

## Bad timing on trust fund diversions?

### Worries surface that efforts to get federal gas tax funds will be hampered

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TALLAHASSEE — It's a little like robbing Peter to pay Paul — and Mary.

That's the way Gov. Jeb Bush's \$54 billion budget proposal to divert more than \$1 billion from Florida's Transportation Trust Fund over the next five years has been characterized by many transportation advocates.

While these advocates sympathize with the state's budget crisis, they also feel that the trust fund diversions could not have come at a worse time.

That's because the move may make it harder for Florida's congressional delegation to go after federal gas tax money it says is the state's fair share.

Right now, Florida gets just 87 cents back for every dollar of gas tax money it sends to Washington, but the state's congressional delegation wants to increase that return to at least 95 cents on the dollar, or an extra \$220 million annually.

After all, say the delegates, Florida contributes more than \$1.5 billion in gas taxes to the federal highway fund each year, making it the third-largest donor state behind California and Texas.

However, transportation advocates and members of the delegation, such as Congressman John Mica, fear Bush's trust fund diversions could endanger their efforts.

"The governor is well-intentioned," says Mica. "But, it's a short-term solution. In the long term, it will be detrimental to our objective of trying to get more transportation dollars coming back into the state."

#### **Budget crisis**

To be sure, the state of Florida is experiencing a budget crisis.

Despite the clouds of an economic downturn and war looming, Bush's budget proposal for fiscal year 2003-2004 includes a \$4 billion increase over this year, and he doesn't want to increase taxes to make up for the shortfall, especially after cutting them by \$6 billion during his first term.

Instead, Bush hopes to close the budget gap and pay for three very costly constitutional amendments — capping the class size, high-speed rail and mandatory pre-kindergarten classes — by siphoning some \$1.5 billion from 30 Legislature-created, program-specific state trust funds this year.

One of those trust funds is Florida's State Transportation Trust Fund.

A revolving fund, this trust fund was set up as a depository for Florida's state and federal gas tax revenue. According to Dick Kane, a spokesman with the Florida Department of Transportation, the fund generally maintains an average balance range of \$200 million to \$300 million.

"It's like a checking account. Bills come in, and the bills are paid through this account. Then, more money comes in," explains Kane.

This money is used to help fund Florida's Transportation Outreach Program, public transportation projects and the Florida Intrastate Highway System, along with the transportation department's safety and preservation programs.

Bush's budget plan calls for diverting roughly \$200 million from the Transportation Trust Fund for each of the next five years.

For fiscal year 2003-2004, these diversions would cut the transportation department's budget from \$5.5 billion to \$5.3 billion.

### **Transportation troubles**

Not so fast, say transportation experts.

They argue these diversions are coming at a time when Florida's transportation needs are greatest.

For the next 10 years, statewide transportation needs are underfunded by some \$78.7 billion, and that's not counting the estimated annual cost of maintaining Florida's roads for the next five years, which has a price tag of \$107.8 billion.

And when the cost of improving roads and bridges are added, that price tag quickly swells to \$135.9 billion.

In Central Florida, there is a \$5 billion shortfall in funding for transportation projects over the next 20 years.

"They can talk all they want about trimming the fat from DOT's budget, but for every \$1 of fat, there is at least \$10 of need," says Robert Burleson, president of Florida Transportation Builders' Association.

Moreover, transportation advocates also point out that a large chunk of change already is carved out of the State Transportation Trust Fund for non-transportation purposes thanks to a set of constitutional and statutory mandates.

For the last three years, a total of more than \$711.7 million has been diverted for education, general fund costs, trade and tourism, the Department of Environmental Protection and agricultural emergencies.

Another \$236 million will go toward these non-transportation purposes in fiscal year 2003-2004. When added to Bush's proposed additional \$200 million diversion, that's nearly \$436 million from the State Transportation Trust Fund that will not help Florida fix its transportation problems in 2003-2004.

According to some transportation advocates, these diversions amount to a violation of the social contract between the state and the public to use gas tax dollars for transportation improvements.

"The state is taxing the public for one purpose here and using the money for another," explains Doug Callaway, president of Floridians for Better Transportation. "You have to ask yourself why the state is violating its agreement with the public. There is a principle involved here."

### **TEA-21**

Even worse, say transportation experts, the move to siphon more funds from the State Transportation Trust Fund also could douse Florida's hopes of getting more money from the feds.

Florida's congressional delegation is working to increase the state's share of federal gas tax returns to 95 cents through this year's proposed reauthorization of the Transportation Equity Act for the 21st Century, or TEA-21. If successful, that would add \$220 million to Florida's transportation arsenal annually.

Originally created in 1998, the appropriation distributes some \$218 billion in federal gas taxes to states over six years to maintain and improve the national highway system and other transportation programs.

However, when it comes to TEA-21 funds, Florida historically has been shortchanged. Prior to 1998, Florida averaged a return of just 79 cents for every dollar in federal gas taxes it paid into the fund. In fact, in a four-year span ending in 1996, only six other states fared worse than Florida when it came to a return on gas tax cash.

Today, Tallahassee gets just 87 cents back for every federal gas tax dollar it sends to Washington, despite a federal mandate that every state get at least 90.5 cents back for each gas tax dollar it sends to Washington.

This deficit translates to an average loss of \$1.1 billion annually for Florida.

Florida's donor state status is a conundrum for transportation experts, especially when they see the breakdown of which states benefit from Florida's loss. While \$465 million goes to states with fewer than 50 people per square mile, like Alaska, \$630 million goes to heavily populated states, such as New York, Pennsylvania and Delaware.

According to Harry Barley, executive director of Metroplan Orlando, Bush's proposal to cut \$200 million from the State Transportation Trust Fund will be counterproductive to the congressional delegation's efforts to bring back 95 cents on the gas tax dollar to Florida.

Callaway and other critics agree.

"Imagine how debate on the Senate floor would go if Bob Graham or Bill Nelson stood up to make Florida's case and then a senator from the Northeast stands up and asks how bad can the transportation problem be in Florida if the state is diverting \$ billion over the next five years," says Callaway.

"Essentially, we're asking our delegation to walk through fire."

### ***Balancing act***

According to Kane and a spokeswoman for the governor, the critics are overreacting.

"The proposal is talking about rolling dollars from a number of trust funds into general revenue," explains Alia Farraj, a spokeswoman for the governor. "The governor approached all agency heads and asked where the cuts could come from. All of these funds had surplus funds in them."

Both Kane and Farraj stress that despite the cuts from the transportation trust fund, the transportation department's five-year work plan and the road-building projects in Bush's economic stimulus plan are not in jeopardy.

Says Kane: "The governor asked us what we could do to help with the budget situation. Our goal was to avoid any disruptions in Mobility 2000 and the governor's economic stimulus package, and we determined none of (the \$200 million for this year) were mission critical to the state highway system."

In fact, fiscal year 2003-2004 will be another for the road construction record books, with more than \$2.2 billion of construction planned for the state's highway system.

Further, explains Kane, the transportation trust fund will not be sapped dry of funds. As the funding levels begin to diminish, the transportation department plans to recall loans from Florida's Turnpike Enterprise and will attempt to use federal Grant Anticipation Revenue Vehicle bonds to bolster the trust fund.

As for the concerns surrounding TEA-21, both the Florida Department of Transportation and the governor's office wave them off.

"We disagree that the diversions will make it harder for the congressional delegation to get more of a return from the TEA-21 reauthorization," says Kane. "There really isn't a connection between the two."