

ECONOMIC STIMULUS LEGISLATION AND TRANSPORTATION FUNDING

The ongoing economic downturn and interest in an economic stimulus package by President-elect Obama and congressional leaders has increased speculation that Congress could pass legislation that might include an infusion of funding for transportation projects, including highways and public transportation. While it is by no means certain that a stimulus package will be passed into law, and the specific details of an economic stimulus package will be determined by Congress, ODOT has prepared this frequently asked questions document to respond to recent inquiries on 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.

What requirements will this money come with?

In addition to the normal requirements to which all federally-funded highway projects are subject, it is likely that funding under an economic stimulus package would come with a requirement to get projects under contract and under construction in 2009. An economic stimulus bill (HR 7110) passed by the House of Representatives in the fall required that all funds be obligated by the state (which happens shortly before a project goes to bid) within 180 days of enactment of the legislation. There will likely be an expectation that all funding will supplement and not supplant existing resources.

What types of projects will likely meet these requirements?

Given the likely requirement to get projects under contract quickly, projects should require minimal design, not require acquisition of right of way, and have minimal need for environmental work; 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; very few highway capacity projects could proceed given the likely requirements to quickly obligate funds.

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

The Oregon Transportation Commission has allocated \$2 million to do the necessary work to get projects ready to go to construction. Although it is not yet clear whether Congress will pass an economic stimulus package, how much money Oregon would receive, or the requirements for use of funds, in advance of congressional action ODOT's Highway Division is working to identify state highway projects that could receive funding so the agency can move quickly if an infusion of resources becomes available. ODOT would focus on construction projects that create jobs rather than environmental studies or right of way acquisition. ODOT will focus on selecting projects that can move quickly and be under construction within the timeframe required by the legislation and envisioned by Congress.

Would local governments get any money for projects?

Regardless of whether a funding package includes specific direction to share funds 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 local government projects be selected?

Congress may specify whether and how funds are shared with local governments. If the legislation does not contain specific mandates, ODOT would work with its local government partners to

implement a proposal developed by the Oregon Local Program Committee (OLPC), a partnership between counties, cities, ODOT and the Federal Highway Administration (FHWA). Under this proposal, whatever funds ODOT sets aside for local governments would be distributed to cities, counties, and metropolitan planning organizations under the formula used to distribute federal Surface Transportation Program (STP) funds. 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 and minimize red tape.

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?

The House-passed legislation did not require project sponsors to provide a non-federal funding match. However, any economic stimulus package that becomes law may differ from the House legislation.

Will funding for public transportation be included?

A stimulus bill could include funding for public transportation. Under the Federal Transit Administration's programs, funding for the large urban districts (TriMet, Salem-Keizer Transit, Lane Transit District) flows directly to those districts, while ODOT's Public Transit Division administers funding for non-urbanized areas. If Congress chooses to use this same structure and provides funding for public transportation in non-urbanized areas, 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 rail, port, and intermodal freight projects receive funding?

Rail, port, and intermodal freight projects are generally not eligible for funding from the surface transportation programs through which money is likely to be distributed; these programs 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 such as freight rail, though it is likely that this funding would be administered by a federal agency rather than state DOTs. If Congress does distribute funding for other modes through state DOTs, ODOT would engage stakeholders to determine which projects should receive funding.

What other types of public works projects could receive funding?

Congress has discussed including resources for other types of infrastructure, but it is not clear what could receive funding in a stimulus package. The House-passed legislation included funding for airport grants and drinking water and wastewater projects, among others. However, ODOT would likely not be involved in administration of these funds, as federal programs other than highways and transit do not flow through state DOTs.

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