

## Minnesota Transportation Funding: How Are Federal and State Funds Redistributed?

TPEC researchers are providing valuable insight on how federal and state transportation funding is redistributed in Minnesota.

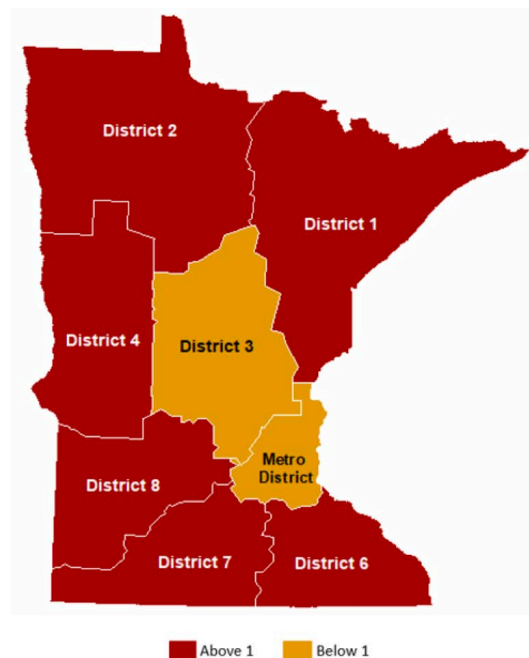
“Unlike locally generated taxes, federal and state transportation funding may be collected in one area and redistributed to others,” explains principal investigator Jerry Zhirong Zhao.

In a recent study, which looked at the six-year period between 2010 and 2015, the researchers analyzed funding revenues and expenditures at the MnDOT district level for both roadways and transit.

The team found that the Twin Cities Metro district contributed slightly more than it received. “It contributed about 49 percent of federal and state transportation revenues and received about 47 percent back in expenditures,” he says.

In a previous analysis using data from 2009 to 2014, the researchers found that the Metro district contributed about 48 percent of federal and state transportation revenues and received about 51 percent of expenditures.

In both six-year periods studied, most districts in Greater Minnesota received more federal and state funding than they contributed. “For District 1 and District 2, [this was] probably due to a much lower population density in these areas,” Zhao says. District 3 was the only Greater Minnesota district to contribute more than it received.



*Expenditure–revenue ratio, 2010–2015: Districts with a ratio higher than 1 received more than they contributed in state and federal transportation funding.*

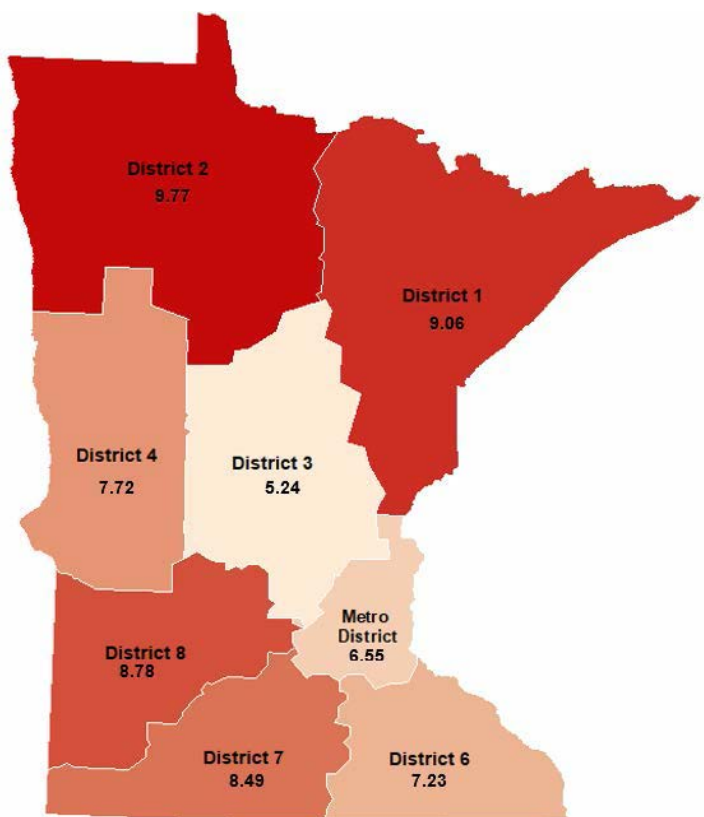
## FUNDING STRUCTURES

In an additional analysis, the researchers examined the funding structures for roadways and transit in Minnesota.

They found that during 2010–2015, local efforts accounted for about 45.5 percent of total roadway funding in Minnesota. Metro counties had a higher reliance on local efforts—about 56 percent.

For another perspective, the team also assessed the roadway funding structure per vehicle-mile traveled (VMT). “Overall, we calculated an average cost of roughly 7 cents per vehicle-mile traveled in the state,” Zhao says. “Districts in the north of the state had the highest expenditures per VMT.”

The transit structure analysis showed that about 65 percent of public transit expenditures in Minnesota comes from federal and state special revenues. Fare revenue accounted for about 14 percent, while other local efforts accounted for about 21 percent.



Cost per vehicle-mile of travel (in cents), 2010–2015

## FOR MORE INFORMATION AND ADDITIONAL ANALYSES

TPEC welcomes public engagement and encourages you to contact us with your questions, comments, and research needs.

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“Overall, we found that local governments fund a significant proportion of the transportation infrastructure in Minnesota, primarily through the property taxes they collect.”

—Jerry Zhirong Zhao