

## CASA GRANDE VERSUS STAN FUNDING FORMULAS

- Historically, there has been much disagreement and dispute concerning the distribution of highway funding in Arizona. The metropolitan areas have a majority of the population and generate most of the revenue while rural areas have a much larger land mass and contain the majority of lane miles on the state system.
- The 2007 State Highway System Length and Travel Statistics indicate that the thirteen counties other than Maricopa and Pima contain 82.5% of the state system route miles and 76% of the lane miles.
- In addition, the thirteen other counties experience 44.5% of the daily vehicle miles traveled. When compared to Maricopa County at 46.7%, the difference between the two is just over 2%.
- In 1999, transportation officials from across Arizona met in Casa Grande as part of a deliberative, cooperative effort to develop an equitable distribution formula that considered the vast geographic territory and purposes served by the state highway system, including interstate and intrastate commerce, goods movement and recreational travel. The Casa Grande Resolves were established and have been the basis for distributing discretionary highway funding ever since. The formula distributes discretionary funding in the following manner:

|     |                               |
|-----|-------------------------------|
| 37% | MAG (Maricopa)                |
| 13% | PAG (Pima)                    |
| 50% | TOC (thirteen other counties) |

- The Statewide Transportation Acceleration Needs (STAN) formula was created to provide additional funding to accelerate the construction of highway projects. While other funding sources are authorized and have been used, such as the State Highway Fund, STAN has received most of its funding as an appropriation from the State Legislature and allocates funding in the following manner:

|     |                               |
|-----|-------------------------------|
| 60% | MAG (Maricopa)                |
| 16% | PAG (Pima)                    |
| 24% | TOC (thirteen other counties) |

- The development of the STAN formula was not a collaborative effort. It clearly was not as deliberative or as inclusive as the process that developed the Casa Grande formula. It was essentially a relatively quick inclusion in a state budget that provided little time for deliberation at a time when legislators and other public officials had a multitude of other budget-related issues to consider.
- The STAN formula cut the rural allocation in half from 50% to 24%. In addition, for the initial STAN funding, the entire 24% for the rurals was dedicated to Interstate 10 improvements between Marana and Picacho Peak. While technically in Pinal County and clearly a needed state priority, these projects provide far greater benefit to the urban areas yet accounted for the entire rural allocation of the funding.
- When determining the appropriate allocation percentages, the Casa Grande participants factored in nondiscretionary federal funding (CMAQ and STP) that the state also receives but has no control over where it is spent. STAN did not, and instead, took the very narrow approach of only considering the discretionary funding. This greatly skews the allocation percentages.

- The Maricopa region receives substantial amounts of federal Congestion Mitigation Air Quality (CMAQ) funding for transportation projects while the rural areas receive none. Rurals contribute revenue to CMAQ but receive no direct return.
- The larger urbanized areas (MAG and PAG) also receive a much higher proportion of federal Surface Transportation Program (STP) funding. Based on ADOT's current interpretation of the STP formula allocations for the stimulus package, the rurals only receive 10% of the state's share of STP funding.
- According to ADOT, when the discretionary and nondiscretionary funding are combined, MAG receives roughly 55% of the total highway funding, only about a 5% difference from their percentage of the state's population.
- The 37% MAG allocation in the Casa Grande formula is very misleading unless you also factor in the very large amounts of nondiscretionary highway funding that MAG also receives which brings the MAG total to 55%.
- While subsidy is often the word used to describe the difference between the percentages of population and highway funding received by the MAG region, subsidy would only be an accurate term if that Maricopa population was not using the highways outside of its region.
- The Maricopa and Pima regions place tremendous impacts on the rural sections of the state highway system. In addition to business travel and recreation, the metropolitan areas rely heavily on the rural infrastructure for the movement of goods and produce. In fact, virtually everything that everyone eats every day in metropolitan areas is either trucked or railed into their region through the rural areas.
- Relying purely on population to distribute discretionary highway funding, as directed by the STAN formula, will not address system-wide needs and will ultimately result in statewide infrastructure deficiencies that will impact rurals and urbans alike. If the rural areas of the highway system are neglected, the impact on the movement of goods will impact the economic development and quality of life in urban areas.
- Also, basing the funding distribution purely on population is overly simplistic and creates many inequities described in the following bullet points
- The vast majority of rural segments on the highway system do not benefit the movement of local traffic. For instance, virtually no one lives near Interstate 10 between Buckeye and Quartzsite (almost the entire distance between the Phoenix metropolitan area and the California border) yet funding to improve and maintain that length of Interstate 10 counts against the rural population's allocation of highway funding.
- The interstates handle a considerable amount of freight traffic particularly from the Los Angeles and Long Beach ports. Much of this traffic does not start or stop in Arizona. Maintenance impacts from this non-Arizona traffic are predominantly covered by rural Arizona's allocation of highway funding. In fact, all of the costs associated with maintaining Interstates 8 and 40 are taken from the rural share of funding.
- The international ports of entry also generate a considerable amount of non-local traffic that impact rural transportation infrastructure and are also covered by the rural allocation of highway funding. As with the freight traffic, rural Arizonans aren't the primary beneficiary of these projects yet they count against their allocation.