



December 27, 2012

The Honorable Pat Quinn  
Governor  
205 Capitol Building  
Springfield, IL 62706

Dear Governor Quinn:

Discussions have begun in Springfield about the next transportation capital program, an appropriate response to the dramatic drop in funding available for maintenance, repair and enhancement of our roads and bridges, transit and rail systems and our airports. As the largest coalition of transportation-related groups in Illinois, the Transportation for Illinois Coalition wants to help inform these capital discussions by providing a summary of the size of the needs facing our aging transportation infrastructure and the disparity between those needs and the revenues available to help address them.

In 2007, TFIC undertook a comprehensive needs assessment study for each of the modes of transportation and then set a realistic target for state policymakers to consider when trying to determine the appropriate size of the transportation capital investment that should be made. The 2009 capital program that was approved provided much needed additional infrastructure investment but didn't come close to meeting the reasonable targets TFIC set back in 2007. Today, we face a bigger challenge. **Since the passage of the 2009 program, the cost of the unmet needs for maintenance, repair and enhancement of the infrastructure has increased and the revenue available to meet those needs has decreased.**

Let's look at the numbers. In 2007, the average annual program need for state highways was estimated to be \$4.4 billion. That number represents a real need, but it was unrealistic to think that the state would ever be in a position to fully address the need. So TFIC put forth in 2007 a realistic average annual investment number for highways -- \$3.5 billion. At the time, the State had \$1.7 billion available annually to put toward the \$3.5 billion investment. An additional \$1.8 billion was needed, then, to close the gap between a realistic and appropriate program size and the revenues available to fund that program size.

During the life of the 2009 capital program (which is ending in fiscal year 2014 but for state highways has already begun its decline to pre-2009 capital program levels) the annual spending approached the \$3.5 billion recommended level during one year of the program, but then the spending quickly dropped off. For transit, the spending in the 2009 program never approached the 2007 recommended annual investment level of \$3.2 billion. To provide some perspective, the total amount of transit capital spending included in the 2009 program was \$2.8 billion for the RTA region and \$200 million for downstate transit, a **six-year total** that fell short of the **annual** recommended amount. Likewise, local roads received a total of \$500 million over the life of the 6-year program with no ongoing revenue bump after 2014. The recommended level of investment in local roads in our 2007 study was \$1 billion annually. **For a six-year program the total recommended amount would be \$6 billion (representing an increase over the six years of \$2 billion from existing funding levels). In 2009, local roads received a six-year total increase of \$500 million, well short of the recommended \$2 billion increase.** In addition, the 2009 capital program granted access for heavier and larger trucks upon local roads without dedicating additional funding to accommodate them, further exacerbating the shortfall in funding for local roads.

In summary, in 2009 we made some progress, but it wasn't enough. The history is important because it explains why the needs numbers continue to grow – we didn't adequately address the needs in 2009. **Further exacerbating the problem, though, our available revenues for investment are less today than they were in 2009.** How can this be?

Traditional highway user fee revenues, such as the motor fuel tax, are declining as cars become more fuel-efficient and high gas prices discourage drivers. In addition, all of the new revenues from the 2009 capital program are being spent on debt service. To make the six-year program as big as possible with limited revenues, every dollar of new revenues was bonded out. In addition, highway user fees increased in 2009 were placed in the Capital Projects Fund and have been used for debt service on non-transportation projects. The impact of these actions is the creation of a steep and dramatic funding cliff – one Illinois has already started to hit. Bonds have mostly been sold and projects funded, but the revenues raised in 2009 will continue to pay for those projects for the next 25 years, meaning they aren't available for new pay-as-you-go projects.

The attached table shows in yellow the 2007 TFIC needs and program size recommendation. In gray, you will find the updated needs number and the current average annual revenues available for each mode of transportation. You can see that there is much to be done. You are appropriately beginning consideration of a new capital program to pick up where the 2009 program left off. As you do, we ask that you make the following principles a part of your thinking.

A new transportation capital program should:

1. Assure equitable and predictable annual funding for all modes of transportation.
2. Deposit motorist user fees from the 2009 capital program into the Road Fund or Construction Account, rather than the Capital Projects Fund.
3. Provide an on-going revenue stream and increased funding for local roads.
4. Increase capital funding for the RTA and permit the RTA to issue its own bonds.

5. Ensure that any new revenues raised for a 2012 capital program are spent 50-50 between bonds and pay-as-you-go projects.

If you would like to discuss this further, please give one of us a call. Thank you for putting the infrastructure needs of this state in the forefront of your policy discussions.

Sincerely,



Doug Whitley, Illinois Chamber  
TFIC co-chair

Michael Kleinik, Chicago Laborers-LMCC  
TFIC co-chair

cc:

The Honorable Michael J. Madigan  
The Honorable John Cullerton  
The Honorable Tom Cross  
The Honorable Christine Radogno



## Transportation Funding Needs

(In \$ Million)

Program	Annual Program Need	Recommended Ave. Annual Program Size	Est. Ave. Annual Program at Current Revenue	Recommended Ave. Annual Program Increase
State Highways	6,200-8,400		1,000	
	4,400	3,520	1,700	1,820
Local Roads	20,843		560	
	1,700	1,016	676	340
RTA Capital	4,000		690	
	3,200	3,200	600	2,000
Downstate Transit Capital	135		30	
	88	88	27	61
CREATE	480		384	
	300	300	100	100
State Rail Freight				
	>10	>10	4	6
Intercity Passenger Rail	875		672	
	260	260	0	260
Airports, exc. Chicago				
	>100	90	70	20

2012 Update

2007 TFIC Study