



## REAUTHORIZATION OF TEA-21, THE TRANSPORTATION EQUITY ACT OF THE 21ST CENTURY

by Brad Denning

Congressional committee hearings are underway for the reauthorization of the current federal surface transportation act, the "Transportation Equity Act of the 21<sup>st</sup> Century" (TEA-21). TEA-21, which terminates on September 30, 2003, authorizes federal funding for highways, highway safety, transit, and other transportation-related programs. This issue brief reviews the legacy of surface transportation acts, the potential issues involved in the current reauthorization, and the federal funds appropriated to Colorado.

### The Legacy of TEA-21 and ISTEA

Although TEA-21 and its predecessor, ISTEA, have offered different funding mechanisms and funding levels, both have emphasized integrated, intermodal transportation systems that link highways, rail, transit, seaports, and airports. The "Intermodal Surface Transportation Efficiency Act" (ISTEA) differed from earlier transportation funding acts by emphasizing partnerships among federal, state, and local officials to advance transportation capital investment goals through intermodal connections, funding flexibility, and expanded investment in new transportation technologies.

Enacted in June 1998, TEA-21 attempted to build upon ISTEA. TEA-21 focused on strengthening five areas of the country's transportation system: funding levels and program equity, safety, mobility and system upgrading, new technologies, and environmental protection. TEA-21 required that each state receive at least 90.5 percent (i.e., *minimum guarantee*) of its contributions to the Highway Trust Fund (HTF). The HTF is the account that tracks federal highway user tax receipts used to fund surface transportation, such as the federal gas tax.

In total, TEA-21 authorized approximately \$218 billion for highway, mass transit, and other surface transportation programs for federal fiscal years (FFY) 1998-99 through 2002-03. This represents more than a 40 percent increase over the transportation funding level authorized by ISTEA (\$155 billion).

### Potential Reauthorization Issues

The amount of money and how it is distributed are expected to be issues during the reauthorization process. Other issues, such as federal mandates and the types of projects eligible for funding, also may be part of the reauthorization debate. The following represent a cross-section of potential reauthorization issues.

***Predictable and equitable funding for states.*** Funding for state transportation programs comprises approximately three issues: the total amount of money available, the distribution of money to individual states, and the actual receipt of money once funding levels have been established. Relating to the total amount of money available, state and local governments want the assurance that future federal moneys are comparable to moneys appropriated under TEA-21.

Some states share a concern about how closely federal-aid highway payments to individual states match the amount of federal highway taxes each state pays into the HTF. Donor states contribute more in gas taxes than they receive in federal highway aid; donee states (Colorado, historically) receive more than they contribute. Donor states are lobbying for a higher minimum guarantee. Some stakeholders are proposing to maintain the 90.5 percent minimum guarantee, or

to increase each state's guarantee to 95 percent of the funds a state pays into the HTF.

The third issue — the actual payment of money — involves a provision in federal law known as RABA, or the *Revenue Aligned Budget Authority*. In FFY 1999-00, Congress initiated an automatic adjustment mechanism to require, for the first time, that highway program funding levels change as the HTF receipts change. RABA adjusted the guaranteed funding levels either upward or downward as estimates of motor fuel tax collections became actuals. Past HTF account balances tended to grow because actual receipts to the fund exceeded spending authority provided in TEA-21. In the first two years, RABA provided an additional \$9 billion to the states. In FFY 2002-03, RABA may reduce payments to the states by more than \$4 billion.

**States' flexibility and federal mandates.** Flexibility pertains to a state's ability to transfer funds apportioned to one transportation program (e.g., interstate maintenance) to finance other transportation programs (i.e., transit). Federal statutes limit the amount of money that states can transfer between transportation programs. Some states contend that more flexibility in the ability to transfer money between programs would allow states to balance their immediate needs with national transportation needs.

**Federal mandates** in TEA-21 can limit transportation funding flexibility. States that do not follow these mandates may have funding redirected to other programs or withheld. Mandates encourage states to enact specific laws (i.e., 0.08 percent blood alcohol concentration as the legal limit for drunk driving offenses or primary seat belt laws) to avoid a transfer of federal construction dollars to non-construction programs. Some states prefer the removal of these mandates.

**Continuation of TEA-21 intermodal approaches.** Stakeholders are requesting a continuation of programs that develop intermodalism, or, the connection of intercity rail and bus, highways, transit and air travel. Some states envision arriving airline passengers shuttled by rail to a metropolitan area transportation hub. From the hub, passengers could complete their journey via rail, bus, or automobile.

**Elimination of non-transportation spending.** Before TEA-21, taxes collected into the HTF were used to pay for non-transportation federal programs. Specifically, HTF moneys were used to balance the federal deficit in the early 1990s. By amending the Federal Budget Act, fuel taxes are no longer used for non-transportation spending.

### TEA-21 Funds for Colorado

Table 1 depicts the amount of TEA-21 funds appropriated to the construction, maintenance and operations budget of the Colorado Department of Transportation (CDOT), the total CDOT budget, and the percent of the budget funded from federal funds. It does not include federal moneys appropriated to CDOT for aviation, safety education, transportation development, transit, etc.

**Table 1: TEA-21 Funds as a Percent of the CDOT Construction, Maintenance and Operations Budget (\$ in millions)**

Fiscal Year	Federal Funds (FF)*	Total CDOT Appropriations	FF Percentage of Total CDOT Appropriations
1997-98	\$249.7	\$724.7	34%
1998-99	328.1	875.2	37%
1999-00	371.6	1,008.9	37%
2000-01	313.8	1,391.7	23%
2001-02	328.7	1,149.0	29%
2002-03	303.2 (approp.)	1,004.5 (approp.)	30%
<b>Total</b>	<b>\$1,895.1</b>	<b>\$6,154.0</b>	<b>31%</b>

\*Apportioned to CDOT's Construction, Maintenance and Operations  
Source: Joint Budget Committee, Appropriations Reports

### CDOT Policy Directions for TEA-21 Reauthorization

CDOT has identified three basic principles for the reauthorization; (1) TEA-21 policies should be maintained with only minor modifications; (2) additional transportation federal funding needs to be provided statewide, and (3) federal mandates and sanctions should be eliminated.

The overall strategy of the next reauthorization appears to mirror TEA-21, with expectations of increased funding to reduce urban congestion. However, the current national

economy, scaled-up homeland security, and Iraqi conflict are only three factors that may constrain the funding levels of TEA-21's successor.