

Transportation Staff Meeting

March 31, 2010

2:00 PM

Location: 601

AGENDA

1. Equity Formula (Cook)

Description:

The Joint Legislative Transportation Oversight Committee of the NC General Assembly will hold a hearing on April 6 on the distribution of transportation funds in the state. The hearing will be focused on the Equity Formula, and the Committee is seeking feedback on this topic. (It is our understanding that the April 6 hearing will not be the only opportunity to provide comment to the Committee.)

The purpose of this agenda item is to develop comments to present to the Committee on behalf of MUMPO. This topic was discussed at the education forum before the start of last week's MPO meeting, and the members in attendance requested that the TCC prepare comments and that they be distributed to the MPO for review.

More information about the Committee can be found on the next page. The Equity Formula statute is also attached. Finally, please click below to view Andy Grzymski's presentation to the MPO on the Equity Formula. The presentation provides excellent background information.

[Equity Formula Presentation](#)

Access number:

1-888-776-3766

Meeting number:

4211498

**Don't forget to dial the asterisk before
and after the number**

March 1, 2010

**North Carolina General Assembly
Joint Legislative Transportation Oversight Committee**

Distributing Transportation Funds

**April 6, 2010
2:00 pm
Room 544 Legislative Office Building**

The Joint Legislative Transportation Oversight Committee, chaired by Representative Nelson Cole and Senator Steve Goss, invites comments and recommendations on

**Issues Related to the State's Method for Distributing Transportation Funds
(S.L. 2009-574 Section 4.4)**

Of particular interest are comments and recommendations on:

1. The current transportation funding distribution formula, set out in G.S. 136-17.2, and commonly known as the “Equity Formula.”
2. The effects of the current formula on transportation needs in urban, suburban, and rural parts of the State.
3. The best ways to utilize the State’s limited transportation funds.

Persons or organizations wishing to be heard should contact Bob Weiss, Fiscal Research Division, bobw@ncleg.net or 919-733-4910 by March 31. Written submissions (by email) are also welcome.

Please forward this message to colleagues or others who might wish to participate.

§ 136-17.2A. Distribution formula for funds expended on Intrastate System and Transportation Improvement Program.

(a) Funds expended for the Intrastate System projects listed in G.S. 136-179 and both State and federal-aid funds expended under the Transportation Improvement Program, other than federal congestion mitigation and air quality improvement program funds appropriated to the State by the United States pursuant to 23 U.S.C. § 104(b)(2) and 23 U.S.C. § 149, funds expended on an urban loop project listed in G.S. 136-180 and funds received through competitive awards or discretionary grants through federal appropriations either for local governments, transportation authorities, transit authorities, or the Department, shall be distributed throughout the State in accordance with this section.

- (1) Distribution Region A consists of the following counties: Bertie, Camden, Chowan, Currituck, Dare, Edgecombe, Gates, Halifax, Hertford, Hyde, Johnston, Martin, Nash, Northampton, Pasquotank, Perquimans, Tyrrell, Washington, Wayne, and Wilson.
 - (2) Distribution Region B consists of the following counties: Beaufort, Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, Pitt, and Sampson.
 - (3) Distribution Region C consists of the following counties: Bladen, Columbus, Cumberland, Durham, Franklin, Granville, Harnett, Person, Robeson, Vance, Wake, and Warren.
 - (4) Distribution Region D consists of the following counties: Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Orange, Rockingham, Rowan, and Stokes.
 - (5) Distribution Region E consists of the following counties: Anson, Cabarrus, Chatham, Hoke, Lee, Mecklenburg, Montgomery, Moore, Randolph, Richmond, Scotland, Stanly, and Union.
 - (6) Distribution Region F consists of the following counties: Alexander, Alleghany, Ashe, Avery, Caldwell, Catawba, Cleveland, Gaston, Iredell, Lincoln, Surry, Watauga, Wilkes, and Yadkin.
 - (7) Distribution Region G consists of the following counties: Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, and Yancey.
- (b) Until ninety percent (90%) of the mileage of the Intrastate System projects listed in G.S. 136-179 is completed, the Secretary of Transportation shall, on or before October 1 of each year, calculate the estimated amount of funds subject to this section that will be available for the next seven program years beginning that October 1. The Secretary shall then calculate a tentative percentage

share for each distribution region by multiplying the total estimated amount by a factor that is based:

- (1) Twenty-five percent (25%) on the estimated number of miles to complete the Intrastate System projects in that distribution region compared to the estimated number of miles to complete the total Intrastate System;
 - (2) Fifty percent (50%) on the estimated population of the distribution region compared to the total estimated population of the State; and
 - (3) Twenty-five percent (25%) on the fraction one-seventh, which provides an equal share based on the number of distribution regions.
- (c) When ninety percent (90%) of the mileage of the Intrastate System projects listed in G.S. 136-179 is completed, the Secretary of Transportation shall, on or before October 1 of each year, calculate the estimated amount of funds subject to this section that will be available for the next seven program years beginning that October 1. The Secretary shall then calculate a tentative percentage share for each distribution region by multiplying the total estimated amount by a factor that is based:
- (1) Sixty-six percent (66%) on the estimated population of the distribution region compared to the total estimated population of the State; and
 - (2) Thirty-four percent (34%) on the fraction one-seventh, which provides an equal share based on the number of distribution regions.
- (d) In each fiscal year, the Department shall, as nearly as practicable, expend in a distribution region an amount equal to that region's tentative percentage share of the funds that are subject to this section and are available for that fiscal year. In any consecutive seven-year period, the amount expended in a distribution region must be between ninety percent (90%) and one hundred ten percent (110%) of the sum of the amounts established under this subsection as the target amounts to be expended in the region for those seven years.
- (e) In making the calculation under this section, the Secretary shall use the most recent estimates of population certified by the State Budget Officer.
- (f) In developing the schedules of improvements to be funded from the Trust Fund and of improvements to be made under the Transportation Improvement Program, the Board of Transportation shall consider the highway needs of every county in a distribution region and shall make every reasonable effort to schedule the construction of highway improvements in a manner that addresses the needs of every county in the region in an equitable and timely manner.
- (g) On or before December 1, 1999, the Secretary shall submit to the General Assembly a report of allocations, obligations, and actual yearly

expenditures for each distribution region, covering fiscal years 1989-90 through 1997-98. On or before December 1, 2000, and every two years thereafter, the Secretary shall submit to the General Assembly a report of allocations and actual expenditures for the preceding two fiscal years. At any time in which the report indicates that allocations and expenditures by distribution region do not comply with the provisions of subsection (d) of this section, the Secretary shall also submit a plan to correct the imbalance.

(h) Each year, the Secretary shall calculate the amount of funds allocated in that year to each division, the amount of funds obligated, and the amount the obligations exceeded or were below the allocation. The target amounts obtained according to subsection (b) of this section shall be adjusted to account for any differences between allocations and obligations reported for the previous year. The new target amounts shall be used to fulfill the requirements of subsection (d) of this section for the next update of the Transportation Improvement Program. The adjustment to the target amount shall be allocated by division.

(i) All funds derived from "GARVEE" bonds issued pursuant to G.S. 136-18(12b) shall be distributed in accordance with this section. (1989, c. 692, s. 1.4; c. 770, s. 74.7; 1999-237, ss. 27.19, 27.20(a); 1999-422, s. 2; 2000-134, s. 22; 2005-403, s. 3.)