ILLINOIS TRANSPORTATION FACTS Q&A

WHY DO WE NEED A CAPITAL PROGRAM NOW?

Illinois has been a national leader in transportation for longer than its 200-year history as a state. But today, neglect of our transportation investments threatens to jeopardize our future.

For too many years, we have let a transportation funding deficit grow unchecked. Our transportation revenues have stagnated. Our transportation costs have risen steadily. And every year we have avoided addressing the problem, it has grown exponentially.

We need to make up for the mistakes of the past and ensure the revenues supporting our transportation system can not only address the needed maintenance we have today, but also can grow to meet increased needs over time. Once we can reliably keep our roads, bridges, transit and other modes in satisfactory condition, we can use capital to fund new projects and expand our infrastructure.

Why now? The longer we wait, the more the deficit grows - and the more expensive and painful it will be to address.

The roads beneath us are crumbling. The transit trains we ride are breaking down. We are wasting more time, money and frustration in gridlocked traffic, or at the shop fixing broken rims and busted tires. The decay tax - the price we pay for allowing busted infrastructure to continue - tops $2,500 a year for every commuter!

We don’t have time to wait. Inflation means we pay more every year to fix our infrastructure. That inexpensive pothole repair becomes more expensive every year. And while Congress may address a federal transportation bill to provide some relief, Illinois doesn’t even have enough money to match any additional federal funds that could be provided.

WHY HAS A CAPITAL BILL WAITED FOR 10 YEARS?

Ten years ago, we were asking the same question. Illinois FIRST passed in 1999, and another capital bill waited until 2009. There are many reasons: political divisions, state budget impasses that absorbed policymakers' attention, a lack on consensus on funding solutions.

The bottom line is, with a new governor in place and all top leaders signaling momentum for a capital bill, that 2019 is our best shot in a decade at addressing our much-needed transportation funding backlog.
ILLINOIS TRANSPORTATION FACTS Q&A

WHERE DO WE STAND TODAY, AND WHERE WILL WE BE IN 5-10 YEARS?

Put simply, Illinois' transportation system is in crisis mode.

STATE ROADS

Today, 83 percent of miles on our state road system are considered in acceptable condition. If we provide no more funding, some serious consequences are ahead:

- **65 PERCENT**
  - Our state road system miles in acceptable condition in 5 years

- **90 PERCENT**
  - The percentage of our state road program now funded by the federal government

- **$6.6 BILLION**
  - The least amount of state funding we need to generate over the next 10 years just to keep receiving our federal dollars

- **TWO-THIRDS**
  - How much of our large federal investment in our state road program we risk losing if we do not invest the extra $6.6 Billion

LOCAL ROADS

Local road funding is heavily dependent on motor fuel tax revenues. Illinois' motor fuel tax has remained 19 cents a gallon for nearly 30 years, and people are driving fewer miles and more fuel-efficient vehicles. Yet repair costs continue to grow; local road funding now only covers about one-third of the needs that it could back in 2000.

Example: Tazewell County can only afford to fully maintain 15 miles in the next 10 years, with reduced maintenance on 187 miles of roads. If motor fuel tax revenues doubled to the county, it could fully maintain 132 miles, with reduced maintenance on just 70 miles.

TRANSIT

The 2009 capital program has provided only $2.1 billion of the nearly $3 billion promised to transit in Northeastern Illinois. There has been no state capital funding for transit in our budget since 2015. While state government has taken statutory responsibility to largely control Chicagoland transit funding, it has simply refused to actually provide that funding.

The growing backlog of repair needs, deferred maintenance and replacement of infrastructure assets in transit is enormous: RTA estimates it nears $20 billion. With no injection of funding over the next 5-10 years, that figure will grow astronomically. RTA's capital plan now calls for spending $5 billion less than needed over the next five years because there is simply not enough revenue to make the necessary investment.
WHY CAN'T WE DRAW DOWN MORE FEDERAL DOLLARS TO FILL THIS GAP?

Washington has been very generous in propping up our state road program, far beyond what we receive in health care.

Our state transportation funding drought has been less noticed because of federal dollars. Today, 90 percent of our annual road program is funded by federal dollars. And those dollars are far from adequate to meet our needs: IDOT is currently reducing operating expenses such as snow plowing to ensure all construction dollars can be federally matched.

All of the states could benefit from the much-discussed federal construction bill in Washington. But Illinois has major work to do first.

We owe at least $6.6 billion in additional funding over the next 10 years just to keep the federal dollars we get now. If we fall short of that mark, we could lose up to two-thirds of our federal matching funds that now provide all but 10 percent of our state road program.

Transit will continue to receive annual federal funding even if state funding dries up, but those funds are inadequate. Some federal programs require local matching funds. Our transit agencies have come up with creative plans to generate such money but cannot support a large influx of federal funds. Ongoing discussions in Washington of stricter local/state funding match requirements for federal funding only threaten to put Illinois in a more dire situation without an injection of new state funding.

WHAT COMBINATION OF FUNDS IS NEEDED FOR A NEW CAPITAL PLAN?

As with previous capital plans, multiple funding sources are essential for a comprehensive, sustainable program. They should be tied to use of the transportation system and protected by the lockbox constitutional amendment voters overwhelmingly supported in 2016 to ensure transportation funds are used only for transportation purposes.

We are looking at a number of options that meet those criteria, from increasing the gas tax to similar transportation user fees. And we should also carefully look at other innovative ways to fund transportation that can grow over time, so we aren't waiting for years and then asking taxpayers to face such a dire situation again.
**ILLINOIS TRANSPORTATION FACTS Q&A**

**HOW VIABLE IS THE GAS TAX TODAY?**

The gas tax remains the most viable, publicly understood and accountable way of funding transportation construction.

The gas tax has its weaknesses. More people are traveling further on fewer gallons than ever before. Illinois’ 19 cents a gallon tax has not been increased since 1991. If it had been increased to keep up with inflation, the tax would be about 35 cents a gallon today.

But we must understand that there are key differences between what we pay at the gas pump and what of that goes to fund transportation.

On top of the 19 cents a gallon gas tax, we pay an 18.4 cents federal tax per gallon and a few extra cents in local taxes in some parts of Illinois. But we’re also one of a handful of states that charge a minimum 6.25 percent sales tax on gas as well – and none of those funds go to infrastructure. So while our taxes and fees can top 70 cents a gallon, only about half of that goes to addressing our state infrastructure needs.

A reasonable increase in the gas tax, tied to inflation and protected by the lockbox, should be considered as a key capital plan funding source this year.

**DON’T WE ALREADY PAY HIGH GAS TAXES NOW? HOW CAN WE AFFORD ANOTHER 30 CENTS A GALLON?**

As explained above, what we pay at the pump and what actually goes into our infrastructure are different.

We currently rank 41st nationally – or the 9th lowest – in state rankings for gas tax alone. But when you factor in the sales tax on gas, we jump to the 11th highest total nationally. Other large states – Pennsylvania, California, New York, Florida, Washington – all have higher gas taxes, from 23 to 27 cents per gallon.

Put another way, we pay much less today in state gas taxes than we used to. When it was created, our state gas tax made up 30 percent of our total gas cost per gallon. Today, it’s only 5 percent of the cost.

Any increase in the gas tax should be devoted to infrastructure and tied to inflation to ensure we never again face today’s funding inequity.
WHY HAVE CONSTRUCTION COSTS GROWN SO MUCH?

When your funding sources stagnate for 30 years, the increased cost of doing business is magnified

Think about what everyday items cost you in 1991, when Illinois' gas tax hit the 19 cents a gallon it remains at today.

Gas then cost us $1.14 a gallon. A first class stamp rose from 25 cents to 29 cents early that year. A package of Oreo's that cost $4.50 today was just $2.39 back then. Corn Flakes rose from $2.19 then to $4.19 now. The Dow Jones hit a high of 3,169 that year.

Inflation is an unavoidable reality. A road project that cost $10 million in 2003 rose to $17.5 million by 2018 - a 75 percent increase in 15 years. Yet Illinois' ability to pay for the increased costs remained stagnant. Fewer projects can be completed. Road conditions worsen, becoming more expensive. And inflation increases the cost higher.

WHAT OTHER WAYS SHOULD WE LOOK AT FOR FUNDING INFRASTRUCTURE?

All reasonable ideas should be on the table. In the short term, traditional user fees will need to cover the bulk of our increased funding. They are reliable and predictable, allowing us to make needed funding decisions for several years. And more importantly, they can be covered by the lockbox and used only for transportation investment.

Reflecting our economy, transportation - the system and the people who use it - are constantly changing and evolving. What has worked well for 30, 40, 50 years will not work the same way 10 or 20 years from now.

We should be looking now at innovative ways to fund transportation: congestion pricing, vehicle miles traveled, public-private partnerships, electric vehicle surcharges, and the emergence of online shopping and the extensive distribution network needed to ensure our goods can reach us directly at our homes and businesses. All of these concepts are complex and will take time to study thoroughly.

if we had been more creative and innovative over the past 30 years while our revenues stagnated, we wouldn't be in the crisis we face today. We cannot afford to make that mistake again.
Illinois Transportation Facts Q&A

Why Can’t We Cut Government to Help Pay for Capital?

Transportation spending has not caused Illinois’ budget and reputation problems. It shouldn’t be held hostage to them today.

Transportation investment enjoys widespread bipartisan support because the results are clear: we all benefit from smooth roads and bridges and transit systems that get us where we need to be on time.

As transportation dollars have declined, transportation agencies have tightened their belts to maximize construction funds. IDOT’s payroll is down 30 percent over the past 15 years. Snowplowing and travel costs have been cut. Project planning is streamlined: we spend less time and money identifying, developing and executing construction than ever before. And yet all of these improvements still leave us billions of dollars short of the funds needed to maintain our transportation system.

How Do We Know This Won’t Just Pit Chicago versus Downstate, or Create Other Political Gamesmanship?

Strong, reliable infrastructure in every part of the state makes us all better. When we travel for work or recreation, we need smooth roads and bridges wherever we go. We save money and hassle when the packages we order online get to us safely and on time. When businesses can travel the state, they can lower what it costs us to buy their services and goods.

Our transportation system’s intricate parts work together for the good of the whole. We have hundreds of thousands of people taking transit to and from work every day to avoid hours of longer commutes and 27 extra lanes of highway network. Safe, reliable airports and waterways get food and bulk materials from our farms and mines to their destinations around the world. When it all works smoothly, workers and businesses make good money that is reinvested in our communities and around the state.

Detailed rules are in place to ensure transportation professionals decide project funding priorities, based on need and with accountability. Millions of dollars could be forfeited if those rules are not followed. We will look closely in a new capital program at further reforms to ensure project construction has a diverse workforce and any new projects are constructed and funded as efficiently and transparently as possible.