

WHERE DID ALL
THE MONEY GO?



MINNESOTA ASPHALT
CONFERENCE AND TRADE
SHOW - DEC 9TH

Where Did the Road Funding Go?

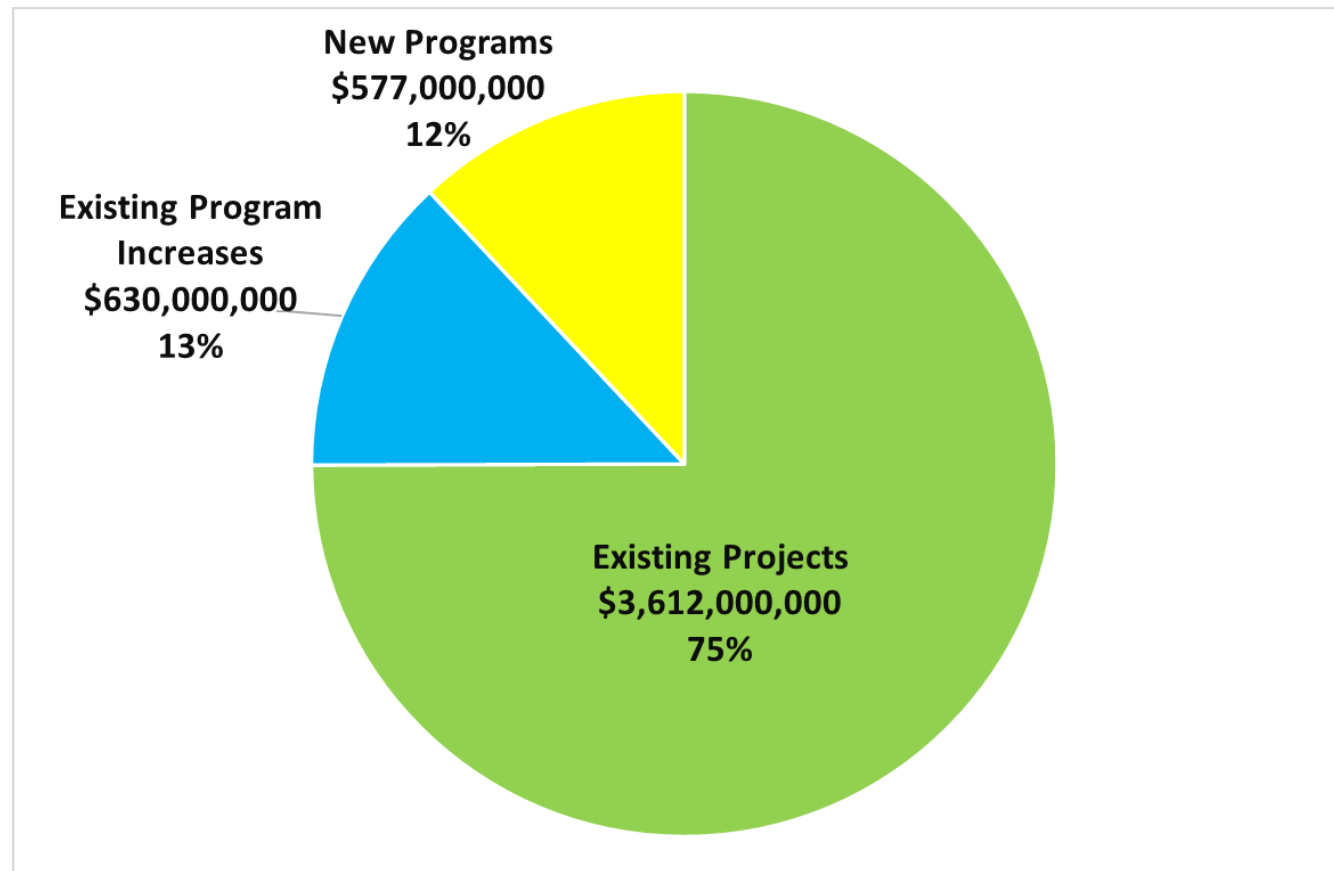
Federal-Aid Highway Investment Under the IIJA

IIJA Total Highway Investment



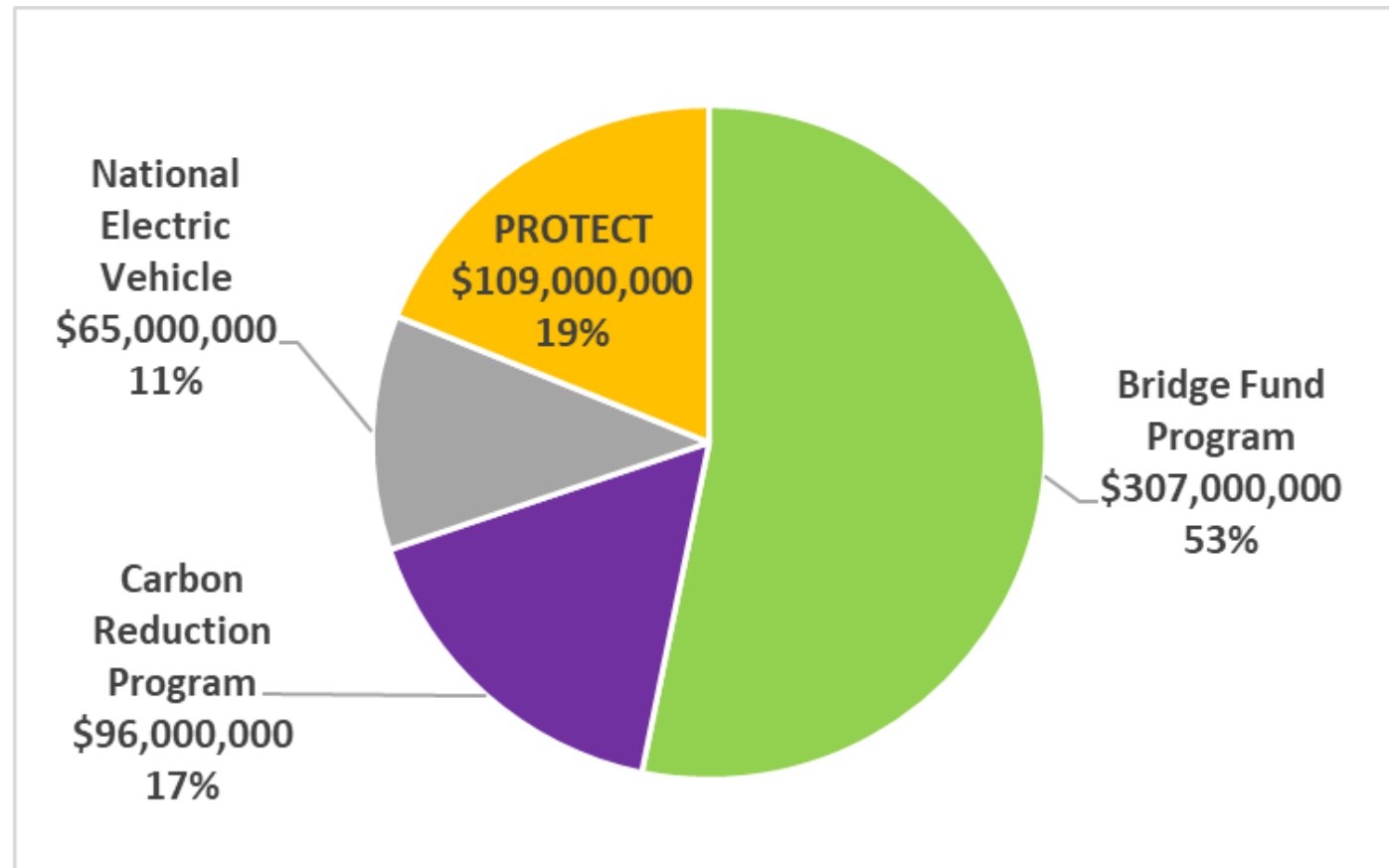
IIJA

Estimated Funding Breakdown for Minnesota



IIJA

Estimated Funding New Programs



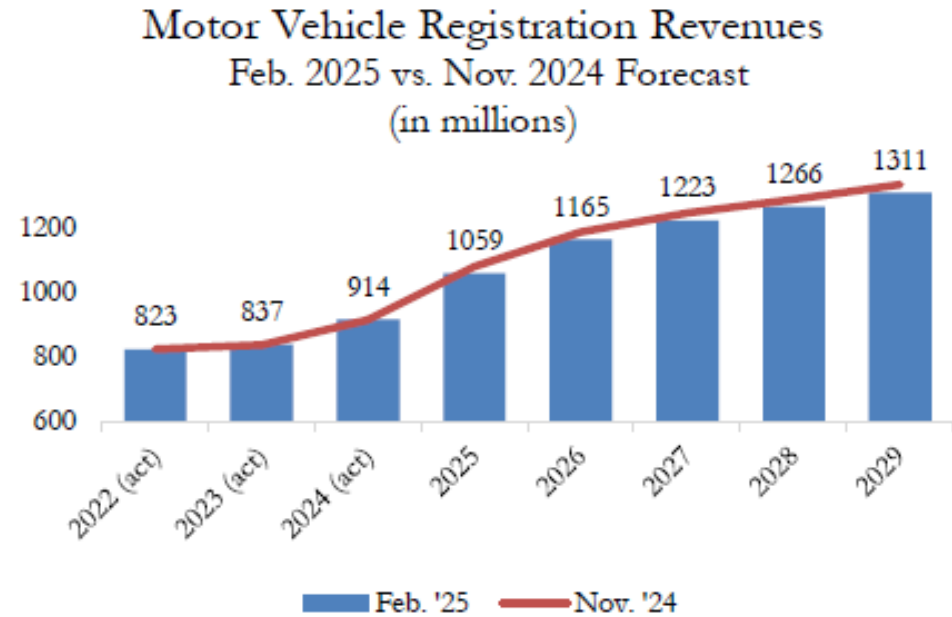
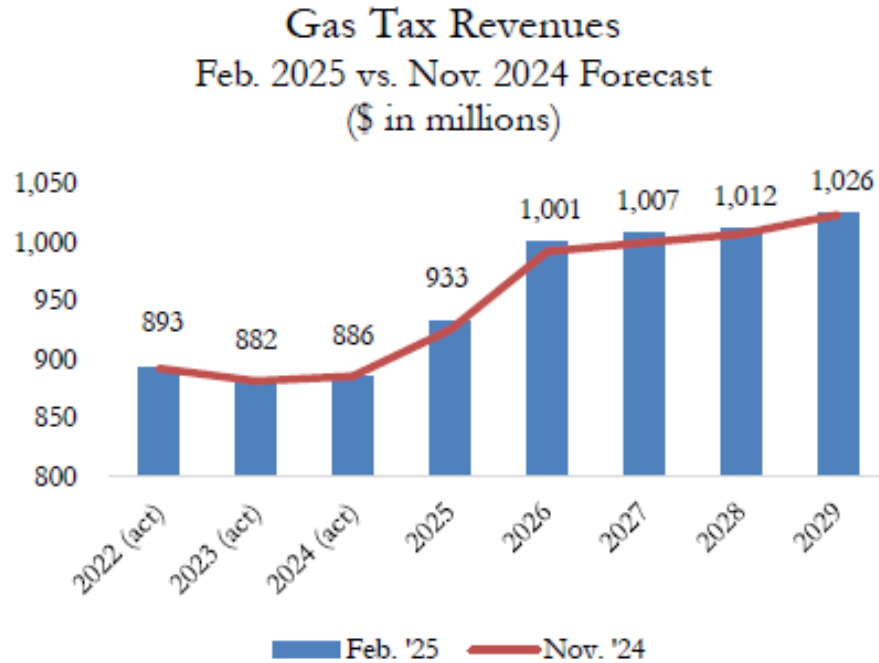
Largest IIJA Grants Minnesota Received

- Blatnik bridge \$1.06 Billion for a FFY22&23 MPDG/INFRA award
- I-494 EZ Pass Lane \$138M for a FFY25&26 MPDG/INFRA award
- TH 19 in Northfield \$25.5M for a FFY25&26 MPDG/RURAL award
- I-90 Austin Bridges \$25M for a FFY22 MPDG/INFRA award
- TH 210 in Brainerd \$25M for a FFY23&24 MPDG/RURAL award
- TH 3 Robert Street \$25M for a FFY25 Round 1 award

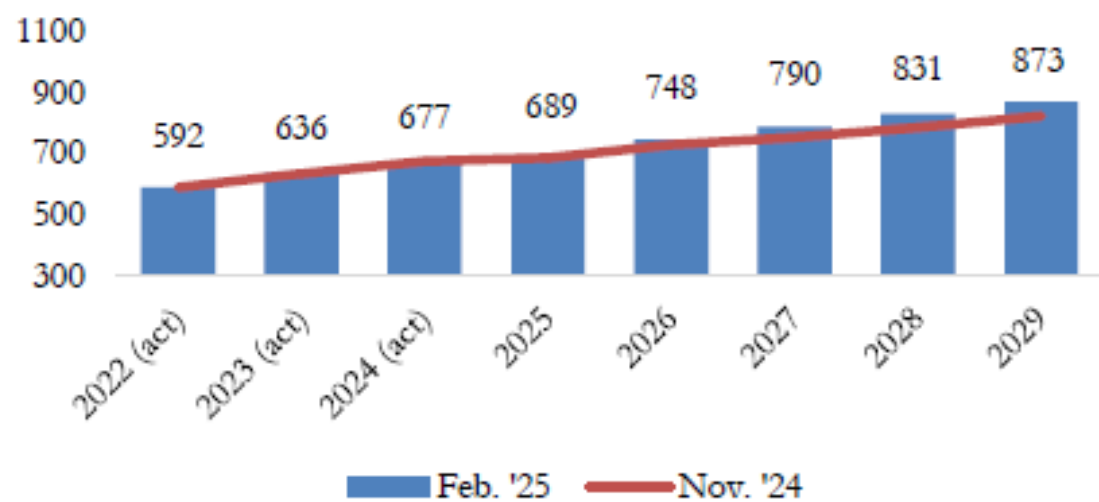
2023 Minnesota Transportation Funding Bill

- Increased License Tab Fees
- Indexed Fuel Tax
- Increased Motor Vehicle Sales Tax (MVST)
- Implemented Retail Delivery Fee
- Authorized Trunk Highway Bonds
- Funded LRIP/LBRP and earmarked road projects
- General Fund Transfer: \$152.6M THF and \$36M Local roads and bridges

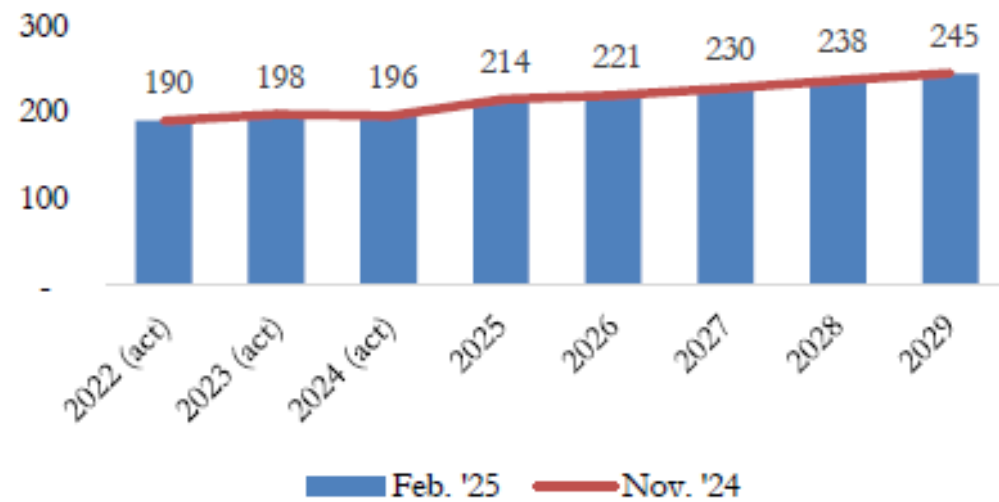
Impact of 2023 Revenue Increases



MVST Revenues
Feb. 2025 vs. Nov. 2024 Forecast
(\$ in millions)



State Sales Tax
Feb. 2025 vs. Nov. 2024 Forecast
(\$ in millions)



2023 Funding Bill

Trunk Highway Bond Authorization

- MnDOT Facilities –\$87.4M
- Corridors of Commerce - \$153M
- State Road Construction - \$200M
- Named Projects - \$166.15M

TOTAL - \$599.2M FY24-27

Capitol Bonding Bills '23 and '25

Local Road Improvement Program:

- 2023 - \$231.5 Million
- 2025 - \$47 Million

Local Bridge Replacement Program:

- 2023 - \$109 Million
- 2025 - \$31 Million

New Funding – YAY!



How Funds Are Spent - Implementation

- ❑ Not all funding increases take effect right away
- ❑ New funds need to be obligated, programmed
- ❑ Actual spending can take years – especially with federal funds which are provided on a reimbursement basis

IIJA Total Highway Allocations, Obligations and Reimbursements (through April 2025)

\$348B

Total IIJA Highway Funding
FY22-FY26

\$303B
Formula Funds

\$202B

Total Funds Committed to Date
FY22-YTD FY25
(Includes Discretionary)

\$242B

Formula Funds Available
FY22-FY25
(Excludes Discretionary)

95k+

New Project Commitments

\$124B

Total IIJA Funds
Reimbursed to States

\$45B
Discretionary
Funds



Minnesota - IIJA

75% of the IIJA core program funding was already committed to projects programmed in the State Transportation Improvement Program (STIP)

IIJA provided \$630M (+13%) in increased funding for existing federal core programs over five years

IIJA also provided \$575M (12% of total program funding) for four new programs:

Bridge Fund Program (\$302M) PROTECT (\$109M) Carbon Reduction (\$96M)

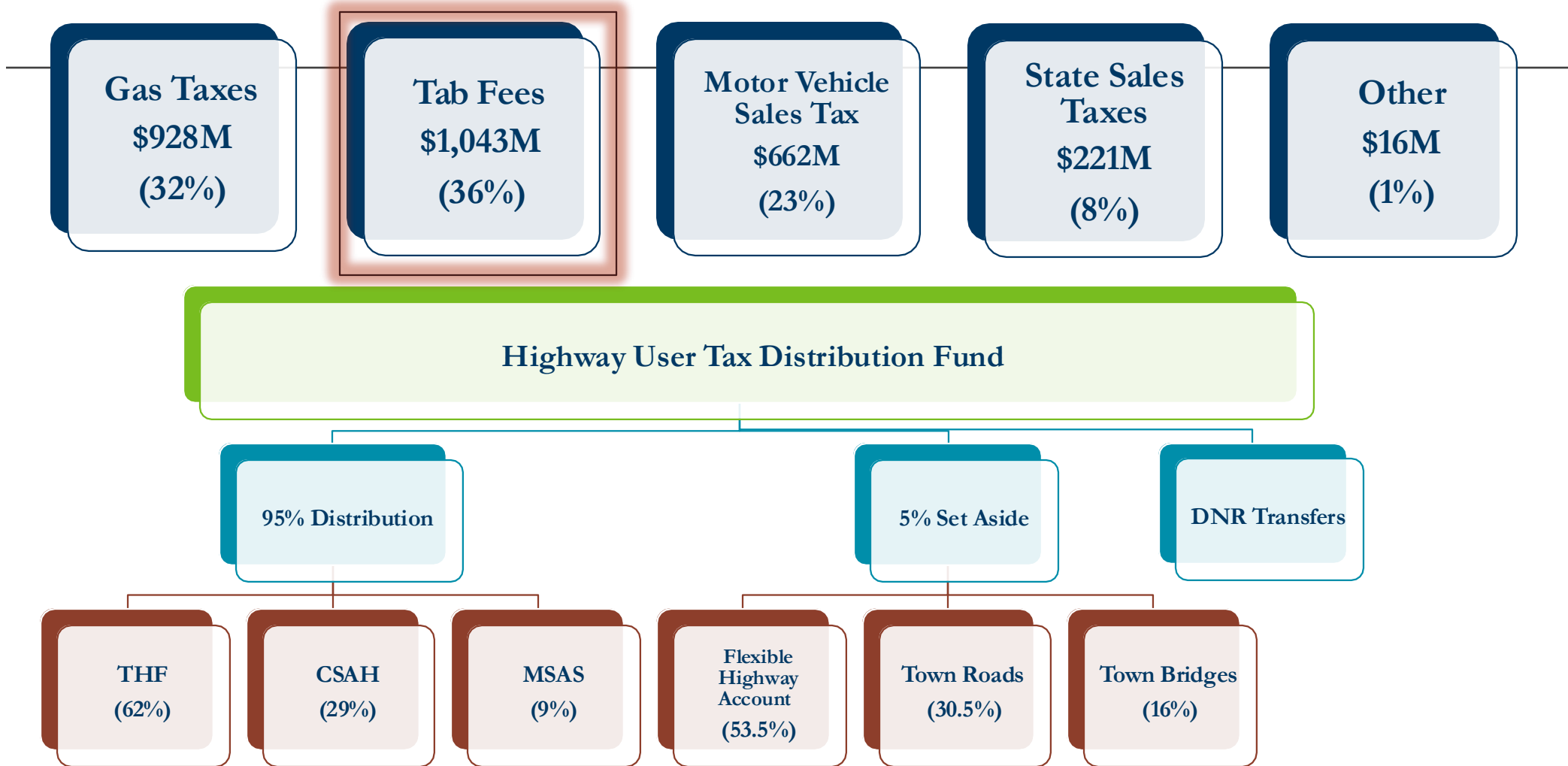
National Electric Vehicle Infrastructure Program (\$68M)

How Funds Are Spent - Allocation

- ❑ Federal formula funds versus discretionary grants
- ❑ Flexible Funds allow for more spending on other modes
- ❑ More emphasis on bridges, transit, EV, bike/ped, other uses of funds

HUTD Sources and Uses FY 2025

Actuals = \$2.9B (55% of total state/federal)



Trunk Highway Fund

Of all the new state funding in the HUTD fund, 58.9% is constitutionally dedicated to the Trunk Highway Fund. Of that total, funds are used to support MnDOT operations, state road construction projects and delivery, debt service, and the State Patrol (Department of Public Safety).

Historically, of total Trunk Highway funds:

- 6% for State Patrol (DPS)
- 60% for state road construction projects and related debt service
- 34% for operations and maintenance (17%), program planning and delivery (12%), and agency management (5%)

Corridors of Commerce Funding

Year	Funding	Solicitation
2013	\$300,000,000	COC1
2014	\$6,500,000	Freight Project & Project Readiness
2015	\$25,000,000	
2017	\$425,000,000	COC2
2018	\$475,000,000	COC3
2021	\$250,000,000	COC4 & Project Readiness
2023	\$153,000,000	
2024	\$15,000,000	
2025	\$40,000,000	
Total	\$1,689,500,000	

Current Projects – Corridors of Commerce

Selection Year	District	Route	Project Description	COC Funding	Project Status
2017	M	I-494	Add EZ-PASS lanes in both directions from France Avenue to Hwy 77 eastbound and from Hwy 77 to I-35W westbound	\$134,000,000	Under construction
	M	I-494/I-35W	Complete Phase 1 of the I-494/I-35W turbine interchange, northbound to westbound directional ramp. Project has been combined with I-494 project above.	\$70,000,000	Under construction
2018	M	Hwy 252/I-94	Convert to a freeway and add MnPASS lanes from Dowling to Hwy 610.	\$119,000,000	In Design, Anticipated 2029 Construction
2023	M	Hwy 10	Lane expansion Highway 10 in Coon Rapids from CSAH 78 to CSAH 9	\$8,000,000	Under Construction
	M	Hwy 13	Grade separation Highway 13 in Savage/Burnsville from Quentin Avenue to Nicollet Avenue	\$96,000,000	In Design, Anticipated 2027 Construction
	M	Hwy 65	Grade separation Highway 65 in Blaine from 103 rd Avenue to 117 th Avenue	\$30,000,000	In Design, Anticipated 2026 Construction
	3	I-94	Lane expansion on I-94 from Albertville to Monticello	\$78,000,000	Under Construction
	3	Hwy 371/Hwy 210	Construct grade separation in Baxter	\$58,000,000	In Design, Anticipated 2028 Construction
	6	Hwy 14	Construct grade separation in Byron/Rochester	\$60,000,000	In Design, Anticipated 2026 Construction
	8	Hwy 23/Hwy 9	Construct grade separation in New London	\$33,000,000	In Design, Anticipated 2027 Construction

2026-2029 STIP Investments - \$ In Millions

(Excluding COC Bonds & Non-Designated Bonds)

Investment by Category	SFY 2026	SFY 2027	SFY 2028	SFY 2029
Pavement	491	497	573	520
Bridge	1,481**	50	82	58
Safety	67	78	74	37
Major Construction	41	270	-	100
Other*	464	382	405	441
Total	2,544	1,277	1,134	1,156

*Other includes: Bike Trails, Municipal Agreements, Consultant Agreements, Drainage, Enhancement, Local Partnership, Miscellaneous Agreements, Noise Walls, Planning, Rest Area/Beautification, Right-of-Way, Supplemental Agreements/Cost Overruns, Traffic Management

**Includes Blatnik Project



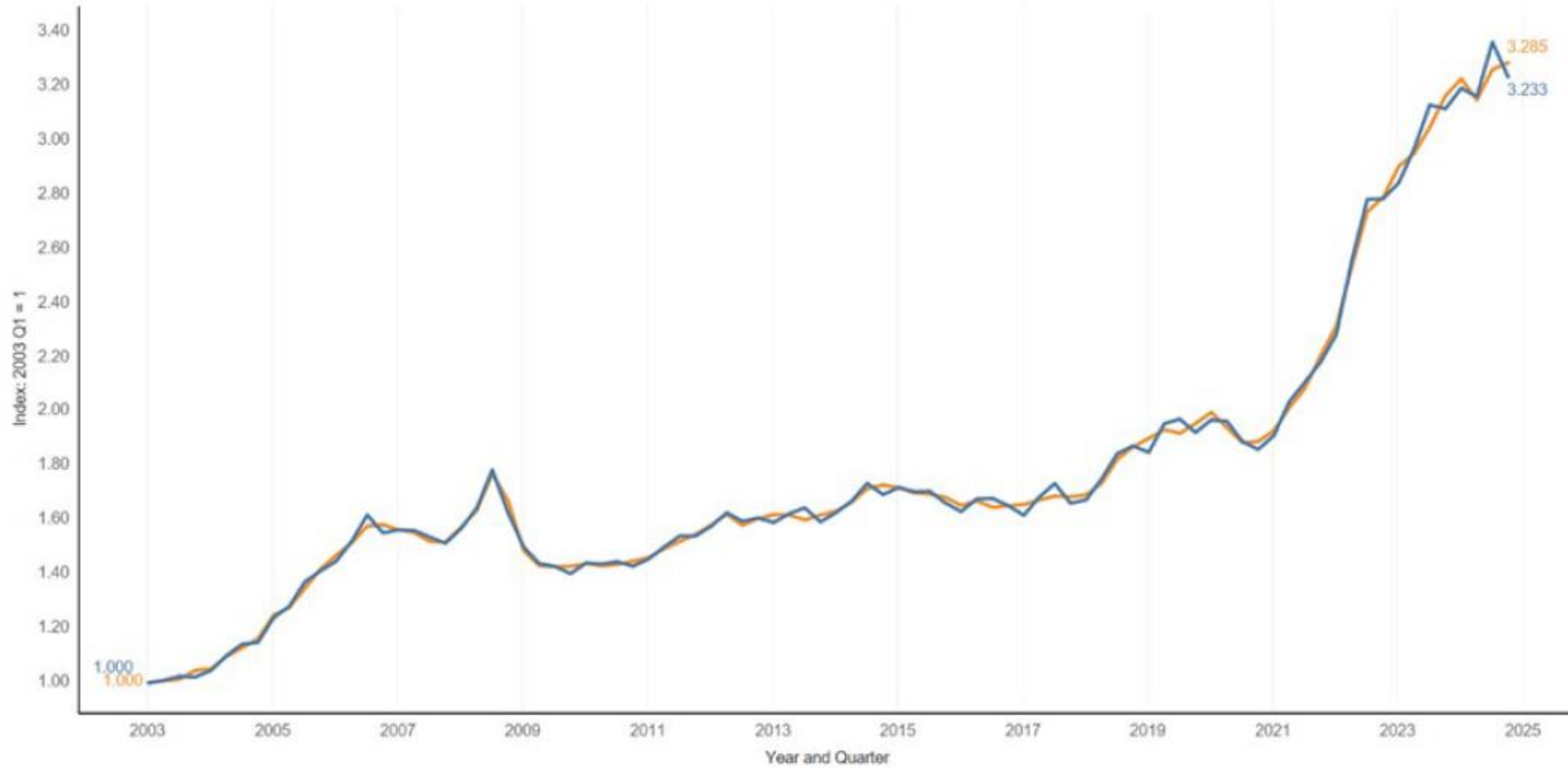


U.S. Department
of Transportation
**Federal Highway
Administration**

Select Year and Quarter:
2003 Q1 to 2024 Q4
and Null values

National Highway Construction Cost Index (NHCCI)

Select Series:
 NHCCI
 Seasonally Adjusted NHCCI



2024 Q4 Index is preliminary.
2024 Q2 and 2024 Q3 indexes are revised.

Figure 3: National Highway Construction Cost Index (NHCCI) 2003-2024¹⁵

Material Price Indices & State DOT Bids

Comparing relative changes in the National Highway Construction Cost Index (NHCCI), the Bureau of Labor Statistics Producer Price Index (PPI) for Highway & Bridge Construction, and the Bureau of Economic Analysis (BEA) Price Index for Highway Construction, Quarterly Data

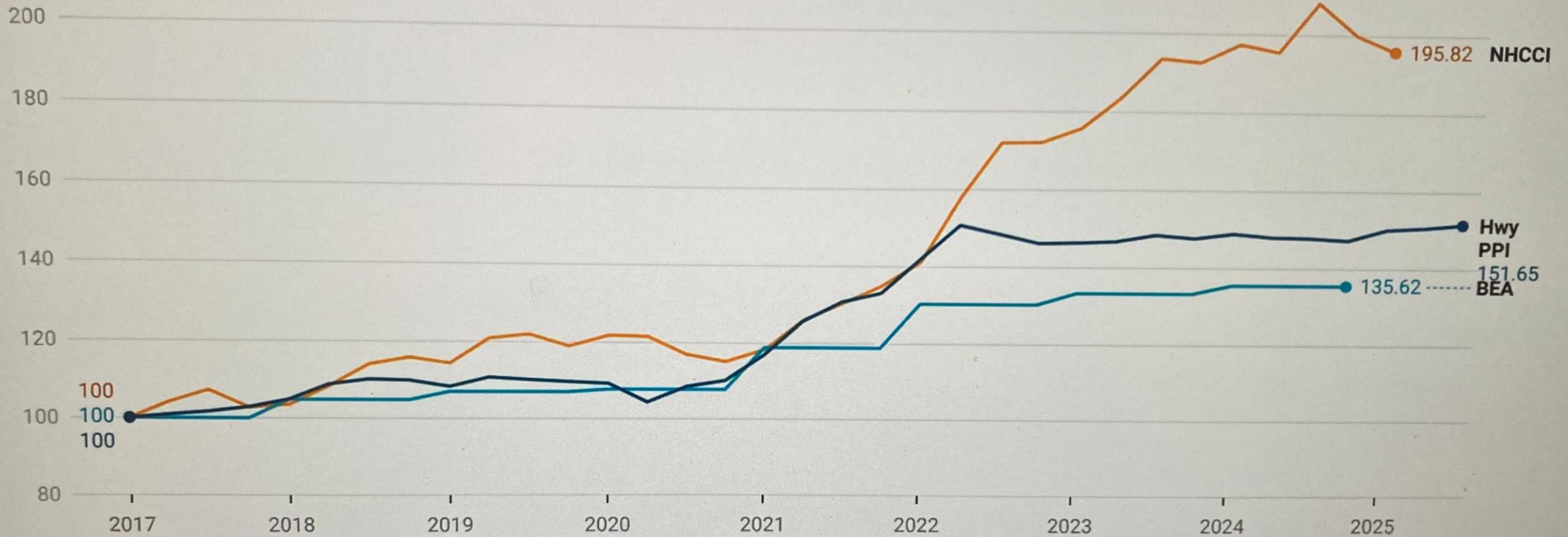


Chart: ARTBA • Source: FHWA, BLS, BEA • Created with Datawrapper

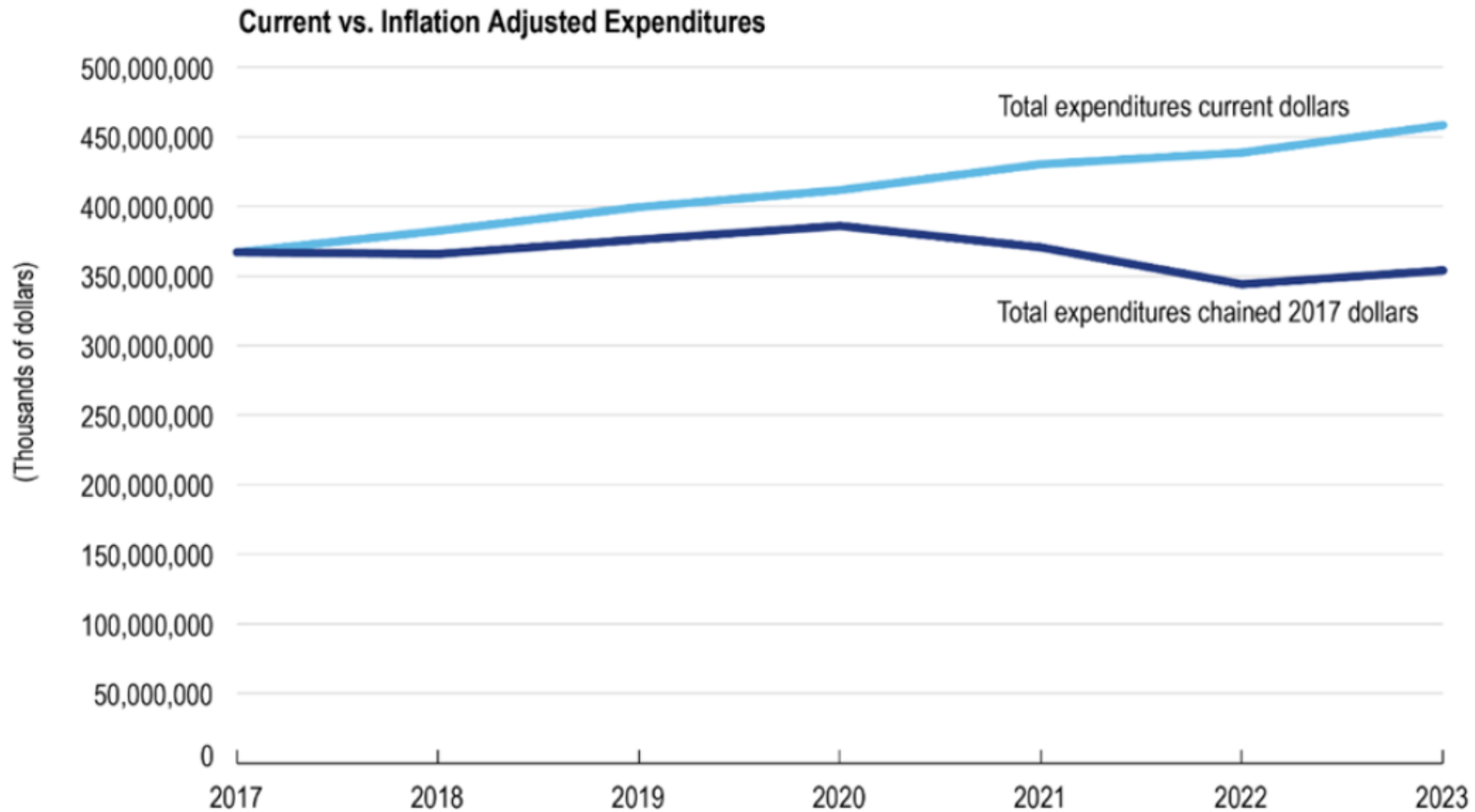
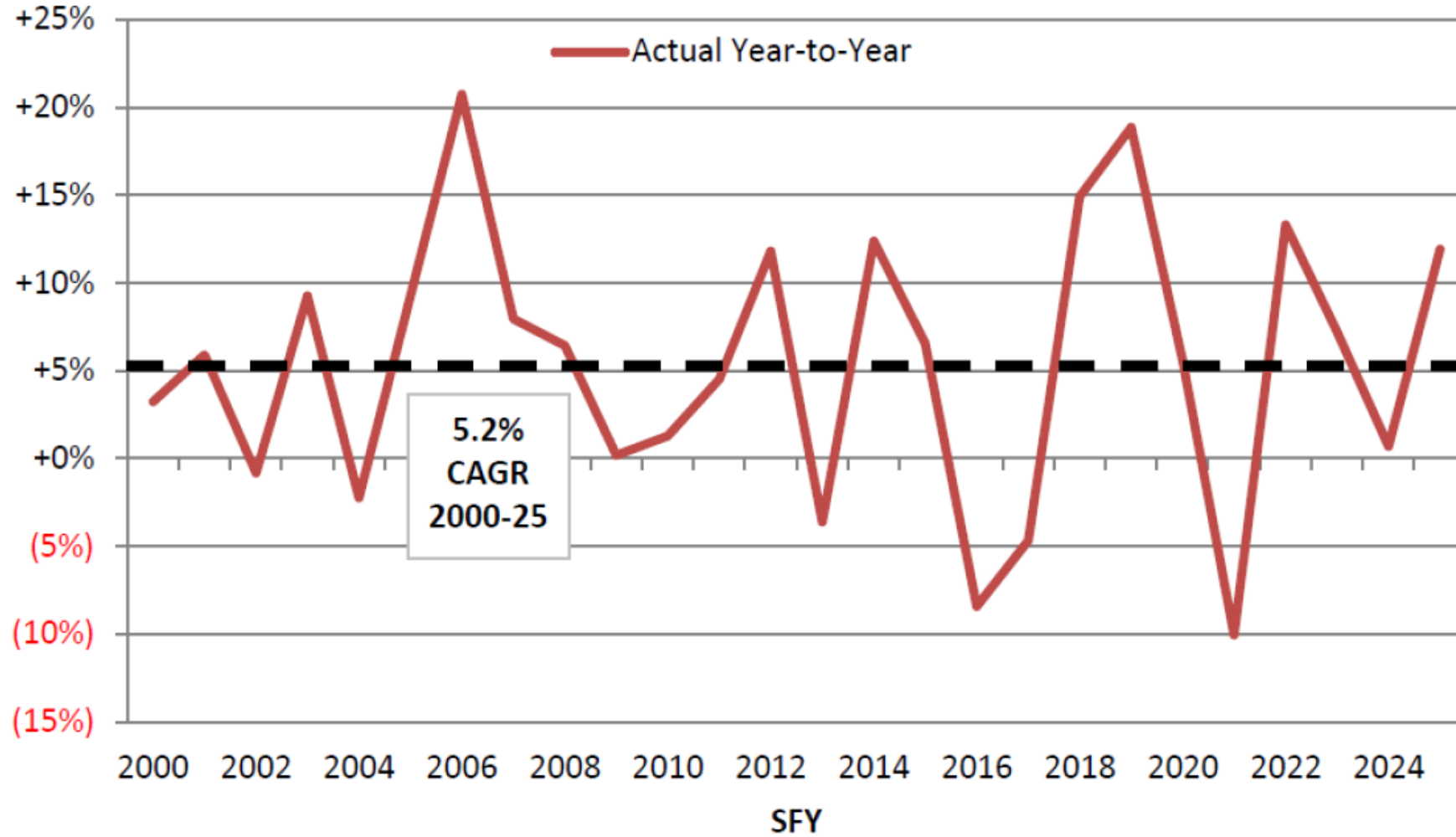


Figure 9: Public Transportation Funding: Current vs. Inflation Adjusted Expenditures (Inflation measured by NHCCI⁶²)

Minnesota

CCI Inflation History & Compound Annual Growth Rate



Minnesota Construction Inflation Forecast

SFY	October 2024 STIP+6 Guidance	October 2025 STIP+6 Guidance	October 2025 CAGR Guidance (2026-2036)
2026	+2%	(6%)	+4%
2027	+3%	+3%	
2028	+3%	+4%	
2029	+4%	+4%	
2030	+4%	+4%	
2031 – 2036	+4%	+4%	

July Employment: Highway & Bridge Contractors

Since 2021, contractors have created 35.6k new jobs

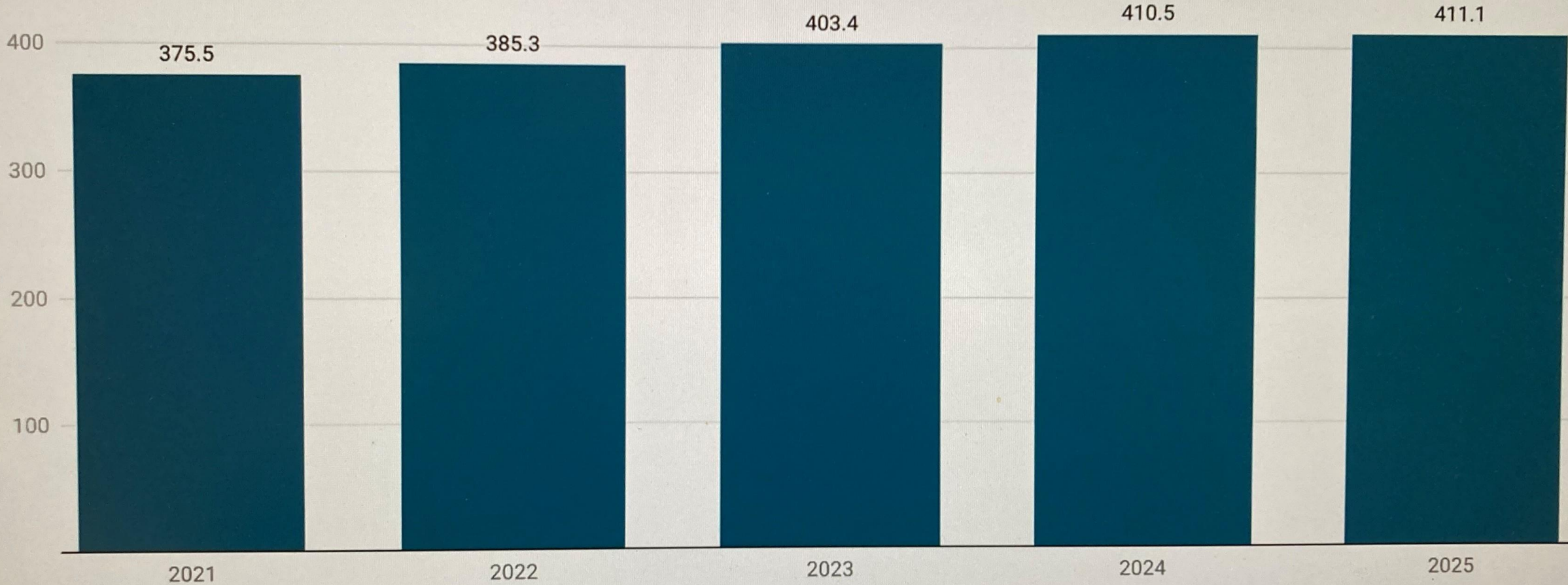


Chart: ARTBA • Source: U.S. Bureau of Labor Statistics • Created with Datawrapper

Number of U.S. State & Local Government Contract Awards

Trailing 12-month number of awards through September

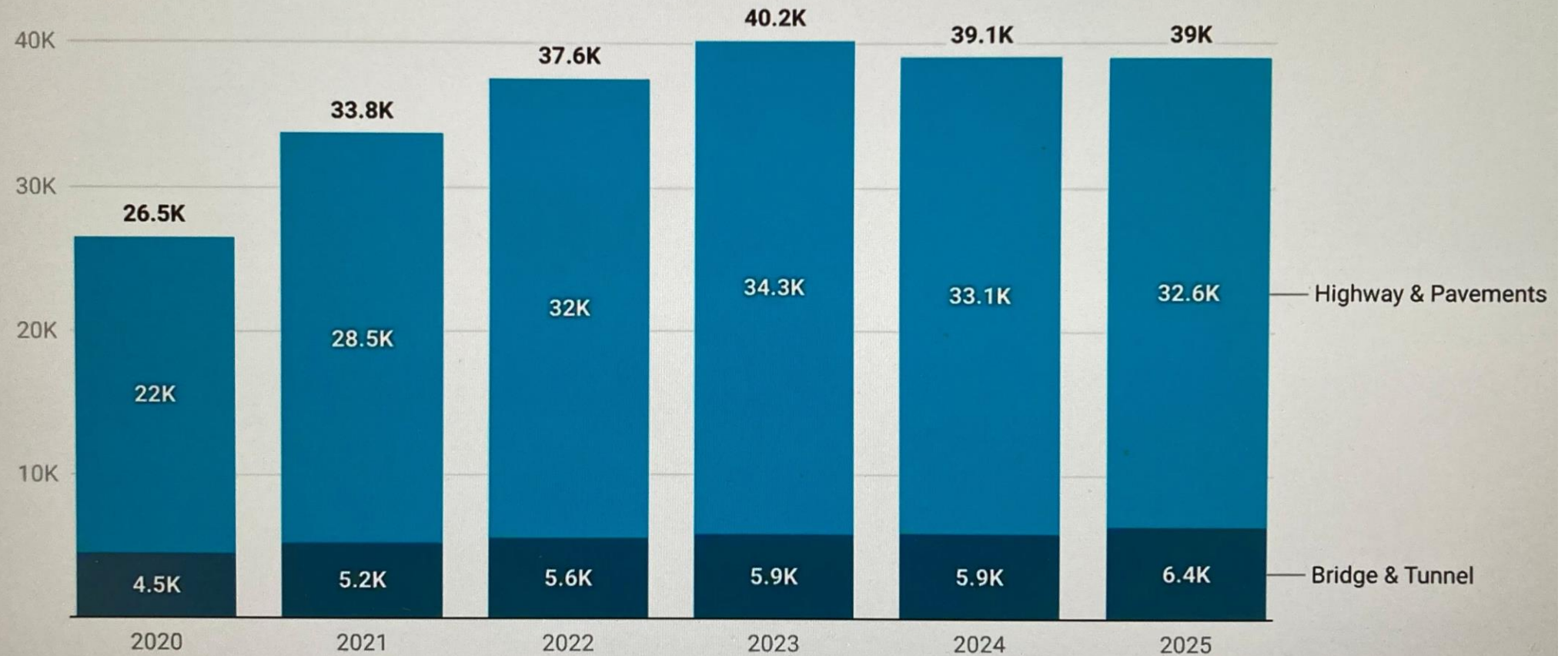


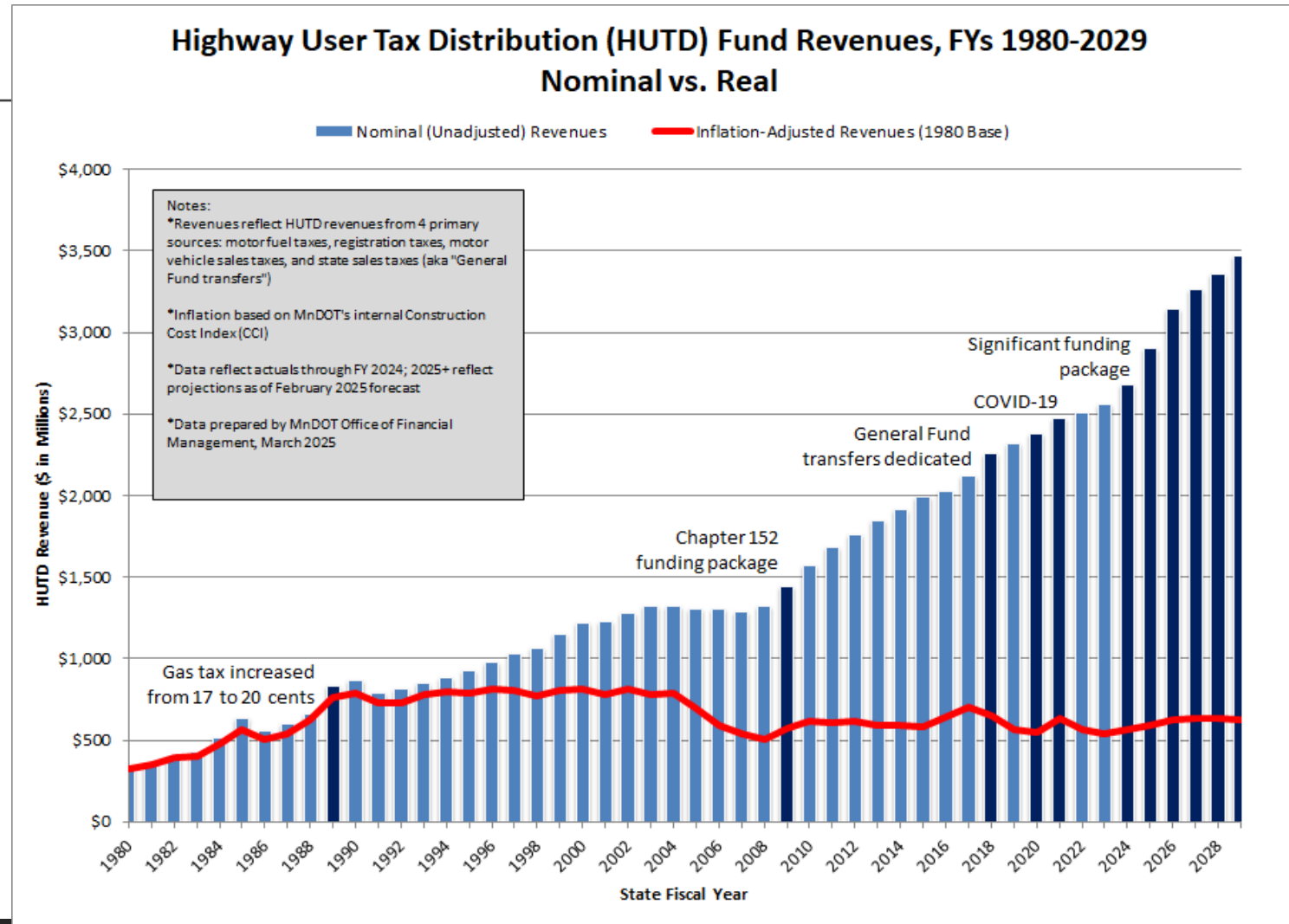
Chart: ARTBA • Source: Dodge Data Analytics • Created with Datawrapper



Other Considerations

- ❑ **Borrowing Costs:** While economy wide inflation and an increased money supply brought higher prices, increased interest rates to bring down inflation also made construction financing more expensive.
- ❑ **Regulatory Costs:** Another component potentially contributing to elevated costs are regulatory limitations such as the Build America, Buy America Act. In the GAO's July 2025 report on implementation challenges with the IIJA, 27 of grant awardees found Build America, Buy America requirements to be moderately or very challenging.
- ❑ **Higher quality projects:** Another factor that may contribute to increasing per-project costs is greater preference for project designs that enhance the benefit of the project, but this can also increase short-term project costs. Improving the quality of construction materials to enhance resilience, longevity, or achieve other goals, and adding safety features, additional travel lanes, sidewalks, and other amenities may contribute to higher costs of construction. More complicated project designs can often increase construction costs as can higher quality component costs, even if they result in lower lifecycle costs.

Minnesota Highway User Tax Revenue History of Annual Revenues



WHAT YOU CAN DO - 2026

- **Federal Surface Transportation Reauthorization**
 - Maintain Funding Levels Plus Inflation
 - Regulatory Reform: Save Time, Save Money
 - Direct Dollars to Highway Work
 - Earmarks for Minnesota Projects

State Bonding Bill

- Funding for Roads



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