

Will the Indiana Bat Stop the Future Highway Program?

GENE K. HALLOCK

Director

Indiana Department of Highways
Indianapolis, Indiana

Since Last Road School we have felt the effect of the 1982 Federal Transportation Act (FSTA), the most significant legislation since 1956. In the last fiscal year a new record in obligation of federal funds was set at \$270 million. The former record was set in 1975 when federal impoundment was released, a record of \$180 million. The federal tax increase made possible a growth in the state highway program from \$95 million in 1982 to \$191 million in 1983.

With the \$55 million from this year's legislature a record program of over \$310 million is possible this year, three times that of only two years ago. This program may be delayed by lack of congressional action on approval of the interstate cost estimate. A new Interstate Cost Estimate known as ICE must be updated and approved by Congress at regular intervals to determine distribution of interstate funds to the states. This action should have been taken last year for distribution of funds at the beginning of the fiscal year last October. The distribution of minimum allocation funds cannot be made until the amount of Interstate funds are determined. Therefore Indiana has been waiting on \$18 million in Interstate funds, \$68 million in Minimum Allocation funds and \$5 million in Interstate Transfer funds since last October. Recent approval in Congress of a six months ICE should release half of the deferred funds. Therefore the size of this record year will be from \$270 to \$310 million depending on action on the remaining ICE. The previous record year for the department was \$254 million in 1979.

In addition to immediately doubling the bridge rehabilitation and replacement program and the Interstate resurface program, the 1982 FSTA has had other significant effects. One of these is a doubling of the amount of federal highway funds available to local government. Even though the five-cent increase in the federal gas tax had the purpose of addressing federal responsibility, the change in the distribution formula for bridge funds and the addition of the 85% minimum allocation category has increased the previous \$30 million level of local federal-aid funding to a current level of roughly \$60 million. This resulted in an in-

crease from nine bridge projects obligated by local agencies in 1982 to 43 obligated in that category in 1983.

Another significant effect of the 1982 FSTA has been the increase in the Minority Business Enterprise (MBE) program. The amount of contract commitments going to MBE firms has gone from \$6.6 million in 1981 to \$3.2 million in 1982 and then to over \$19 million in 1983. This is due to several reasons among which is an increase in certified MBE's from 65 in 1982 to 145 currently and an increase in prequalified MBE's from 20 in 1982 to the present number of 58. A new record for MBE participation should be set this year to go along with the new record in contract work.

A record year this year in the highway program doesn't mean that we are where we should be in highway funding. The projected funding of \$270-\$310 million for this year compares with a minimum need of \$405 million indicated in the 1976 Legislative Needs Study and minimum needs of \$543 million in the long range plan adopted by the Indiana Highway Commission in 1979. A recent federal study indicated a \$16 billion shortfall in funding Indiana streets and highways from now to the year 2000. If only a third of the shortfall was on the state system this would average over \$300 million each year. The 1985 Legislature will address the problem of long range highway funding and they will start from a very difficult position. To provide a program in fiscal year 86 equivalent to fiscal year 85 will require \$90 million in new revenue beyond current sources. To provide revenue necessary for minimum levels required to maintain the current system and insure a transportation network without which economic development cannot occur would require additional annual revenue to the department of well over \$200 million.

This increase is not possible with the traditional sources of highway revenue—fuel taxes and registration fees. But it is possible with new sources and restructuring of present sources to provide equity among highway users. The Purdue University School of Civil Engineering through contract with IDOH is now performing a cost allocation study, similar studies have been performed in several other states in recent years. These studies indicate that automobiles and light trucks have a cost responsibility of 55 to 80% of highway costs and heavy trucks and buses have a cost responsibility of 20 to 45% of the highway costs in the particular state. In general these studies show that heavy trucks are not paying their fair share.

Indiana ranks 36th among the states in annual state highway user fees for heavy trucks. Yet the trucking industry has not even been willing to pay the increase passed into law when truck weights were increased in Indiana. Thus there is roughly \$18 million in additional damage to Indiana highways each year uncompensated by the trucking industry

while it is enriching itself several times that figure by taking advantage of the increased weights.

It is time for Indiana to consider a new and equitable method for taxing heavy trucks using Indiana highways. A study several years ago indicated that about 50% of the heavy trucks on Indiana highways are from out-of-state. Therefore they as well as Indiana truckers are greatly blessed by the present truck tax structure in Indiana.

A weight-distance tax is the most equitable tax for heavy trucks. The present reliance on registration fees and fuel tax do not provide equity. The registration fees are not equitable due to differences in mileage driven. Fuel taxes, even though more expensive for heavier trucks are not proportionally so in relation to damage caused. Oregon has had a weight-distance tax for over 30 years. It is time for Indiana to look at such a revenue source.

Another revenue source that should be considered is the sales tax on gasoline. Indiana is in the small minority of states that assess a sales tax on gasoline. It is among the very few that do not regard the sales tax on gasoline as a highway user fee to be used for highway purposes. The sales tax on gasoline would provide over \$85 million annually for highway needs.

A more long range and innovative method of highway financing that should be considered in Indiana is a revised method for toll financing. There are several locations in Indiana where new roads are desirable but not 100% feasible as a toll project. There are not enough state and federal funds to finance but few of these projects. It has been shown on the Indiana toll road and several others that motorists are willing to pay for good highways through reasonable tolls. Therefore for those few new highway needs that are vital for economic development why not have available a financing method which subsidizes with state funds those sections that are 50% feasible. Many states are taking advantage of a combination public finance/toll financing scheme.

The first adjustment in highway funding sources should be the traditional fuel tax and registration fees. In 1980 the legislature enacted a statute that has expected to result in a 16-cent gasoline tax by 1984. It hasn't happened due to a faulty concept and now the legislature needs to make the necessary adjustment. Registration fees need to be brought in line with other states. After these steps are taken other sources such as weight-distance taxes, sales tax on gasoline and combination toll-public financing should be enacted as necessary to provide the long range funding vital to Indiana progress. Year by year funding decisions at both state and federal levels has made sensible planning an impossibility.

The Indiana Department of Highways has set new records in 1983 and will set more in 1984. This was done with a work force 28% smaller

than in 1969. Also 10% less than 1979 when the previous record was set. This was possible because of a lot of individual and team effort. Additional personnel are necessary in some areas for the increased program. This is beginning to take place. However in the long haul we must look to increased productivity rather than increased manpower.

Several years ago the Maintenance Management System was implemented and resulted in more than a 20% increase in productivity in just a few years. Similar increases need to be made in many other areas of the department such as design, land acquisition, all of project development and in construction supervision and inspection, material testing and traffic operations. To assist in better productivity, 19 word processing work stations should be in place by April 1. Two micro-computers should also be in place by April 1. Studies are underway to implement computer-aided design and drafting and to upgrade the computer mainframe.

Technological advances can be a major help in increased productivity but improved management style, better manpower planning and increased decentralization are also necessary. We have essentially completed the reorganization from the former commission to the present department and now the organization needs to get on with accomplishing its purpose. We need to quickly define through our long range planning a realistic program for the future. We need to design in a more efficient manner using standards that recognize practicality as well as safety. We need to operate the highway system more economically, more efficiently and more responsively to those who are footing the bill. We need to provide better assistance to local government in making efficient use of federal highway funds. We will soon have a full time position in each district to further promote the major improvements made by the Division of Local Assistance in the last few years.

Now to get to the subject of my talk—"Will the Indiana Bat Stop Highway Progress." Bill Ritman suggested the subject and immediately had a heart attack—he didn't want to hear the answer. The answer is simple the Indiana Bat, Indian arrowheads, wetlands, historical sites, all together won't stop progress in the highway program. Tip O'Neil and a few other near-sighted congressmen may cause delays, a few less than courageous legislators may hinder timely enactment of necessary funding, but progress will not stop. New records will be set and Indiana will have an outstanding highway system.