Griffin announces 75-year funding plan

Toll Road proceeds to continue generating revenue for life of lease

INDIANAPOLIS – Democratic State Treasurer candidate Michael Griffin today announced a plan to utilize the proceeds from the long-term lease of the Indiana Toll Road to generate construction funding for the next 75 years.

By safely reinvesting the lease revenue already in the state's hands, Griffin, a public finance professional who currently serves as Clerk-Treasurer of Highland, said Indiana could turn $2.475 billion into more than $11 billion over the course of the lease.

"Instead of just spending the money we have in the bank right now, I want to extend our buying power until we regain control of the Indiana Toll Road," Griffin said. "The Governor referred to his proposal as the 'jobs plan of a generation.' This is the 'jobs plan of three generations.'"

Gov. Mitch Daniels plans to use the lease proceeds to fund construction for the next decade, at which point most of the original payment will be gone. The Governor has suggested leasing or privatizing other assets, including the highly anticipated Interstate 69 extension in Southwestern Indiana, for additional profit.

After payments to counties along the Toll Road, an apportionment of $500 million to the "Next Generation Trust Fund" and other expenses, the state will have $2.475 billion remaining from the original $3.85 billion lease payment. Griffin's plan would place that remaining amount, along with the $500 million trust fund, into what he has dubbed the "Next Three Generations Trust Fund" for a total of almost $3 billion. That money would then be reinvested over the term of the lease; it will produce more than $11 billion total over the next 75 years.

"We have the opportunity to take one leased asset and turn it into construction capital for the next 75 years without selling anything else," Griffin said. "My plan makes fiscal sense, and it makes sense for Hoosiers who want to see our state succeed responsibly."

Griffin was first elected Clerk-Treasurer of Highland in 1991 and has served four terms in the office. He holds an undergraduate degree from Indiana University in Bloomington and a graduate degree in public affairs from Indiana University Northwest, where he also is an adjunct instructor. He has taught courses on urban policy, local government and public finance.

A few fast facts and details about Griffin's plan:

Yields estimates are based on safe conservative and sensible investments at a rate of 5 percent. Every 1 percent increase could produce approximately $29.7 million dollars.

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Yields over the 75 year life of the lease from the "Next Three Generations Trust Fund" will be significantly greater than those from the existing "Next Generation Trust Fund," with the former earning $148.8 million annually versus the $25 million annually that the latter would generate over the same period of time. Furthermore, over the life of the lease, the "Next Three Generations Trust Fund" would earn $11.163 billion dollars – more than four times as much as the earnings from the "Next Generation Trust Fund" of $1.876 billion over the same period.

When combined with the spending that the Toll Road lease proceeds support, the "Next Generation Trust Fund" would allow for $4.351 billion dollars to be spent directly on concrete and curb. Even with this adjustment, the $11.263 billion from the "Next Three Generations Trust Fund" produces nearly 2.5 times more than the current plan.

The current plan converts $2.475 billon dollars cash to curb and concrete over the next 10 years. The "Next Three Generations Trust Fund" converts cash to investment corpus, allowing purchase power of over $11 billion of curb, concrete and more.

The "Next Three Generations Trust Fund" allows the administration to complete all the projects promised under Major Moves; it also could allow for the addition of road projects that did not make the 10-year plan and the addition of other projects, such as investment in rail and aviation.

Investment earnings could be leveraged for Federal Highway Grants, could be used to capital finance and could also cover $80 million for RDA and the toll freeze estimated at $278,000,000 over 10 years.

For more information: Jennifer Wagner, 317-231-7125 or 317-752-6497