

# Federal Funding Overview

Motor fuel and other transportation taxes finance federal highway and transit programs. These taxes are deposited in a federal Highway Trust Fund.

## The federal Highway Trust Fund

- The trust fund has two accounts: a Highway Account and a Mass Transit Account.
- Aviation, rail, waterways and other transport modes are financed through other federal taxes and fees.

## Highway Trust Fund distribution

- Congress authorizes the amount of federal funding states receive each year and how those funds may be used by passing a multiyear transportation law (see SAFETEA-LU information below).
- Congress passes annual appropriations bills to limit how much federal money states may spend each fiscal year.

The President signed the latest authorization bill in 2005. It covers federal fiscal years 2005-2009 and provides historic levels of funding for highway and transit programs. It is commonly known as SAFETEA-LU.



## SAFETEA-LU — The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users

- SAFETEA-LU continues the former federal authorization (the Transportation Equity Act for the 21<sup>st</sup> Century) concept of guaranteed minimum levels of federal funding for highway and transit programs.
- In addition, all trust fund revenues are dedicated to transportation. In the past, part of the trust fund was used to offset deficits in other parts of the federal budget.

## Federal fund limitations

- ODOT receives federal funds to reimburse state funds spent on projects approved by the federal government.
- Federal funds must be matched with state and local funds.
- With few exceptions, the amount of federal funds Oregon receives is less than the full cost of projects.
- State taxes or other non-federal funds must be used to close the gap.
- Federal funds for highway and transit projects must be used for specific purposes — they are not block grants.
- There are more than 100 programs through which states receive federal funds; each federal program has its own rules and restrictions.
- Transit funds are distributed almost exclusively to local transit providers and local governments.
- Less than 10 percent of annual transit funding is managed by ODOT.

*The Oregon Transportation Commission allocated \$5.5 million in SAFETEA-LU funds to improve safety at rail crossings, including elimination of wig wags. A wig wag is an antiquated signal that warns motorists of an approaching train by using a lighted circular sign that waves back and forth, such as the one in the photo.*

# Federal Funding Overview (continued)

## Average Annual Federal Funding for Oregon and ODOT Federal Fiscal Years 2005–2009 (in millions)

	Highways	Transit
Average Annual Obligation Limit Set by Congress	\$408.2	\$90.5
Projects earmarked by Congress	(\$56.5)	(\$25.8)
Dedicated programs	(\$26.4)	(\$2.9)
Local programs	(\$77.2)	(\$52.9)
<b>Federal funds available to ODOT</b>	<b>\$248.1</b>	<b>\$8.9</b>

Annual obligation limitation for highways based on an expected limitation rate of 92 percent for federal fiscal years 2006–2009. Annual obligation limitation for transit based on an expected limitation rate of 100 percent for federal fiscal years 2006–2009.

## Important terms to know:

- *Obligation Limitation* — The limit set by Congress each year on the amount of federal funds states can spend.
- *Earmarked Projects* — Funding set aside for special projects sponsored by the Oregon Congressional Delegation.
- *Dedicated Programs* — Highway and transit programs whose funding is restricted by federal law for specific purposes. For example: highway safety, recreational trails, planning and research, or rural transportation services for people who are elderly or disabled.
- *Local Programs* — Federal highway and transit programs designed especially for local governments and transit providers. Examples include local bridge program, safety, transportation enhancements, high risk rural roads, safe routes to schools, Surface Transportation Program set-aside for cities and counties, or transit funds for urbanized areas.

Deschutes County Commissioner Dennis Luke, OTC Commissioner Randy Papé, U.S. Senator Ron Wyden, Redmond Mayor Alan Unger and Redmond Chamber Director Eric Sande kick off construction of the Maple-Negus Bridge project in Redmond, part of a U.S. 97 reroute project. Oregon's congressional delegation secured \$14 million in federal funds for continued work on the project.

