

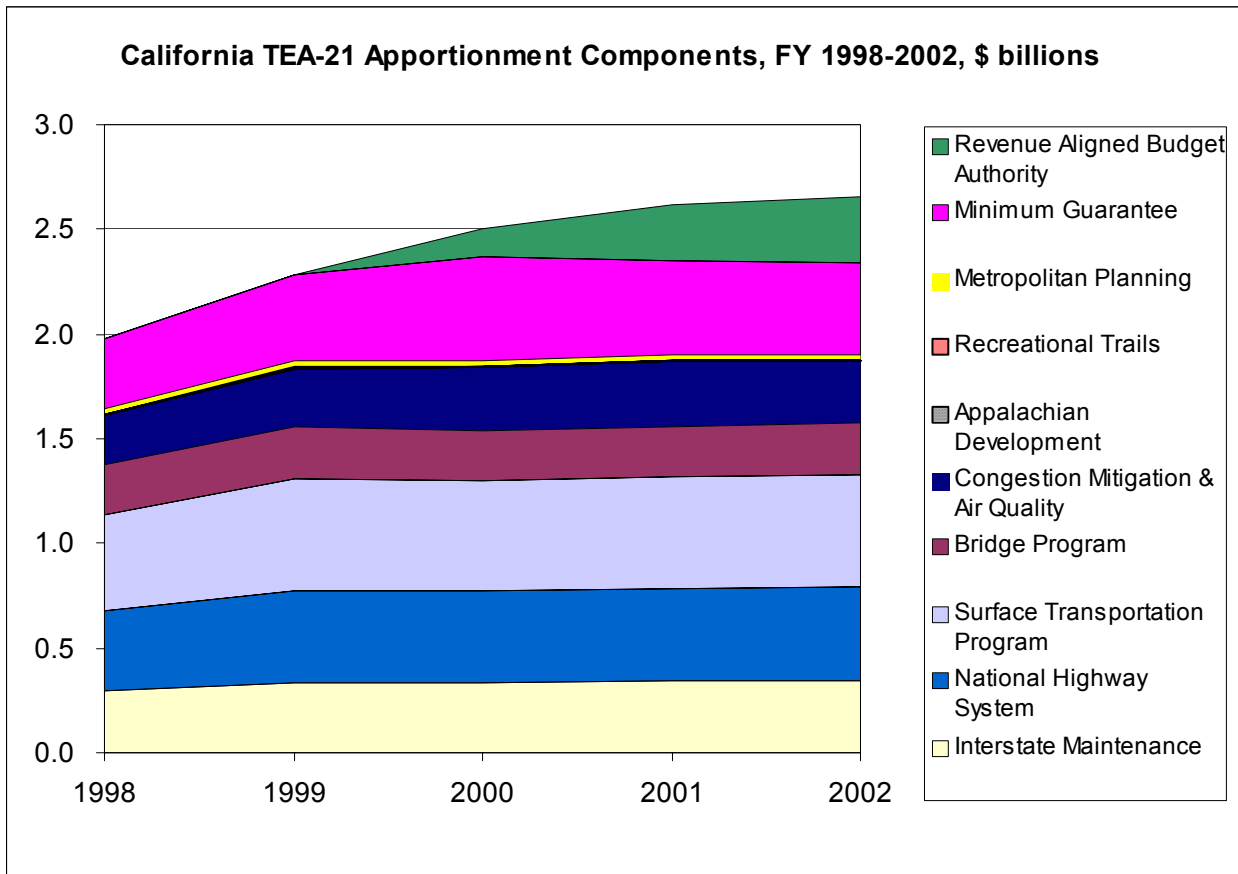


## CALIFORNIA'S SHARE OF FEDERAL HIGHWAY FUNDS

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- **In 2002, California received \$2.7 billion in federal-aid highway funding**  
Since 1998, the nation's premier federal transportation law – the Transportation Equity Act for the 21st Century (TEA-21) – has provided \$217 billion for highway and transit programs nationwide. Although California's share of TEA-21 programs has increased 34.5 percent since 1998, in 2002 it represented only about 9 percent of the \$30 billion national total. Congress will soon begin considering the renewal of the law, which expires on September 30, 2003.
- **Highway programs constitute the second largest federal formula grant, after Medicaid**  
Most TEA-21 funds are distributed to the states through ten Congressionally-devised mathematical formulas (see reverse side). Major factors used in the formulas include miles of roadway, total miles traveled on the roads, fuel tax revenues, air pollution levels, and infrastructure repair.
- **California benefits most from formulas with heavier weighting of the vehicle usage factor**  
With its high concentration of cars and drivers, the state accounts for 12 to 14 percent of the nation's vehicle-miles traveled, but it has a much smaller share among the other factors used in highway formulas. Increasing the weight of vehicle-miles traveled from 40 to 50 percent in the formula used for the Surface Transportation Program, for example, would raise the state's receipts by \$20 million, and raise the state's share from 9.6 percent to 10 percent of the U.S. total.
- **California's air pollution challenges guarantee the state a large share of CMAQ money**  
Under the formula used for the Congestion Mitigation and Air Quality Improvement Program, California received \$293 million in 2002 (21.3 percent of the nation's total outlay under this program). However, CMAQ is only the fifth largest of the highway grant formulas.
- **The three largest highway programs use formulas less favorable to the state**  
In 2002, the state received \$540 million (9.6 percent of the U.S. total) under the Surface Transportation Program, \$443 million (9.3 percent) under the National Highway System, and \$347 million (8.8 percent) under the Interstate Maintenance program. The difference in percentages is a function of the factors used.
- **The "minimum guarantee" ensures states receive highway funding at or above a set percentage of their fuel tax payments**  
For years, donor states such as California complained about the outflow of highway formula funds to other states, and Congress responded by creating a minimum guarantee to ensure every state gets back at least 90.5 percent of its fuel tax payments. Without the guarantee, some states would receive back as little as 50 cents on their tax dollar. California received 7 percent or \$436 million of the nation's \$6.2 billion spent under minimum guarantee funding in 2002.
- **Increasing the minimum guarantee above the current 90.5 percent level would require additional federal money but would raise funding to California more than to other states**  
California is one of two states helped least by TEA-21's 90.5 percent threshold level. Increasing the guarantee to 95 percent, as has been suggested by several stakeholders, would cost the nation \$3.3 billion more per year above 2002 levels but would raise the state's share to \$874 million (9.1 percent). The extra \$439 million to California would more than double the state's current minimum guarantee funding.



**California's Share of Federal-Aid Highway Program Apportionments, FY 2002**

(\$ thousands)

	California <u>Total</u>	U.S. <u>Total</u>	Calif. Share <u>(Percent)</u>
Interstate Maintenance	346,535	3,934,028	8.81
National Highway System	443,257	4,785,634	9.26
Surface Transportation Program	539,768	5,621,889	9.60
Bridge Program	248,795	3,361,404	7.40
Congestion Mitigation & Air Quality	292,486	1,371,569	21.32
Appalachian Development Highways	0	442,950	0
Recreational Trails Program	3,333	49,250	6.77
Metropolitan Planning	30,044	195,510	15.37
Minimum Guarantee	435,684	6,232,855	6.99
Revenue Aligned Budget Authority	315,753	3,519,430	8.97
<b>TOTAL</b>	<b>2,655,655</b>	<b>29,514,519</b>	<b>9.00</b>