



NEWS RELEASE

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New Report: NJ Transportation Fund Goes Broke by mid-2011 At Risk: Road Repairs, Transit Service, Federal Dollars Groups: No More Band-Aid Solutions

A new report released today details the catastrophic path the New Jersey Transportation Trust Fund is on, showing the Fund will run out of money by mid-2011 at the latest, placing road repairs, transit services and vital federal funds at risk.

The 12-page analysis, titled, "Spiral of Debt: The Unsustainable Structure of New Jersey's Transportation Trust Fund," was written by Regional Plan Association in conjunction with Tri-State Transportation Campaign and New Jersey Future. It details revenue sources and expenditures, and shows how the nearly \$900 million in tax revenues raised for the fund every year will, by next year, be dedicated entirely to paying off interest and principal on old debt.

In the absence of a solid financing mechanism for the Transportation Trust Fund, New Jersey residents will be looking at deteriorated roadways and less transit service at a higher cost. Also at risk is \$1.6 billion in federal matching grants.

Tom Wright, executive director of Regional Plan Association, said, "New Jersey residents are waking up to the fact that the state has virtually no funding in place for transportation projects starting next year. The state's transportation systems are looking into the abyss of disrepair, just as the New York City transit system did when shortsighted politicians

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failed to maintain mass transit in the 1970s. New Jersey cannot go down this road.”

The groups warn against the Fund taking on additional unfunded debt or implementing further band-aid solutions. Under the Corzine Administration, officials applied a temporary fix of stretching out existing debt, an action most likely not feasible in the current economic climate.

The report recommends the following:

- 1- transitioning to more pay-as-you-go financing and stopping the practice of paying for maintenance with debt;
- 2- looking to creatively reduce costs by internal restructurings and reprioritizing funding on certain projects;
- 3- sharing the burden of raising new funds among all those who benefit from healthy transportation systems, including drivers, riders, businesses and polluters; and
- 4- constitutionally dedicating any new monies to the Trust Fund and relying less on appropriations in state funding.

Kate Slevin, executive director of the Tri-State Transportation Campaign said, “New Jersey residents recognize the importance of a safe and reliable transportation system, and the role the Transportation Trust Fund plays in maintaining that system. The question now is: Will our leaders in Trenton get the message by passing a financially sustainable, long-term reauthorization of the Trust Fund, or simply pass the buck to future generations by taking out more unsupported debt to pay for transportation projects?”

The report blames the looming insolvency on over-reliance on debt to pay for maintenance costs, once considered part of the operating budget paid for out of the state’s general fund, and not raising enough money to meet necessary expenditures.

Just last week, NJ TRANSIT Executive Director James Weinstein said he would seek a 25 percent system-wide fare increase and a reduction in services. The drastic plan is part of an effort to fill a \$300 million operating budget shortfall, part of which was created by a \$33 million cut in state subsidies. Next week, Governor Christie will release the FY 2011 state budget, which will likely exhibit shortfalls and underline the importance of finding innovative ways of funding the Trust Fund.

“The collapse of our transportation funding system in New Jersey will have widespread economic impacts in our state, including how we develop and redevelop our communities,” said Peter Kasabach, executive director of New Jersey Future. “A safe and efficient transportation system is essential to New Jersey’s long-term prosperity and quality of life, and we can no longer

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rely solely on gimmicks, debt and band-aids to keep it funded.”

The Transportation Trust Fund, created in 1984, is the primary source of money paying for road, bridge and transit repairs in the state. Nearly half the \$3.5 billion in annual spending to maintain, renew and expand New Jersey’s transportation systems – including repaving roads after accidents, keeping bridges from falling down, buying new buses and expanding rail service – comes directly from the Fund. The State estimates all major transportation improvements for New Jersey for the next decade will cost approximately \$34 billion.

The report was made possible through the generous support of The William Penn Foundation. The complete report can be found online at <http://www.rpa.org/pdf/20100311-RPA-Report-Spiral-of-Debt-NJTTF.pdf>.

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Regional Plan Association (RPA) is the nation’s oldest independent, not-for-profit regional planning organization that improves the quality of life, economic competitiveness and sustainability of the 31-county New York-New Jersey-Connecticut region through research, planning, and advocacy.

www.rpa.org

The Tri-State Transportation Campaign is a nonprofit advocacy organization working toward a more environmentally sustainable, fiscally sound, and socially just transportation network in New Jersey, New York and Connecticut.

www.tstc.org

New Jersey Future is a nonprofit research and policy group advocating smart growth, environmental preservation, neighborhood revitalization and transportation choice.

www.njfuture.org.