



Report Calls for Changes in North Carolina Transportation Funding and Priorities

NC Budget and Tax Center Lays Out Recommendations for Reform

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(RALEIGH) – North Carolina will need to change how it pays for roads and how it sets its transportation priorities if it is to effectively deal with the population boom expected in the coming decades. That is the conclusion of a new report for the NC Budget and Tax Center (BTC).

“North Carolina’s transportation budget is in crisis,” said Dr. Steve Jackson, BTC policy analyst and author of [*At the Crossroads: Recommendations for the Future of Transportation in North Carolina*](#). “Construction and maintenance costs are increasing at a far greater rate than revenues. A comprehensive solution that addresses revenue, spending priorities and project delivery is required.”

“More of the same or ad hoc policy changes are not going to get the job done,” Jackson continued. “The state needs to revamp how it raises money for roads and public transit, and it needs to do away with the outdated formulas that currently determine where those transportation dollars go.”

The report finds serious problems and makes recommendations in three areas concerning North Carolina’s transportation system:

⇒ **Revenues**

Construction costs for roads are rising much more quickly than revenue sources designated for transportation, such as the gas tax. “The only way existing revenue source will be able to keep up with planned expenditures is for the state to significantly increase fees and tax rates, and to keep doing so,” explained Jackson. “It’s time for the state to find ways to better match road use with fees and charges. This means taxing road users based on the number of miles they drive on North Carolina roads.”

⇒ **Spending Priorities**

The state’s so-called “equity formula” guides the allocation of construction dollars for major roads, and it favors rural areas at the expense of cities. “Money that should be spent reducing congestion and improving roads in municipal areas is being and has been spent on multi-lane roads in areas serving few residents,” Jackson said. “There is a lot of waste. Statutory restrictions on what and where road construction dollars are spent need to be abolished. Politics and special interests play a big part in where transportation money goes. That needs to end for North Carolina to get moving in the right direction. Expenditures should be based on strict needs criteria, not on political patronage.”

The report also finds a need for new expenditures on public transit. “Public transportation has been virtually ignored at the state level,” the report finds. In addition to easing congestion in metropolitan areas by increasing mass transit options, anti-sprawl land-use planning must be integrated into

transportation expenditure decision-making.

⇒ **NC Department of Transportation**

Recent management consulting reports, including the much publicized one by McKinsey & Company, highlight the lack of strategic direction and focus, ragged internal coordination and poor project management at NC Department of Transportation. As a pre-condition of receiving any budget increase, the DOT must demonstrate—over a sustained period and verified by third party audit—that it has changed its internal structure, decision-making processes and project management such that it has become an efficient and accountable organization that is responsive to community needs.

The full report has been posted to the Justice Center's website at the following address:

http://209.190.249.47/assets/library/1158_btcrpt28feb08roadfund.pdf

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The North Carolina Justice Center is the state's leading progressive policy advocacy organization dedicated to creating a fairer state that protects its citizens and provides access to opportunity for all.

The NC Budget & Tax Center provides timely, accessible, and credible analysis of state and local budget and tax issues with a special focus on their impact on low- and moderate-income North Carolinians.