ALLOCATION OF FUNDS FOR A RURAL HIGHWAY PROGRAM

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The passage of the additional 2c gasoline tax, as an amendment to Section 138.220 of the Kentucky Revised Statute, by the 1948 Kentucky General Assembly was necessitated by the insistence of the rural people of the State that the construction of rural secondary roads be speeded up. Kentucky is essentially a rural state and, with some 24,400 miles of unimproved roads, and some 18,252 miles of inadequately improved roads, this insistence is easily understandable.

K. R. S. 138.220, as amended, was enacted to implement the carrying out of this desire and prescribed the purposes for which such tax may be expended. It specified that 2/7th of all gas tax funds shall be set aside by the Department of Highways for the construction, reconstruction, and maintenance of rural and secondary roads, and for no other purpose.

We were therefore presented with a tremendous problem, namely:

1. To find the needs of the various counties for an adequate system of integrated roads which, when selected for construction, reconstruction or maintenance, shall become a part of the maintained system of secondary or rural highway system in the Commonwealth of Kentucky.

2. To establish necessary standards to give adequate service in accordance with the volume of traffic served by this system of roads.

3. To prepare a scientific formula for the allocation of funds, provided for by this additional tax, which would equitably divide such funds between the counties of the Commonwealth of Kentucky, based on individual needs.

4. To make recommendations to the 1950 General Assembly respecting a formula or method for the allocation of funds provided by KRS 138.220 between the various counties of Ken-
Need for an adequate, all-weather highway to replace the primitive creek-bed road shown in the upper photograph is obvious. Similarly, grading for a new location of this road, which is shown under way in the lower photograph, is obvious assurance that the need is being met.
tucky and to make such other recommendations and reports deemed necessary for the establishment of a system of secondary and rural roads in the Commonwealth of Kentucky to become a part of the Kentucky Highway System.

While it is realized, by all those who have made even a cursory study of the problem, that highway user taxes will never be sufficient to build and maintain every road in the State, it is also believed that it is the universal desire of people, who realize the importance of all-weather highways for main county roads, school bus routes and rural mail delivery routes, that these needs be taken care of as fast as funds are made available for that purpose.

It is with this in mind that a study has been made of rural roads in the State and the cost of constructing and maintaining a system to accomplish that desire and need.

Data has been collected from various sources: the Highway Department's Division of Planning Survey, The Citizen's Committee for Long Range Highway Planning, County School Superintendents, Rural Mail Service, County Courts, and our District Engineers. Much valuable information has been obtained from which estimates have been prepared as to the cost of improving the presently not State-maintained roads to an adequate standard for the traffic using them. County maps have been prepared, showing in various colors the State maintained system, roads maintained by the Rural Highway division under annual agreements with the County Fiscal Courts, school bus routes, proposed school bus routes, proposed Federal Aid Secondary System routes not now State maintained, and rural mail delivery routes not on any of the other systems.

KRS 177.350 authorizes and directs the Department of Highways to establish standards for the construction, reconstruction, maintenance and improvement of the secondary and rural roads in the Commonwealth as may be necessary for the establishment and maintenance of an integrated system of secondary and rural roads.

Studies have been made of existing roads which have proven themselves capable of carrying various volumes of daily traffic and from these studies a set of minimum standards have been devised for adoption as desirable for these classes of roads.
Where inadequate bridges exist and funds are not available for the construction of new bridges at the time the roads are improved, they shall be posted for safe loads. Where bridges do not exist on new construction and funds are not available for new bridges, paved fords will be constructed as a temporary device to be replaced when funds are available.

Any distribution or allocation of grant-in-aid funds should be based on a formula consisting of one or more factors which would result in an equitable allotment among the counties, based on their relative needs so that all the sharing units will approximate equal standards of performance and accomplishment in providing the desired service. Students of the grant-in-aid maintain that in the last analysis there is only one fair basis of equitable distribution and that is NEED, which happens to be the basis specified by the legislature.

In considering the factors which should be included in a new formula for the specified purpose, it would seem necessary and wise to consider what factors have been used in Kentucky in the past. It would also seem wise to ascertain what factors have been, and are now being, used in the other states for similar purposes. These and other possible factors should be tested by certain criteria to determine their suitability for inclusion in a new formula to be used in Kentucky.

The present allocation of Rural Highway Funds in Kentucky is based on three factors: 1/3 on Equal Distribution, 1/3 on Area, and 1/3 on Rural Population.

A study of the policies in the other states reveals that thirty-four of the forty-eight states distribute some of their revenues to their various counties. Three factors predominate in these states and are those used in the distribution of Federal Aid to the states, namely, Population, Area, and Road Mileage. Do these factors really measure NEED or have the states merely followed the lines of least resistance and accepted the factors in the Federal Aid formula? We will discuss their suitability later. Tied for a close fourth in factors now being used by the states is Motor Vehicle Registration, and the fifth factor in point of use is Equal Distribution. A sixth factor, which would appear related to need is Vehicle Miles of Travel, is used by only one State—Minnesota.
Two of the states, Alabama and Ohio, make their distribution equally among all their counties. Three of the states, Arizona, Louisiana, and Pennsylvania, use revenues from Motor Vehicle Fuel as their factor. Three, Idaho, Illinois, and South Carolina, use revenues from Vehicle Licenses or Registration Fees. Four of the States, Colorado, Georgia, Maryland and New York, use road mileage. North Dakota uses Assessed Valuation and Iowa uses Area. Until 1944, the state of Washington used five factors.

To serve as a guide in selecting the most suitable factors for our new Kentucky formula, we have set up some general principles or criteria which the factors should meet or measure as nearly as possible, based on the soundest principles of common sense. While no single factor may be expected to meet these criteria, it should be possible to work out a combination of factors which will approximately do so.

The desirable factor should actually measure:

(a) Need.

(b) Changes in need.

(c) Proportional need which would include cost to provide the same service in the various counties.

(d) The factor chosen should be capable of simple and accurate measurement every one or two years, preference being given to factors which are already measured for some other purpose. We should avoid, if possible, factors which require special, continuous or seasonal measurement.

(e) The factors chosen should not be subject to local influence. This is an obvious precaution to avoid exposing County Officials to unfounded charges of attempted inflation to receive an increase in grant.

In order not to delay further in the commencement of construction of this Rural-Secondary road program while a final formula is prepared for Legislative approval, it has been decided to use for this year's work, the same formula that has been
used for the past few years in the distribution of funds allotted to the rural highway $5,000,000 appropriation.

This is, as previously stated, 1/3 to all counties equally; 1/3 in the proportion that the area of a county has to the area of the State; and 1/3 in the proportion that the rural population of a county bears to the rural population of the State.