

ECONOMIC STIMULUS LEGISLATION AND TRANSPORTATION FUNDING

While the specific details of an economic stimulus package will be determined by Congress, ODOT has prepared this frequently asked questions document to explain how the agency would likely handle an infusion of funding.

How much highway funding will Oregon receive?

The level of funding coming to Oregon will depend on the total highway funding included in a stimulus package. Oregon usually receives about 1.2 percent of total federal highway program funding under the standard distribution formula, which may be used to allocate stimulus funding. Under a proposal that has been introduced in the U.S. House, Oregon would receive about \$350 million in highway funds.

What requirements will this money come with?

In addition to the normal requirements to which all federally-funded highway projects are subject, funding under an economic stimulus package may come with a requirement to get projects under contract and under construction relatively quickly. The House proposal would require that half of each state's funds be obligated within 90 days, while the other half would need to be obligated (which happens shortly before a project goes to bid) by August 1, 2010. In addition, half of the funds suballocated to local governments must be obligated within 75 days. There will likely be an expectation that all funding will supplement and not supplant existing resources, as well as requirements to report publicly on use of all funds.

What types of projects will likely meet these requirements?

Given the potential requirement to obligate funds and get projects under contract quickly, most projects should require minimal design, not require buying right of way, and have minimal need for additional environmental analysis; most viable projects will be classified as a Categorical Exclusion under NEPA. Most projects that meet these criteria will involve preservation of the existing road and highway system, such as paving, bridge repairs, and safety measures. If Congress provides a longer timeframe for obligation of funds, such as the deadline to obligate all funds by August of 2010 that is included in the House proposal, other projects may be feasible.

What is ODOT doing to get ready for a potential infusion of resources?

ODOT's Highway Division has identified \$180 million in state highway and bicycle/pedestrian projects that can be under construction during the 2009 construction season. ODOT's project list focuses on construction projects that create jobs rather than environmental studies or right of way acquisition. The Oregon Transportation Commission has allocated \$2 million to do the necessary work to get these projects ready to go to construction.

Would local governments get any money for projects?

Regardless of whether a stimulus package includes specific direction to share money with local governments, ODOT would set aside a portion of the funds for local government projects. If Congress maintains the normal process of passing all federal-aid highway program funds through state DOTs, ODOT would administer the funds and oversee projects.

How will funding flow to local government projects?

Congress may specify whether and how funds are shared with local governments. For example, the House proposal requires that states allocate a portion of funds as if they were Surface Transportation Program funds, which would require giving funding to Metropolitan Planning

Organizations (MPOs) with populations greater than 200,000 and other local governments. If the final legislation includes a similar mandate or is silent on distribution to local governments, ODOT would likely distribute funding through the state's STP formula, which has been worked out in an agreement with local governments. Under this formula, a portion of funds provided to Oregon would be distributed to MPOs, cities with populations of at least 5000 that are not in an MPO, and counties. Each jurisdiction would be responsible for selecting one or more eligible projects to build. A portion of funds may also be set aside for jurisdictions that do not receive STP allocations, and ODOT would select projects from those proposed by eligible agencies. This plan would be adjusted based on any specific requirements contained in the legislation. ODOT would work closely with local governments to move projects forward quickly through the federal highway process.

Will ODOT be able to use fund exchange to provide state money to local governments?

ODOT's fund exchange program gives local governments the opportunity to trade their allocation of federal STP funds for state highway funds so local governments don't have to follow rigorous federal highway standards in their use of funds. Unfortunately, ODOT does not have sufficient state highway fund dollars that have not been dedicated by the Legislature to allow the agency to offer the opportunity to use fund exchange on such a large magnitude without cutting other programs, such as maintenance, that are not eligible for federal funding.

When will funds be available?

The availability of funding will depend on when a package is signed into law, possibly in February. However, funding under the federal highway program is only available on a reimbursement basis, so agencies would not receive a check up front.

Will there be a matching requirement?

Based on proposals seen to date, it is unlikely that there will be a matching requirement.

Will funding for public transportation be included?

A stimulus bill could include funding for public transportation. The House proposal includes \$12 billion for public transportation. Under the Federal Transit Administration's programs, funding for urban transit districts (TriMet, Salem-Keizer Transit, Lane Transit District, Bend, Corvallis, and Rogue Valley) flows to those districts, while ODOT's Public Transit Division administers funding for non-urbanized areas. If Congress chooses to use this same structure, ODOT's Public Transit Division would set up one or more grant programs structured and managed in a manner similar to ODOT's existing transit grants.

Will airports, railroads, ports, and other modes of transportation receive funding?

The House proposal includes funding for airports and marine navigation projects. However, it does not include a separate funding source for rail, port, and intermodal freight projects. These projects are generally not eligible for funding from the surface transportation programs through which money is likely to be distributed, which are limited to highways, transit, and bicycle/pedestrian projects. However, Congress could expand eligibility under these programs or create new programs to provide funding for other modes of transportation, though it is likely that this funding would be administered by a federal agency rather than state DOTs. For example, the House proposal includes a \$1.1 billion passenger rail program to be administered by the Federal Railroad Administration. If Congress does distribute funding for other modes through state DOTs, ODOT would engage stakeholders to determine which projects should receive funding.

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