



NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS  
**LEGISLATIVE ISSUE BRIEF**  
PROMOTING REGIONAL APPROACHES TO ADVANCING AMERICA'S LOCAL COMMUNITIES

## TRANSPORTATION POLICY FOR THE 21<sup>ST</sup> CENTURY

### ISSUE

The members of the National Association of Development Organizations (NADO) support full and sustainable funding for the nation's aviation, highway and transit needs as outlined in the respective authorization laws, SAFETEA-LU (highways and transit) and Vision-100 (aviation). As Congress and the administration work to reauthorize these essential programs in the 110<sup>th</sup> Congress, we encourage federal policymakers to consider the special needs of our nation's small metropolitan and rural regions.

### HIGHWAY TRUST FUND

The Safe, Accountable, Flexible and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) legislation provides guaranteed federal funding for highway and transit improvements totaling \$286.4 billion through 2009. However, expected revenue coming into the Highway Trust Fund totals roughly \$230 billion for the same period.

Estimates prepared by the U.S. Treasury and the Office of Management and Budget (OMB) project declining balances in the Highway Account of the Highway Trust Fund through FY2011, with depletion of the Highway Account in FY2009 when it is expected to reach a deficit of nearly \$4 billion. Earlier estimates pegged the FY2009 shortfall at \$700 million. OMB also anticipates that the deficit will reach \$9 billion in 2010 and \$15 billion in 2011.

Without federal action to correct this situation, future federal transportation appropriations to fund state and local highway, transit and safety projects will be dramatically reduced. According to the American Association of State Highway and Transportation Officials (AASHTO), it takes four dollars in obligation reductions to save one dollar in spending and would require reducing the distribution of federal funding to states by as much as \$16.5 billion in FY2009. This would translate into a cut in the federal-aid highway program from a planned obligation level of \$43.2 billion to \$26.7 billion.

A study by the National Chamber Foundation reveals that to maintain our current transportation system through 2015, current revenue streams will fall short by \$500 billion. In addition, by 2015, to improve our transportation system to a level that benefits the nation's economic productivity, current revenue streams would fall short by \$1.1 trillion.

In addition to the declining resources made available through the Highway Trust beyond 2009, the purchasing power of existing federal resources has significantly diminished. AASHTO estimates that construction costs will increase 70 percent between 1993 and 2015. From 2004 through 2006 alone, significant increases in the prices of petroleum, concrete, asphalt and steel have driven up construction costs nearly 30 percent. To offset the diminishing purchasing power of federal, state and local governments, increased transportation resources will be needed to match existing investment levels.

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**In its work to achieve long-term solvency of the Highway Trust Fund, NADO urges Congress and the administration not to overlook the special and unique needs of small metropolitan and rural America.** Over 90 percent of the nation's highway network resides outside of metropolitan communities and the maintenance and development of the network is key to ensure the overall reliable interconnectivity of the country's multi- and inter-modal system.

### RURAL TRANSPORTATION PLANNING

Final statewide and metropolitan planning regulations promulgated by the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) in February 2007 preserve rules developed in 2003 as part of the 1998 TEA-21 legislation that enhance the participation of rural local elected and appointed officials in the statewide transportation planning and decision making process.

As a result of these requirements, championed by NADO and the National Association of Counties (NACo), a growing number of states are tapping into the planning expertise and local official networks of regional development organizations to help form and staff locally-driven consultation models referred to as Rural Planning Organizations (RPO).

Since 1998, the number of states with formal agreements or legislation either creating RPOs or utilizing existing regional development organizations to deliver transportation services has risen from 17 to nearly 30. The benefits of involving local stakeholders in the rural transportation planning process through either the creation of RPOs or utilizing regional development organizations, according to the National Academy of Public Administration, includes:

- ◆ improved performance of transportation systems and better outcomes for end-users of the transportation network;
- ◆ stronger support for implementing transportation plans and programs;
- ◆ the ability to craft better plans and programs that more accurately reflect community and economic development needs, and
- ◆ the increased trust in government that comes from an open and transparent consultation process.

To further strengthen the role of rural local officials in the transportation planning and development process as part of the SAFETEA-LU reauthorization, NADO urges Congress and the administration to:

- ◆ **Provide formal recognition and a definition for *Rural Planning Organizations*.** While the definition and meaning of a Metropolitan Planning Organization (MPO) is clearly outlined in federal transportation rules and law, the term *Rural Planning Organization* is used more loosely to reference an entity that provides a forum for local input on transportation issues in non-metropolitan areas. Federal recognition and a formal definition of RPOs would acknowledge the valuable role these entities are playing in many states.

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- ◆ **Target federal planning resources to enable RPOs and rural local officials** to build the institutional capacity, local knowledge and professional skills needed to effectively participate in the development and implementation of comprehensive transportation plans and programs.
- ◆ **Urge states to fully adopted the enhanced consultation** practices outlined by FHWA and FTA that call for state DOTs to document their processes for soliciting local official input into statewide transportation plans and that the rural consultation process for local officials be “separate and discrete” from the general public outreach process.

### AVIATION FUNDING AND REAUTHORIZATION

Current authorization for programs of the Federal Aviation Administration (FAA), provided by the Vision 100-Century of Aviation Reauthorization Act (PL 108-176), is set to expire at the end of FY2007. The national transportation network functions properly when it helps form vital social and economic connections. This is especially true in small metropolitan and rural America where distance and a scattered population make these connections even more important. Transportation is essential not only for linking people to jobs, health care and family in a way that enhances their quality of life, but also for contributing to regional economic growth and development by linking business to customers, goods to markets and tourists to destinations.

On June 28, the House Transportation and Infrastructure Committee approved legislation (HR 2881) reauthorizing FAA programs. The measure provides \$66 billion from FY2008 through FY2011, which is comparable to the amounts provided by legislation (S 1300) adopted by the Senate Commerce, Science and Transportation Committee on August 3. Both measures now await floor action.

**Currently, there are three important programs that help airports in small communities.** The first is the **Small Community Air Service Development Pilot Program**. Created under the Aviation Investment and Reform Act for the 21<sup>st</sup> Century (AIR-21), and renewed under Vision 100, the program is designed to help improve air service to small communities that suffer from insufficient air carrier service or unreasonably high airfares. A total of \$35 million annually is authorized for the program, with an overall limit of 40 communities nationally and no more than four communities per state. The program has been funded recently at \$10 million as a set-aside in the Airport Improvement Program. *Both House and Senate measures extend the program’s authorization through 2011.*

**The second program is the Essential Air Service program**, which was created to ensure that rural and remote communities that had scheduled air service before airline deregulation would continue to receive service after the deregulation law was implemented. In 1996, Congress set a minimum program level of \$50 million for the Essential Air Service program. The program is currently funded at \$110 million, with \$60 million coming from an additional appropriation. The program subsidizes air service in about 105 communities. Vision-100 established a local cost match requirement that would have forced EAS communities to contribute local funds. Implementation of the cost-match requirements has been successfully blocked in the annual appropriations process.

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*Both the House and Senate measures reauthorize the program at \$133 million annually and eliminate the local cost-sharing provisions. In addition, the bills would provide the Department of Transportation (DOT) with flexibility to encourage better service by incorporating financial incentives into EAS contracts, or signing longer term contracts.*

**The final program is the Airport Improvement Program**, which has provided grant support to airports for airport development and planning since the early 1980s. Funded through the Airport and Aviation Trust Fund, the program was reauthorized under Vision 100 at \$3.4 billion for FY2004 and rising to \$3.7 billion by FY 2007. Funding is used for projects that support aircraft operations including runways, taxiways, noise abatement, land purchases and safety upgrades. With air travel expected to top one billion passengers annually within the next decade, the Airport Improvement Program plays a critical role in helping airports meet the growing demand. *Both House and Senate bills would authorize a total of \$16 billion over four years for the Airport Improvement Program (AIP). The measures would authorize \$3.8 billion beginning in FY2008 and rise to \$4.1 billion by FY2011.*

**As part of the FAA reauthorization, the members of NADO urge Congress to:**

- ♦ Implement federal policies and programs that ensure rural communities have access to affordable, reliable and safe air service, including full funding for the Airport Improvement Program, Small Community Air Service Development Program and Essential Air Service program. In addition, eliminate the local cost share requirements imposed on Essential Air Service communities.

**Visit [Rural Transportation.org](http://RuralTransportation.org) to learn more about NADO's rural transportation research, training and best practices resource center.**

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