



Federal Transportation Update

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WHAT IS AASHTO?

- A nonprofit association founded in 1914
- Members include:
 - Transportation departments of the 50 states, the District of Columbia, and Puerto Rico
 - 50 Associate Members from Federal, State, and Local agencies and other countries
- Covers all transportation modes:
Air, Highways, Rail, Transit, Water, and Active Transportation



THE STATE DOTs

- Design, Build, Maintain, and Operate 19% of the nation's roads on average
 - From 9% in CA to 80% in VA and NC
- Operate Short Line Rail, General Aviation
- Heavily Fund Urban Transit
- Limited Operator of Transit, Major Airports, Harbors
- Motor Vehicle Administration – 1/3 of the States
- State Patrol, Truck Safety Regulation – 1/3 of the States
- Governor's Highway Safety Rep – 1/2 of the States



PRESENTATION OVERVIEW

- The FAST Act: One year to go
- Persistent transportation funding and revenue challenges
- Congressional action on surface transportation and future outlook



Fixing America's Surface Transportation (FAST) Act

Funding Certainty for Five Years

- Contract authority provided for highway, highway safety, and transit programs between FY2016 and FY2020
- \$305 billion in total funding; \$281 billion guaranteed from the Highway Trust Fund
- Modest increase in Federal funding levels, slightly higher than rate of inflation
- About 93 percent of highway dollars are apportioned to States



FAST Act

A Multimodal Program Platform

- Proportionate funding increases for both highway and transit programs
- Formula-based National Freight Program to support highway freight movement
- Continuation of bicycle and pedestrian funding program
- General Fund authorization of passenger rail funding and programs, including Amtrak



FAST Act

FAST Act's Policy Priorities

- Streamlined project delivery through an improved review and permitting process that can lower costs and bring benefits to users sooner
- Refinement of freight policy and network to match dedicated Federal freight funding
- Consideration of new technologies such as connected and automated vehicles
- Continuation of performance-based program implementation as enacted in MAP-21



FAST Act

- Proportionally rescinds \$7.6 billion of unobligated contract authority on July 1, 2020
- \$95 million for five years for demonstration of user-fee based alternative revenue mechanisms to sustain HTF over the long term
- Provided up to \$5 million for a study by the Transportation Research Board on actions needed to upgrade and repair the Interstate Highway System to meet growing and shifting demands over the next 50 years



FAST Act Funding: 2016-2020

In millions of dollars / HTF = Highway Trust Fund / GF = General Fund

Program Category	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	5-Year Total	5-Year Avg
Highways (HTF and GF)	41,025	43,322 5.6%	44,215 2.1%	45,183 2.2%	46,218 2.3%	47,314 2.4%	226,252	45,250
Transit (HTF and GF)	10,695	11,789 10.2%	12,175 3.3%	12,175 0.0%	12,381 1.7%	12,592 1.7%	61,113	12,223
Highway Safety (HTF)	1,252	1,297 3.6%	1,376 6.1%	1,404 2.1%	1,428 1.7%	1,454 1.8%	6,959	1,392
Passenger Rail (GF)	1,390	1,670 20.1%	1,870 12.0%	2,046 9.4%	2,297 12.3%	2,472 7.6%	10,355	2,071
GRAND TOTAL (HTF)	50,842	53,744 5.7%	55,114 2.5%	56,111 1.8%	57,375 2.3%	58,709 2.3%	281,053	56,211
GRAND TOTAL (HTF and GF)	54,362	58,078 6.8%	59,636 2.7%	60,809 2.0%	62,324 2.5%	63,832 2.4%	304,679	60,936



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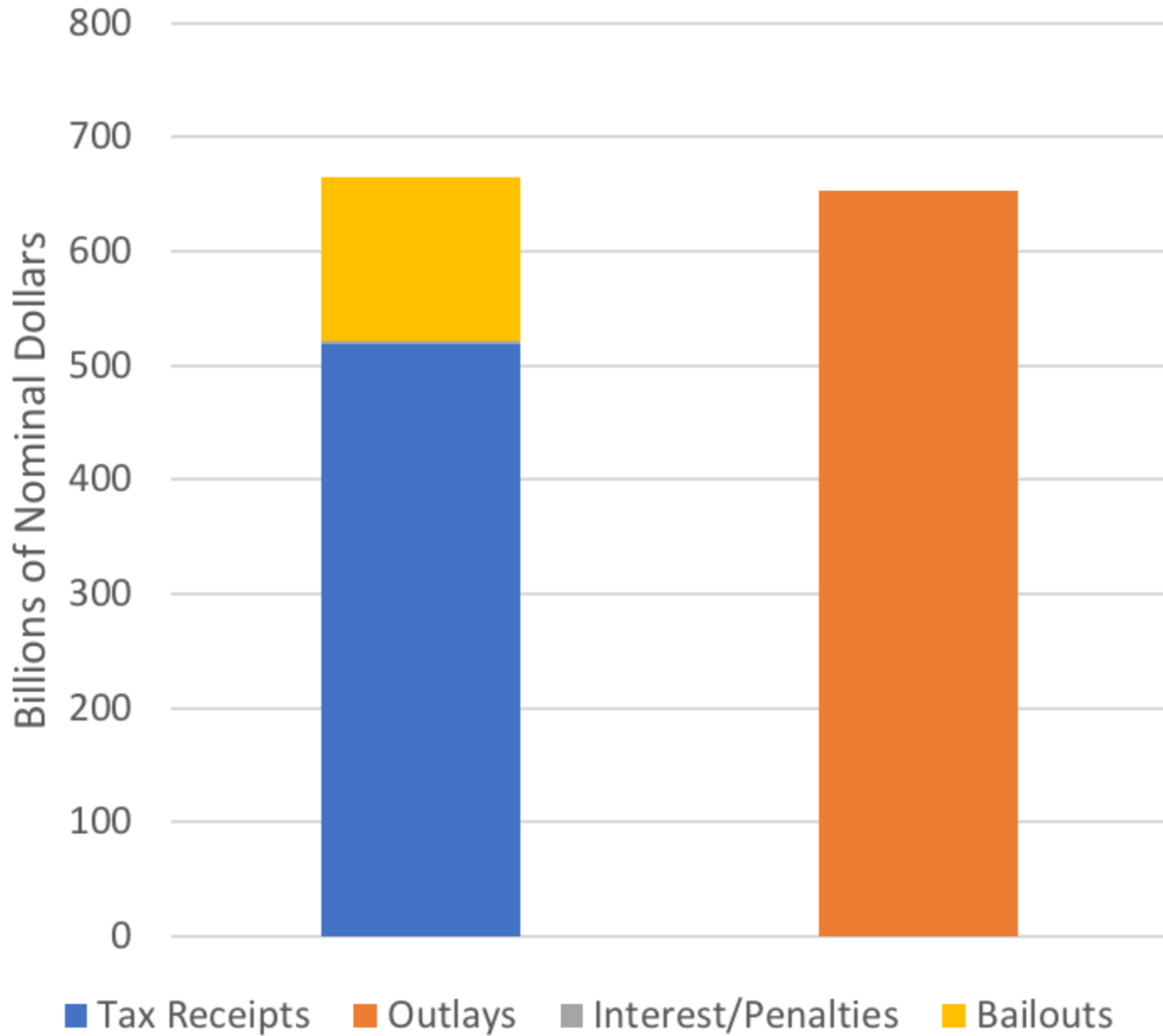


Highway Trust Fund Solvency

Since 2008, the HTF has been sustained through a series of General Fund transfers now totaling \$140 billion



HTF FY 2008-2020



FAST Act Pay-Fors

- \$70 billion of General Funds transferred to HTF under FAST
- “Pay-fors” for \$70 billion of GF transfers included:
 - Increased civil penalties allowable for NHTSA: \$0.423 billion
 - Passport revocation for delinquent taxpayers: \$0.395 billion
 - Allowing the Internal Revenue Service to hire private tax collectors: \$2.408 billion
 - Indexing Customs user fees for inflation: \$5.188 billion
 - Transfer from the capital surplus account of the Federal Reserve: \$53.334 billion
 - Dividend reductions for the Federal Reserve’s member banks: \$6.904 billion
 - Sale of 66 million barrels of crude oil from the Strategic Petroleum Reserve: \$6.2 billion
 - Royalty overpayment correction under the Office of Natural Resources Revenue: \$0.32 billion

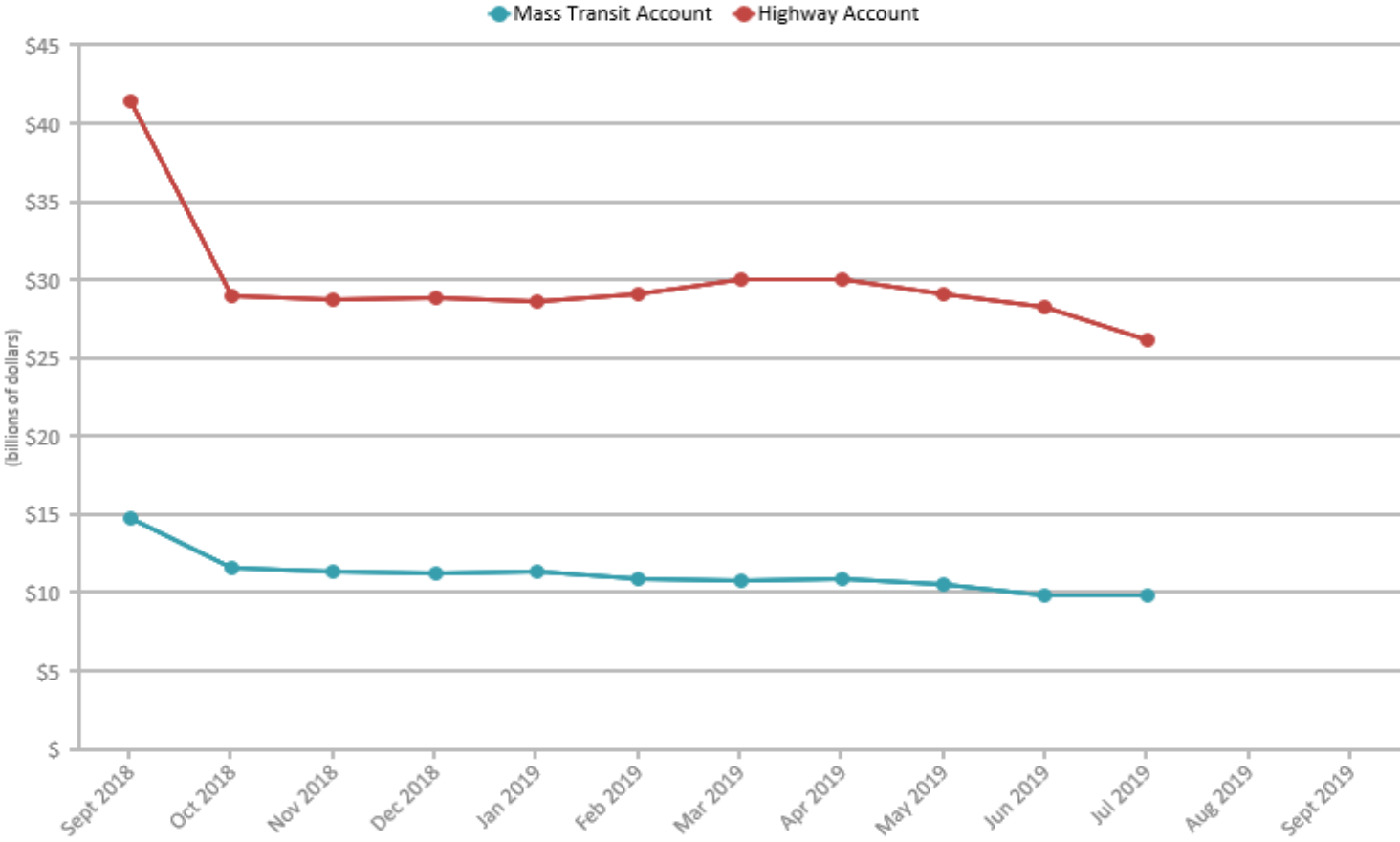


Highway Trust Fund: Current Status

- In the first 8 months of 2019, HTF running an \$11.5 billion deficit
 - \$7.4 billion highway
 - \$4.1 billion transit
- Deficit expected to increase to \$13.9 billion next year



Highway Trust Fund Balance - FY 2019



Status of the Highway Trust Fund - Fiscal Year 2019

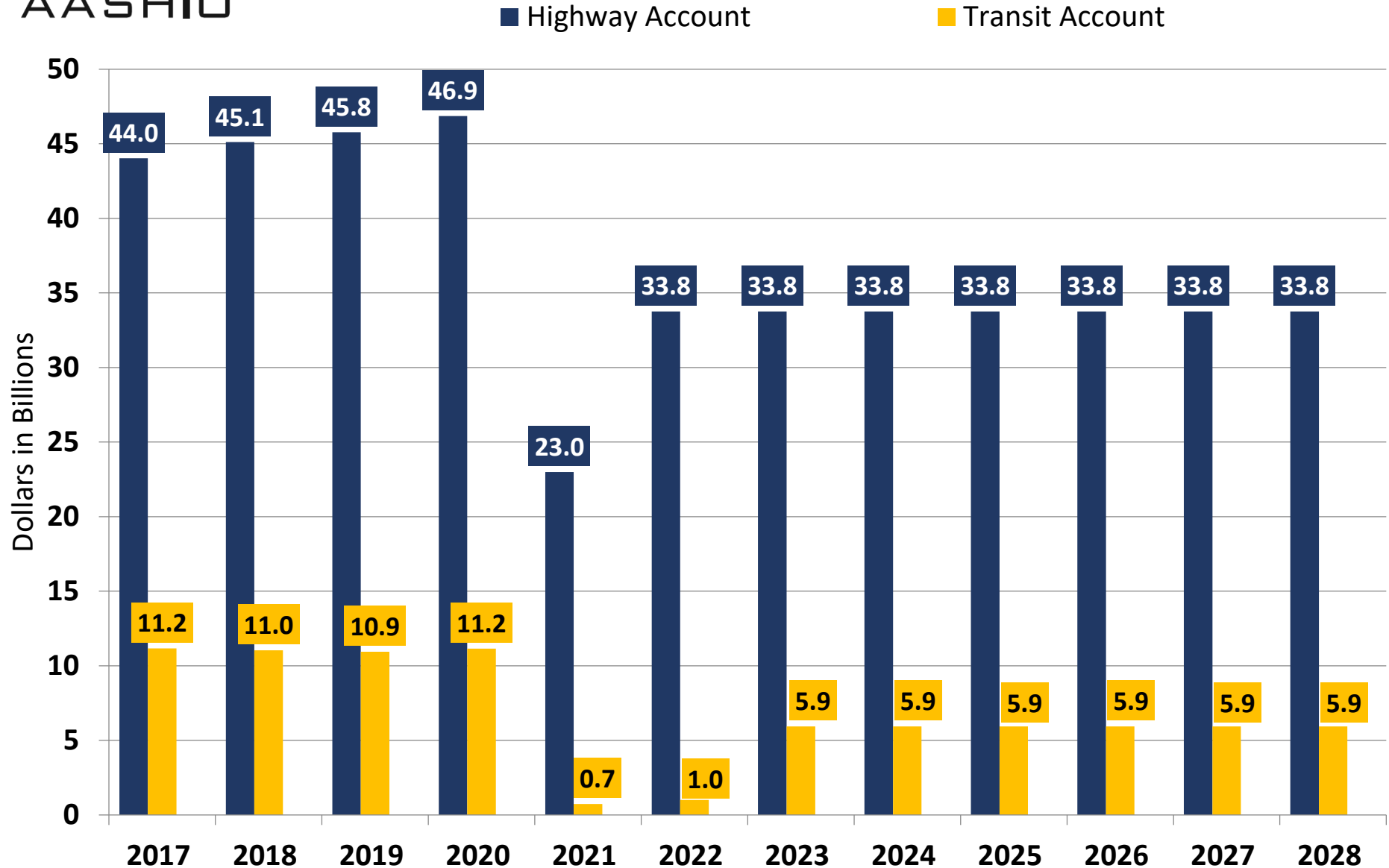


Highway Trust Fund 10-Year Outlook

- Congressional Budget Office estimates that over the 10-year forecasting window, current spending will total \$620 billion while current gas receipts will only bring in \$420 billion
- HTF needs \$20 billion per year in extra revenues (or \$20 billion in spending cuts) in order to stay solvent over the next 10 years
- Shortfall expected to hit in 2021

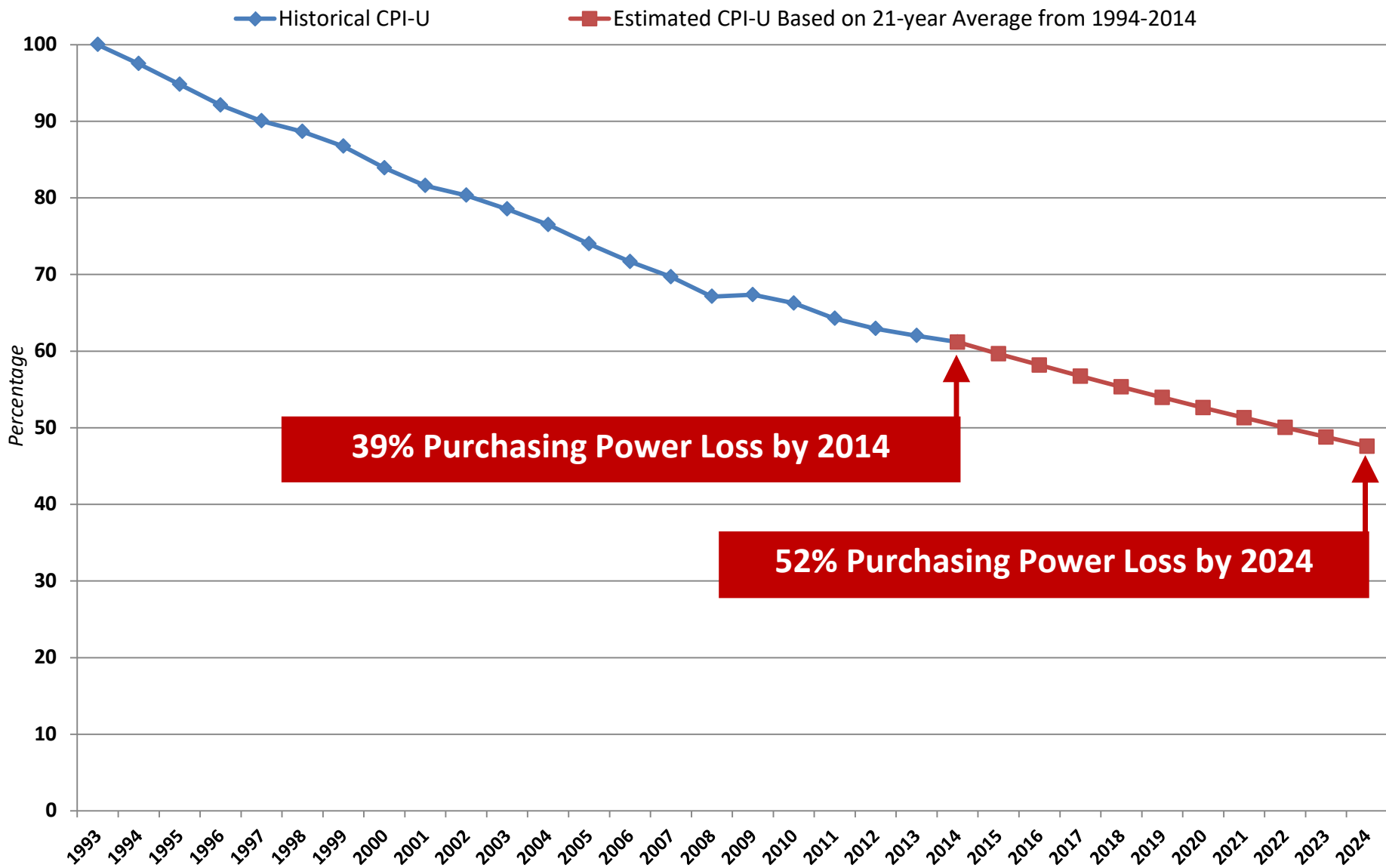


ESTIMATED FEDERAL HIGHWAY TRUST FUND OBLIGATIONS



For illustrative purposes, this scenario assumes maintenance of a “minimum prudence balance” of \$4 billion in the Highway Account and \$1 billion in the Mass Transit Account. Highway Account obligations exclude amounts flexed to Mass Transit Account; Mass Transit Account obligations include amounts flexed from Highway Account. ©2018 American Association of State Highway and Transportation Officials

GAS TAX HEADWIND: SIGNIFICANT LOSS OF PURCHASING POWER



FEDERAL GAS TAX HEADWIND: SIGNIFICANT LOSS OF PURCHASING POWER

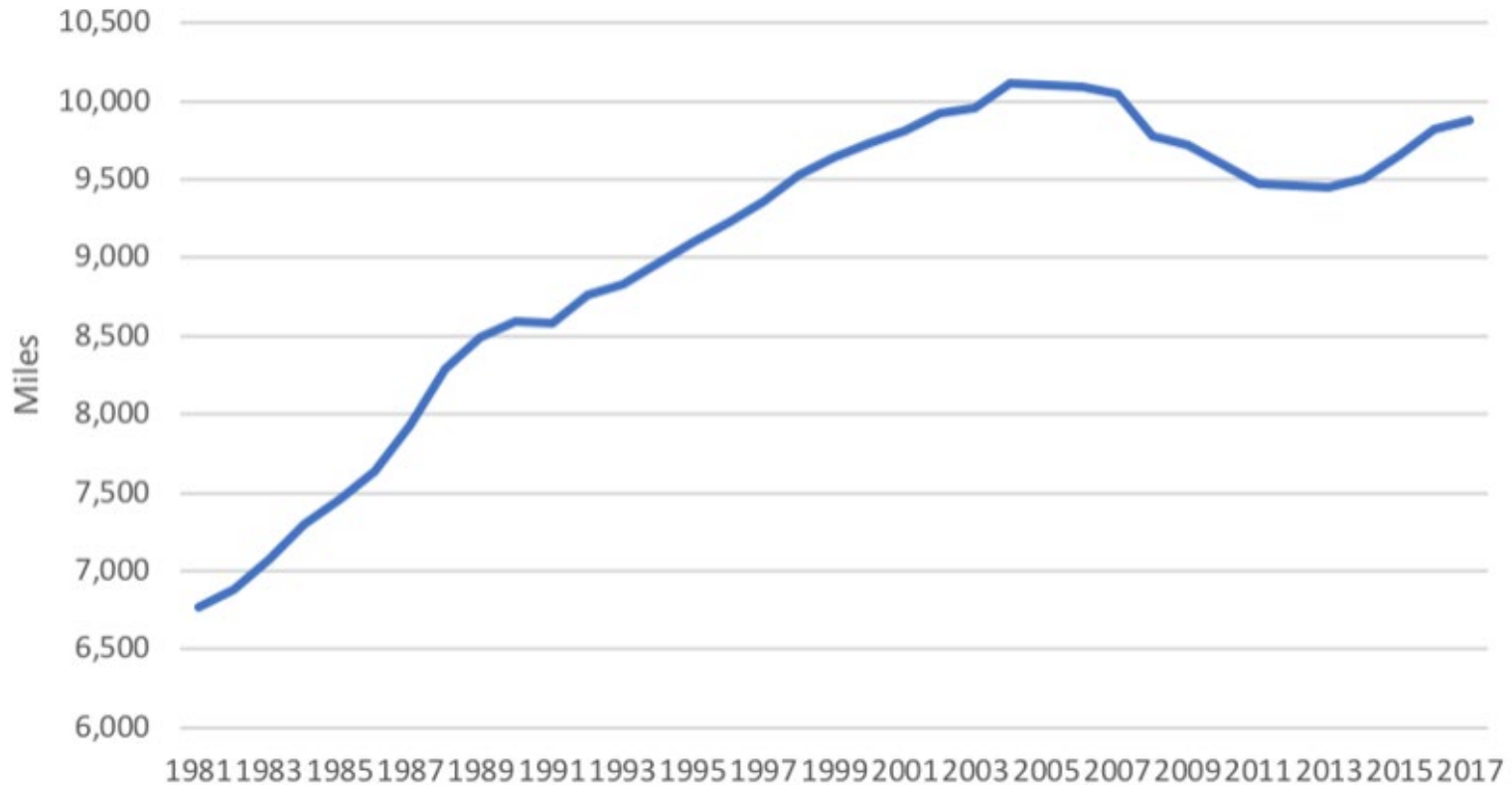
Sample of Nominal Price Changes Relative to Federal Gas Tax

Item	Description	1993	2015	Percent Change
College Tuition	Average Tuition & Fees at Public 4-year Universities	\$ 1,908	\$ 9,145	379%
Healthcare	National Expenditure Per Capita	\$ 3,402	\$ 9,523	180%
House	Median New Home Price	\$118,000	\$292,000	147%
Gas	Per Gallon	\$ 1.08	\$ 2.56	137%
Beef	Per Pound of Ground Beef	\$ 1.97	\$ 4.38	122%
Movie Ticket	Average Ticket Price	\$ 4.14	\$ 8.43	104%
Bread	Per Pound of White Bread	\$ 0.75	\$ 1.48	98%
Income	National Median Household	\$ 31,241	\$ 56,516	81%
Stamp	One First-Class Stamp	\$ 0.29	\$ 0.49	69%
Car	Average New Car	\$ 16,871	\$ 25,487	51%
Federal Gas Tax	Per Gallon	\$ 0.18	\$ 0.18	0%

Sources: Bureau of Labor Statistics, Centers for Medicare & Medicaid Services, College Board, Federal Reserve Bank of St. Louis, Oak Ridge National Laboratory, U.S. Census Bureau, U.S. Energy Information Agency, U.S. Postal Service

VMT Per Capita

Vehicle Miles Traveled (VMT) per Capita, United States



Addressing the Highway Trust Fund Shortfall

- Increase the Motor Fuels Tax
- Per Barrel of Oil Tax
- Freight-based User Fee
- Road Usage Charge



Road Usage Charge – State Efforts

- Voluntary Road Usage Charge in place: Oregon, Utah (for electric vehicles beginning in January 2020)
- Piloting a Road Usage Charge: Minnesota, Colorado, California, Hawaii, Washington, I-95 Corridor



Financing Tools Employed by States

- General obligation or revenue bonds
- GARVEE bonds
- Private Activity Bonds (PABs)
- TIFIA federal credit assistance
- State infrastructure banks (SIBs)
- Public-private partnerships (P3s)
- Design-build



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America's Transportation Infrastructure Act

- Passed by the Senate Environment and Public Works Committee on July 30, 2019
- Marks the official start of the FAST Act Reauthorization process in Congress
- Five-year authorization
- \$294 billion for years 2021 to 2025 (\$287 billion from the Highway Trust Fund and \$7 billion in General Funds)
- Apportions 90 percent of total highway dollars through the use of existing formulas



America's Transportation Infrastructure Act

- New programmatic areas of focus
 - Safety
 - Wildlife Crossing Mitigation
 - Resiliency
 - Greenhouse Gas Emissions
 - Bridge Investment
- New programs receive Highway Trust Fund dollars and include highly targeted eligibilities for formula portions



What's Next

Senate Committee with jurisdiction over surface transportation reauthorization:

- Senate Finance Committee (extending the life of the Highway Trust Fund, identifying new revenue - \$110 billion needed to fund Senate bill)
- Senate Banking Committee (transit)
- Senate Commerce Committee (safety, connected and automated vehicles, rail)



House Approach

- House T&I Committee leadership aiming for bill this winter
- Any new revenue will flow through existing formulas
- Earmark comeback?



House Approach

House Transportation and Infrastructure Chairman DeFazio has four goals:

- Gasoline/Diesel Tax indexation bill (Pennies for Progress)
- Spend down the Harbor Maintenance Trust Fund balances
- Increase Passenger Facilities Charges (PFCs) for airport infrastructure
- Reauthorize Clean Water State Revolving Fund



Congressional Action Needed

- Repeal the FAST Act rescission of \$7.6 billion in highway contract authority
- FY2020 Appropriations
 - Impact of Budget Deal for FY2020 and FY2021
- Focus Areas for State DOTs
 - Long-term, sustainable solution to HTF funding
 - Avoiding rescissions of highway contract authority



QUESTIONS AND DISCUSSION

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