

C Fund Program Overview

(September 30, 2014)

1. The origins of the C Program date back to the 1940s which allowed a funding source for secondary roads in South Carolina. The original intent was to pave farm-to-market dirt roads on the state system. By adoption of the C fund law (S. C. Code Ann. Section 12-28-2740), today's CTC program was formed in the early 1990s as a means for local communities to have a source of funds to improve transportation needs in their areas.
2. C funds are derived from 2.66 cents per gallon of the state user fee (\$70 Million). C funds are apportioned to the counties in accordance with the following **Allocation Formula**:
 - a. One third based on the ratio of the land area of the county to the land area of the state.
 - b. One third based on the ratio of county population to the state population.
 - c. One third based on the ratio of rural road mileage in the county to rural road mileage in the state.
3. Individual county apportionments range from \$500,000 for the smaller counties to just over \$4 million for the larger ones.
4. If each CTC's funds were obtained from the 2.66 cents per gallon of gas sold within each county, some of the Committees would receive more and some less than what the **Allocation Formula** brings to the individual counties. For example, based on the amount of gas sold in Allendale County, the County's portion of the C funds would be approximately \$100,000 instead of the \$543,000 that is projected they will receive. State law stipulates that an additional allocation of \$9.5 million, called Donor funds is transferred annually from SCDOT's account for distribution to those counties that contribute to the C fund an amount in excess of what it receives under the **Allocation Formula**. Each year there are approximately 15 of these donor counties receiving a portion of the \$9.5 million. The funds are distributed based on the ratio of the individual donor county's contribution in excess of C fund revenue allocated to the total excess contributions of all donor counties.

5. Present legislation requires each county to have a County Transportation Committee (CTC). Members of the CTC are appointed by and serve at the pleasure of the county legislative delegation. The responsibilities of the CTC members include the formation of a county transportation plan and the approval and use of C funds. SCDOT advises the Committees that C funds are to be used for transportation projects on public property and must be accessible to the public.

6. CTCs must ensure (SCDOT monitors very closely):
 - a. A minimum of 25% of their apportionment is expended on the state highway system (based on a rolling 2 year average), and no more than 75% is expended for local projects (non-state highway system projects). Typically each year about 1/3 of the CTCs expend only the minimum of 25% on the state system. State roads selected for improvements by the CTCs do not have to adhere to Act 114 requirements. Many of the state roads selected for improvements by CTCs are those that are costly to SCDOT to maintain, but don't rank high due to low traffic counts to be considered through Act 114. CTC funding is the only way these roads are improved.
 - b. No more than 300% of the CTCs annual allocation is accumulated without being obligated for specific projects.

7. The CTC may choose to administer its own program or may request that SCDOT administer the program. Currently there are 27 CTCs that are SCDOT administered and 19 that are self-administered.
 - a. When SCDOT administers the program, funds are held by the State Treasurer until such time as the funds are required for the payment of obligations. Interest earned on the funds is distributed to the CTCs.
 - b. A CTC choosing to administer its own program will receive a monthly allocation of funds to be managed by the CTC for the payment of all qualified and eligible costs of engineering and construction for its projects. Reviews would be performed to ensure compliance with state law.