come out of the national allocation of Highway Safety Improvement Program funds. Oregon will receive \$3.1 million per year. SAFETEA-LU also authorizes but does not fund a rail relocation program that would allow track to be relocated when it interferes with vehicle traffic flow, quality of life, or economic development.

Railroad Rehabilitation and Infrastructure Financing Program

SAFETEA-LU increased the value of loans provided under the Railroad Rehabilitation and Infrastructure Financing program from \$3.5 billion to \$35 billion. This program provides low-interest loans to railroads for passenger and freight rail projects. \$7 billion of this is set

aside for short-line railroads; long-haul Class 1 railroads such as Union Pacific will receive the rest.

Freight Intermodal Distribution Pilot Program

SAFETEA-LU creates a new Freight Intermodal Distribution Pilot Program designed to facilitate movement in and out of U.S. ports and establish or expand intermodal facilities and inland freight distribution centers. Although only \$30 million was provided for the program, Oregon will receive \$5 million that Northwest Container Services plans to use for projects that will improve freight mobility and enhance export opportunities for Oregon companies. Although this is a small pilot program, it could serve as basis for future intermodal freight programs and could be expanded in the next reauthorization if it proves successful.

Private Activity Bonds

SAFETEA-LU expands bonding authority by making facilities for the transfer of freight from truck to rail or rail to truck eligible for tax-exempt private activity bonds. These bonds, which are issued by states for private-sector activities that would not otherwise be eligible for tax-exempt status, are subject to a \$15 billion national annual cap rather than lower state-by-state caps.

Transportation Infrastructure Finance and Innovation Act

SAFETEA-LU also expands the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, which provides direct loans, loan guarantees, and lines of credit to nationally or regionally significant surface transportation projects in order to leverage private investment. SAFETEA-LU expands eligibility to include public freight rail facilities or private facilities providing public benefit for highway users, as well as intermodal freight transfer facilities.

Research

In addition to funding construction of transportation infrastructure, SAFETEA-LU funds research and development of innovative practices and technologies that will help address major challenges to the transportation system, including congestion, safety, and environmental degradation. With leadership from the congressional delegation, Oregon's research universities received two important new transportation-related research centers.

Center for Transportation Studies

The Center for Transportation Studies—a Portland State University (PSU) program conducted in partnership with the University of Oregon (U of O), Oregon State University

(OSU), and Oregon Institute for Technology (OIT)—received an infusion of \$16 million in research funding when SAFETEA-LU designated it one of 10 National University Transportation Centers in the United States. Using this funding, the center will expand its focus on Oregon's unique collaborative approach to planning and implementation of transportation systems that link land use, livability, and growth.

Sun Grant Center

SAFETEA-LU funded the national Sun Grant Initiative, an effort to promote national energy security and rural economic development through bio-based energy technologies. Oregon State University, a leader in bio-energy research, has been named one of five regional Sun Grant Centers and will receive \$8 million over the next four years to fund bio-energy research in the nine western states through a competitive grant process. OSU's research projects include turning agricultural residues, including straw, into energy; production of hydrogen for fuel cells by microorganisms; identification of crops such as canola that can be grown and used in small crushing plants to produce biodiesel; and development of technology for the production of biodiesel.

Policy Issues

In addition to authorizing programs and funding, SAFETEA-LU establishes the nation's surface transportation policies. Several policy issues were part of the reauthorization debate leading up to the enactment of SAFETEA-LU into law.

Equitable Funding for States

How federal highway formula funds are divided among states is always one of the most contentious reauthorization issues. With billions of dollars at stake, coalitions of states formed around differing policy arguments to justify increased funding to their states. States that felt they received less federal funding than they pay to the Highway Trust Fund through the gas tax dubbed themselves donor states, while states receiving more than they pay to the Trust Fund were termed donee states. In the end, most donor states received an increase in their share of federal funding under a complex "Equity Bonus" program that will guarantee states at least 92 cents for every dollar they pay into the trust fund. Although most donee states saw their share of funding go down, because SAFETEA-LU significantly increased funding, donee states will receive more funding than under TEA-21. As previously explained, the Equity Bonus program guarantees Oregon and 26 other states the same share of funding they received under TEA-21. Because of the higher level of funding nationally, this significantly increased Oregon's amount of highway funding. Oregon is now firmly ensconced in the donee state camp and will receive nearly \$1.03 for every dollar it contributes to the Highway Trust Fund.

Environmental Streamlining

Streamlining the environmental review process for transportation projects was a major issue during the drafting of SAFETEA-LU. Proponents argued that transportation projects are too often held up unnecessarily by environmental regulatory agencies. The final version of SAFETEA-LU includes significant changes to environmental requirements designed to expedite project completion. For example, a 180-day statute of limitations on judicial challenges was established for agency decisions on transportation projects, and changes were made to allow the use of parks, wildlife refuges, and historic sites—known as “4(f) resources”—if the use results in only minimal impact. Other provisions impose additional planning requirements on states and their local partners to ensure that transportation planning efforts consider the need to protect the environment.

Highway Trust Fund Revenue

The federal gas tax of 18.4 cents per gallon has not been raised since 1993, and since then inflation has steadily eaten away at its purchasing power. For years, a portion of the gas tax was diverted to the general fund for deficit reduction. However, in 1997 Congress redirected this tax to the highway trust fund, providing significant additional revenue that allowed TEA-21 to increase investment in transportation infrastructure. Some in Congress advocated increasing the gas tax by retroactively indexing it for inflation, but high gas prices foreclosed any real possibility of raising the gas tax. In the end, Congress increased revenue to the highway trust fund somewhat by cracking down on fuel tax evasion, particularly the use of aviation fuel—which faces a lower tax than diesel—by truckers. However, this revenue will not be enough to cover the additional spending in SAFETEA-LU, so the highway trust fund's balance will be drawn down over the course of the legislation. By 2009, when SAFETEA-LU expires, many estimate that the trust fund will be essentially empty, requiring Congress to identify new revenue sources if it wants to continue present levels of spending on transportation.

Innovative Finance and Tolling

With traditional gas tax revenues failing to keep up with the nation's growing needs for infrastructure investment, SAFETEA-LU offers additional opportunities to secure private funding for the transportation system. SAFETEA-LU includes a number of new and continued tolling programs that offer states a broader ability to use tolling on a pilot basis to finance Interstate construction and reconstruction, promote efficiency in the use of highways, and support congestion reduction. A new Interstate System Construction Toll Pilot Program authorizes up to three toll facilities on the Interstate System for the purpose of constructing new interstate highways. The new Express Lanes Demonstration Program permits tolling on 15 demonstration projects to manage high levels of congestion, improve air quality, or finance added Interstate lanes for the purpose of reducing congestion. The Interstate System Reconstruction and Rehabilitation Toll Pilot Program, which allows tolling on up to three existing Interstates to fund needed reconstruction or rehabilitation on Interstate routes that could not otherwise be adequately maintained or improved, is continued under SAFETEA-LU.

In addition, SAFETEA-LU expanded opportunities to leverage private investment in rail and intermodal freight projects. The Transportation Infrastructure Finance and Innovation Act, which provides provide federal credit assistance to major transportation investments of critical national importance, was expanded to include public freight rail facilities or private facilities providing public benefit for highway users, as well as intermodal freight transfer facilities. SAFETEA-LU also expanded eligibility for tax-exempt private activity

bonds to facilities for the transfer of freight from truck to rail or rail to truck. These bonds, which are issued by states for private-sector activities that would not otherwise be eligible for tax-exempt status, are subject to a \$15 billion national annual cap rather than lower state-by-state caps.

Appendix: Congressional Earmarks

Highway Projects

Description	Amount	County
<i>High Priority Projects/Transportation Improvements</i>		
Construction of access road including sidewalks, bike lanes and railroad crossing from Highway 99W to industrial zoned property, Corvallis	814,000	Benton
Sunrise Corridor, Clackamas County	19,000,000	Clackamas
Lake Road Reconstruction and Safety Improvements, Milwaukie	4,000,000	Clackamas
Barber Street extension, Wilsonville	3,700,000	Clackamas
I-205/Highway 213 interchange improvements	2,300,000	Clackamas
Connect Boeckman Road to Tooze Road, Wilsonville	800,000	Clackamas
Repair and recoat logging bridge over Highway 99E, Canby	120,000	Clackamas
I-205 widening, Clackamas County	3,000,000	Clackamas
Widen Delaura Beach Lane and add a bike lane both directions, Warrenton	148,800	Clatsop
Study to evaluate alternatives in support of an eventual Astoria bypass, Astoria	248,000	Clatsop
Construction and preliminary engineering of a railroad crossing at the intersection of Havlik Road and Hwy 30, Scappoose	198,400	Columbia
Construct bike/pedestrian path, Powers	440,000	Coos
Improvements to Bandon-Charleston State Scenic Tour on Randolph Road and North Bank Lane	4,200,000	Coos
North Bend Waterfront District Boardwalk Construction	992,000	Coos
Continue bridge repair project authorized under Public Law 105-178, Coos Bay	8,000,000	Coos
TransPacific Parkway Realignment Project, Coos County	350,000	Coos
Improve Millican, West Butte Road which connects U.S. Highway 20 with U.S. Highway 126	1,600,000	Crook/ Deschutes
Rogue River Bikeway/Pedestrian Path, Curry County	600,000	Curry
Upgrade U.S. 101 and Utility Relocation, Gold Beach	200,000	Curry
Agness Road, Curry County	2,000,000	Curry
Pedestrian improvements including boardwalk extension and sidewalk construction, Port of Brookings Harbor	600,000	Curry
U.S. 101 Slide Repair, Curry County	2,895,200	Curry
Reroute U.S. 97 at Redmond, OR and improve the intersection of U.S. 97 and Oregon 126	14,000,000	Deschutes
Weaver Road Extension and Bridge Project, Douglas County	17,000,000	Douglas
Hood River, Frontage Road Crossing Project	900,000	Hood River
Cascade Locks Marine Park Underpass to address necessary improvements	800,000	Hood River
Relocate and improve Cascade Locks Southbank Enhancements, Cascade Locks	1,000,000	Hood River
Upgrade the I-5 Fern Valley Interchange (Exit 24)	7,400,00	Jackson

To construct sidewalks and improve storm drainage and gutters for the City's Safe Walk Plan, Medford, Oregon	2,800,000	Jackson
Construct passing lanes on U.S. 199, Josephine County	1,827,000	Josephine
U.S.199/Laurel Road Intersection	2,880,000	Josephine
Hwy 199 Safety Improvements, Josephine County	2,000,000	Josephine
Improve U.S. 97 from Modoc Point to Algoma	5,100,000	Klamath
Highway 140 Transportation Improvements, Lake County, Oregon	1,700,000	Lake
Delta Ponds Bike/Pedestrian Path	2,880,000	Lane
Interstate 5 Interchange at City of Coburg	9,000,000	Lane
Expand storage facilities in Eugene to support transportation enhancement activities throughout the State	2,500,000	Lane
I-5 Beltline Interchange	20,000,000	Lane
Siuslaw River Bridge, Florence	4,250,000	Lane
Construct turn lane on Gateway Boulevard, Cottage Grove	90,000	Lane
Middle Fork Willamette River Path, Springfield	3,000,000	Lane
Transportation enhancement at Eugene Depot, Eugene	1,000,000	Lane
Transportation Improvements Around the Eugene, Oregon Federal Courthouse	1,000,000	Lane
I-5 Franklin-Glenwood Interchange Study	400,000	Lane
Highway 20 Improvements from Pioneer Mountain to Eddyville, Lincoln County	10,600,000	Lincoln
Study landslides on U.S. Highway 20 between Cascadia and Santiam Pass to develop long-term repair strategy	1,000,000	Linn
Highway 34/Corvallis Bypass Intersection	2,100,000	Linn
Culvert Replacement, Sweet Home	130,000	Linn
Renewal of Wooden Bridge West of Albany	7,500,000	Linn/ Benton
Construct Pathway From Multimodal Transit Station to Swanson Park, Albany	520,000	Linn
Hwy 99E/Geary Street Safety Improvements, Albany	1,002,000	Linn
U.S. Highway 20 and Airport Road Intersection Improvements, Lebanon	837,000	Linn
Kuebler Boulevard improvements, Salem	1,700,000	Marion
Highway 22-Cascade Highway interchange improvements, Marion County	2,000,000	Marion
I-5/Highway 214 interchange improvements, Woodburn	800,000	Marion
Purchase communications equipment related to traffic incident management in Linn, Benton, Lane, Douglas, Coos, Curry and Josephine Counties	9,000,000	Multiple
Hwy 101 Improvements, Oregon	500,000	Multiple
Add a southbound lane to section of I-5 through Portland, OR between Delta Park and Lombard	16,200,000	Multnomah
I-5 Trade Corridor, Portland Oregon to Vancouver, Washington segment (includes WA Funding)	14,220,000	Multnomah
Sellwood Bridge Replacement-Multnomah County	7,000,000	Multnomah
Construct an urban arterial street between NE Weidler and NE Washington on NE 102nd, Portland	4,200,000	Multnomah
Construction of the East Burnside Street improvements, Portland	5,200,000	Multnomah

Rockwood Town Center for Stark Street from 190th to 197th for pedestrian, bicycle and transit facilities and safety mitigation	2,000,000	Multnomah
Columbia Intermodal Corridor for rail congestion relief, improved intersections and access to Interstate-5 for trucks, and grade-separate road from rail, Portland	11,000,000	Multnomah
Construct highway and pedestrian access to Macadam Ave. and street improvements as part of South Waterfront development, Portland	11,000,000	Multnomah
To construct and enhance bikeway between Hood River and McCord Creek	500,000	Multnomah
Troutdale Interchange enhancements at I-84 and 257th St, Troutdale	1,000,000	Multnomah
Interchange Improvements to I-205 at Airport Way	1,000,000	Multnomah
Completion of the first of three phases of trails in the Regional Trails Program	5,000,000	Multnomah/ Clackamas
Improve Highway 22, Polk County	2,500,000	Polk
Construction of I-84, U.S. 395 Stanfield Interchange Improvement Project	5,000,000	Umatilla
Improve Barnhart Road, Umatilla County	3,900,000	Umatilla
Plan, design, and construct the Dalles, Oregon Riverfront Access	1,800,000	Wasco
Widening of Oregon Hwy 217 between Tualatin Valley Hwy and the U.S. 26 interchange, Beaverton	8,745,600	Washington
I-5/99W connector	10,248,000	Washington
Construction of transportation facilities at the Tualatin River Wildlife Refuge	793,600	Washington
To study the feasibility of widening Hwy 26 from the Hwy 217 interchange to the Cornelius Pass Exit	992,000	Washington
Beaverton Hillsdale/Scholls Ferry/Oleson Rd. Interchange Reconfiguration, Washington County	3,000,000	Washington
For purchase of right-of-way, planning, design, and construction of a highway, Newberg	23,545,600	Yamhill
P&W Rehabilitation Project, Yamhill County	700,000	Yamhill

Other Federal-Aid Highway Programs

I-5 Bridge repair, replacement and associated improvements in the I-5 corridor (Projects of National and Regional Significance)	160,000,000	
Discretionary Bridge Program	40,000,000	
Short-haul intermodal projects, Oregon (Freight Intermodal Distribution Pilot Grant Program)	5,000,000	
Portland State University in Partnership with the University of Oregon, Oregon State University, and the Oregon Institute of Technology (National University Transportation Centers)	16,000,000	
Total Federal-Aid Highways	547,957,200	

Transit Projects

Description	Amount	County
<i>Bus and Bus Facilities</i>		
Columbia County To purchase buses	117,040	Columbia
Portland Renovation of Union Station, including structural reinforcement and public safety upgrades	83,600	Multnomah
Gresham Construct a new light rail station and transit plaza on Portland MAX system and serve Gresham Civic neighborhood	1,170,400	Multnomah
Sandy Transit Bus Facility	585,200	Clackamas
Canby bus and bus facilities	125,400	Clackamas
Molalla, South Clackamas Transportation District, bus purchase	83,600	Clackamas
Wilsonville South Metro Area Rapid Transit, bus and bus facilities	209,000	Clackamas
Yamhill County For the construction of bus shelters, park and ride facilities, and a signage strategy to increase ridership	91,960	Yamhill
Eugene Lane Transit District, Vehicle Replacement	2,985,714	Lane
Albany Rehabilitate Building at Multimodal Transit Station	1,273,904	Linn
Lane Transit District, Bus Rapid Transit Progressive Corridor Enhancements	2,477,586	Lane
Salem bus and bus facilities	1,672,000	Marion
Tillamook construction of a transit facility	83,600	Tillamook
Corvallis Bus Replacement	1,234,096	Benton
Lincoln County bus purchase	209,000	Lincoln
Grants Pass Purchase Vehicles For Use By Josephine Community Transit	170,186	Josephine
Bend-replacement vans	836,000	Deschutes
Albany North Albany Park and Ride	796,191	Linn
Total Bus and Bus Facilities Projects	14,204,477	
<i>New Starts/Alternatives Analysis</i>		
Lane County, Oregon Bus Rapid Transit Phase II corridor Study	1,000,000	Lane
Portland Streetcar, Oregon corridor study	3,000,000	Multnomah
Portland Streetcar prototype purchase and deployment	4,000,000	Multnomah
Interstate MAX LRT extension (FY 2005 & FY 2006)	41,584,710	Multnomah
Portland, Oregon—South Corridor I-205/Portland Mall LRT	Authorized	Multnomah/ Clackamas
Washington County, Oregon -- Wilsonville to Beaverton Commuter Rail	Authorized	Washington
Phase 2 of Lane County's Bus Rapid Transit	31,000,000	Lane
Extensions to Portland's Streetcar	Authorized	Multnomah