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**Highways Need More Funding, PAR Says**

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The Public Affairs Research Council released today an analysis of the state's transportation funding challenges. "Highway Funding: Is there a Crisis?" examines the three major funding "crises" facing the state in the near future and evaluates the severity and immediacy of each. The report finds that Louisiana will have to find a source of significant new funding to keep pace with increasing maintenance and capacity demands on the state's highways, bridges and intermodal transportation system. Neither current revenue sources nor the federal stimulus funding can fill the budget gaps expected in coming years.

The three looming funding challenges are with the federal Highway Trust Fund, the state Transportation Trust Fund (TTF) and the state's TIMED program. While Congress and the federal administration must address the federal highway aid crisis, the state Legislature and administration will have to solve the other two crises. The TIMED shortfall will have to be addressed this upcoming legislative session, and legislation to deal with slow growth of the TTF will have to be enacted in the next few years.

"Construction costs have outstripped general inflation in recent years. The hard truth is that every conceivable solution will require additional investment. Even if the state added \$650 million a year in highway funding, it would still take about 22 years to clear the backlog in existing highway needs," said Jim Brandt, president of PAR. "And that's assuming no cost increases. Adding inflation could double that time."

The PAR report recommends that a special commission should be created and charged with assessing funding options and recommending legislation to head off the severe consequences of failing to act.

The report outlines the state's highway and bridge conditions, explains the maintenance project backlog and summarizes plans to upgrade the state's transportation infrastructure. The operating and capital budgets for the Department of Transportation and Development also are summarized with data to demonstrate the slow-growth trend that is leading to a funding crisis if additional revenue is not raised.

Louisiana's highway and bridge conditions rank poorly in a nation struggling with a decaying infrastructure. This situation has existed for years and cannot be completely corrected for years to come regardless of how much additional money the state spends. However, targeted improvements in the system could enhance business attraction and expansion as well as tourism. Poor roads carry added expenses for users and are a matter of life and death for those potential victims of accidents caused by structural deficiencies.

While the growth in the state's \$14 billion highway maintenance backlog may have been temporarily halted in recent years, maintaining the status quo means maintaining a substandard system. To worsen matters, several fiscal problems on the horizon could begin a further deterioration in the quality of the highway system within a few years.

The report finds that the pending funding crises cannot be solved with greater administrative efficiency. The state must find a rational approach to adequately address its highway funding needs and place the TTF on sound footing for the future without waiting for the impetus of a major crisis.

"At a time when many other states are battling revenue deficits, Louisiana's highway construction spending has been at an unprecedented level. However, the warning barrels are out," Brandt said.

A second PAR report on highway finance will evaluate the potential for providing additional funding through traditional revenue sources and examine innovative approaches, including public-private partnerships, to fund mega-projects.

The primary author of this report is Ty Keller, senior research associate, emeritus.

Copies of the report can be downloaded from PAR's Web site at [www.la-par.org](http://www.la-par.org).