

**WEST VIRGINIA
PLANNING CONFERENCE**

**Moving Ahead for Progress
in the 21st Century Act
The Path to MAP-21**

Jack Basso

Director of Program Finance and Management

American Association of State Highway and Transportation Officials



PRESENTATION OUTLINE

- The inside story of MAP-21
- Funding levels
- Detailed explanation on:
 - Highway program reform
 - Innovative financing and tolling
 - Transit
- Highway Trust Fund forecasts and long-term funding

KEY HIGHLIGHTS

- America responds to Surface Transportation needs
- Strong bipartisan support for passage in Congress
 - House 372-52; Senate 74-19
- Key provisions
 - Stable funding through end of FY 2014
 - Program consolidation
 - A **state-centric** bill that meets many of AASHTO's goals

THE INSIDE STORY

- MAP-21 is a real accomplishment and the Congress came through
 - At various points key things had to happen that could have easily failed.
 - Two weeks out from passage while the Senate had a bill the House had not gotten the legislation out of committee
 - Revenue was \$20 billion short of supporting current funding levels and certain parties were arguing for a six month extension
 - To a long time observer like me it looked highly unlikely

Continued

- The key to success was members from both houses got involved and by force of will made it happen.
- Credit goes to Chairman Mica, Ranking Member Rahall, Chairman Boxer and Ranking Senate member Inhofe. Also Senator Baucus carried the day to find \$20 billion to move the bill forward.
- A key feature of the bill is sweeping changes in policy much of which the State DOT's have worked to bring about.

Moving Ahead for Progress in the 21st Century Act (MAP-21)

FUNDING LEVELS



STRONG HIGHWAY FORMULA PROGRAM

	SAFETEA-LU Average (FY 2005-2009)		MAP-21 Average (FY 2013-2014)	
Apportioned by Formula	34,324.4	83.0%	37,704.4	92.6%
Earmarked by Congress	4,392.6	10.6%	0.0	0.0%
Allocated by USDOT	2,630.0	6.4%	3,012.1	7.4%
Total	41,347.0	100.0%	40,716.5	100.0%

Source: *Transportation Weekly*



MAP 21

Selected Highway Program Authorizations FY 2013 – FY 2014

	<i>FY 2013</i>	<i>FY 2014</i>	<i>2-year Total</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
<i>Federal-Aid Highway Core Programs</i>	<i>37,476,819,674</i>	<i>37,798,000,000</i>	<i>37,798,000,000</i>
<i>National Highway Performance Program</i>	<i>21,751,779,050</i>	<i>21,935,691,598</i>	<i>43,687,470,648</i>
<i>Surface Transportation Program</i>	<i>10,005,135,419</i>	<i>10,089,729,416</i>	<i>20,094,864,835</i>
<i>Highway Safety Improvement Program</i>	<i>2,390,305,390</i>	<i>2,410,515,560</i>	<i>4,800,820,950</i>
<i>Congestion Mitigation and Air Quality</i>	<i>2,209,172,618</i>	<i>2,227,860,477</i>	<i>4,437,033,095</i>
<i>Metropolitan Planning</i>	<i>311,667,197</i>	<i>314,302,948</i>	<i>625,970,145</i>
<i>Transportation Alternative</i>	<i>808,760,000</i>	<i>819,900,000</i>	<i>1,628,660,000</i>
<i>TIFIA</i>	<i>750,000,000</i>	<i>1,000,000,000</i>	<i>1,750,000,000</i>
<i>Projects of National and Regional Significance (GF Authorization)</i>	<i>500,000,000</i>	<i>0</i>	<i>500,000,000</i>
<i>Research</i>	<i>400,000,000</i>	<i>400,000,000</i>	<i>800,000,000</i>
<i>TOTAL Highway Program Funding Authorizations</i>	<i>40,968,000,000</i>	<i>41,025,000,000</i>	<i>81,993,000,000</i>
<i>TOTAL Highway Program Obligation Limitation</i>	<i>39,699,000,000</i>	<i>40,256,000,000</i>	<i>79,955,000,000</i>

MAP 21

Selected Transit Program Authorizations FY 2013 – FY 2014

	<i>FY 2013</i>	<i>FY 2014</i>	<i>2-year Total</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
<i>Transit Formula and Bus Grants</i>	<i>8,478,000,000</i>	<i>8,595,000,000</i>	<i>17,073,000,000</i>
<i>Planning program</i>	<i>126,900,000</i>	<i>128,800,000</i>	<i>255,700,000</i>
<i>Metropolitan Planning</i>	<i>10,000,000</i>	<i>10,000,000</i>	<i>20,000,000</i>
<i>Urbanized Area Formula Grants</i>	<i>4,397,950,000</i>	<i>4,458,650,000</i>	<i>8,856,600,000</i>
<i>Elderly and Disabled Formula Grants</i>	<i>254,800,000</i>	<i>258,300,000</i>	<i>513,100,000</i>
<i>Rural Area Formula Grants</i>	<i>599,500,000</i>	<i>607,800,000</i>	<i>1,207,300,000</i>
<i>Bus Testing Facility</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>6,000,000</i>
<i>National Transit Institute</i>	<i>5,000,000</i>	<i>5,000,000</i>	<i>10,000,000</i>
<i>National Transit Database</i>	<i>3,850,000</i>	<i>3,850,000</i>	<i>7,700,000</i>
<i>State of Good Repair Formula Grants</i>	<i>2,136,300,000</i>	<i>2,165,900,000</i>	<i>4,302,200,000</i>
<i>Buses and Bus Facilities</i>	<i>422,000,000</i>	<i>427,800,000</i>	<i>849,800,000</i>
<i>Fast Growth/High Density Formula Grants</i>	<i>518,700,000</i>	<i>525,900,000</i>	<i>1,044,600,000</i>
<i>Capital Investment Grants (GF Authorization)</i>	<i>1,907,000,000</i>	<i>1,907,000,000</i>	<i>3,814,000,000</i>
<i>TOTAL Transit Funding Authorizations</i>	<i>10,584,000,000</i>	<i>10,701,000,000</i>	<i>21,285,000,000</i>

Moving Ahead for Progress in the 21st Century Act (MAP-21)

PROGRAM REFORM



PROGRAM CATEGORY CHANGES

- Consolidated program categories:
 - National Highway Performance Program
 - The Surface Transportation Program
 - National Highway Safety Improvement Program
 - Congestion Mitigation and Air Quality Program
 - Transportation Alternatives Program
 - Metropolitan Planning

PROGRAM REFORM: CONSOLIDATION

- Consolidates 100 categorical programs to a smaller number of distinct categories
- Establishes the National Highway Performance Program (NHPP) comprised of former programs:
 - Interstate Maintenance
 - National Highway System
 - Highway Bridge (on-system)
- Surface Transportation Program (STP) incorporates:
 - Highway Bridge (off-system)
 - Congestion pricing
 - Recreational trails
 - Ferry boats and terminals
 - Border infrastructure
 - Truck parking facilities

PROGRAM REFORM:

PLANNING AND PERFORMANCE

- Requires state performance management program
 - Federal share is reduced to 65% for NHPP if Secretary determines that a State has not developed and implemented an adequate State asset management plan
- USDOT would develop measures for the following:
 - NHS performance and condition
 - Highway safety
 - Air quality
 - Freight movement
 - Transit safety
 - Transit state of good repair
- Performance measures are to be incorporated into long-range planning and short-term programming processes
 - TIPs and STIPs must show the progress that is expected to be achieved by planned decisions and investments

PROGRAM REFORM: TRANSPORTATION ALTERNATIVES

- Creates a new category called Transportation Alternatives
 - Replaces TE, Safe Routes, Rec Trails and Scenic Byways programs with Transportation Alternatives program
 - 2% of total Federal-aid Highway Program funding
 - 50% of TA funds are sub allocated to MPOs and other parts of the state, distributed through competitive grant

PROGRAM REFORM: PROJECT DELIVERY

- Expedites project delivery with greater state control
 - Speeds up resource agency review process
 - Allows any state to permanently take over responsibility for NEPA compliance.
 - Allows Projects within ROW to proceed under a CE
 - Limits Judicial challenges to 150 days, down from 180 days
 - Allows State to undertake numerous activities including ROW Acquisition prior to the completion of NEPA
 - Replacement projects due to natural disasters can be considered as CE
 - Projects receiving \$5M or less of federal funding (or total cost under \$30M with less than 15% Federal share) can be considered as CE
 - Allows States to use programmatic mitigation plans

PROGRAM REFORM: FREIGHT

- Stronger freight program
 - Establishes national freight policy and goals and creates national freight plan
 - Creates national freight network consisting of portions of Interstate System and critical rural freight corridor
 - Federal Share for projects on this network is 95%
 - Establishes performance measures and requires states and regions to set targets and incorporate measures and targets into planning and programming processes

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INNOVATIVE FINANCING AND TOLLING



INNOVATIVE FINANCING

- Greatly expands the TIFIA credit program
 - Increases program funding to a total of \$1.75 billion over two years from \$122 million per year
 - Increases TIFIA's allowable share of total project cost to 49% from 33%
 - Sets firm deadlines and objective criteria for application review and processing
 - Allows public-private partnership funds to be used to repay loans
 - Provides increased administrative funding to adequately staff the program
 - Provides for “buy downs” of interest rates at DOT discretion
 - Expands the loan maturity date from 35 years to the useful life of the asset

TOLLING

- Provides for new capacity tolling on any Interstate highway provided the number of toll-free lanes are preserved
- Authorizes tolling on non-Interstate Federal-aid roads with the same caveat as Interstates
- Authorizes States to convert HOV lanes to HOT lanes without restrictions
- Removes the requirement that parties execute a Title 23 section 129 toll agreement

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TRANSIT

TRANSIT

- Maintains federal transit programs at current levels with some adjustments for inflation in FY 2014
- Recalibrates the distribution formulas for several core transit programs
- Streamlines and consolidates the number of smaller “boutique” transit programs and reduces the number of required programmatic set-asides
- Eliminates earmarks and reduces the number of discretionary programs
- Expands the use of performance measures and targets for transit condition and performance

TRANSIT

- Strengthens the federal role in State Safety Oversight (SSO)
- Requires reasonable access be provided to private intercity/charter operators to federally funded facilities, including intermodal facilities, park and ride lots, and bus-only highway lanes
- Establishes a program for public transportation comparable to FHWA's Emergency Relief program
- Preserves federal matching shares, increases shares for accessible and clean-air vehicles, equipment and facilities
- Requires recipients of funding to develop a Transit Asset Management Plan and Management System

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HIGHWAY TRUST FUND FORECASTS AND LONG-TERM FUNDING



HIGHWAY TRUST FUND PROJECTIONS

Based on CBO Score of MAP-21 (June 2012)

Highway Account

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Beginning-of-year Balance	\$14	\$8	\$4	\$4	-\$6	-\$15	-\$24	-\$33	-\$42	-\$52	-\$62
Revenues and Interest	\$33	\$33	\$33	\$34	\$35	\$36	\$36	\$36	\$36	\$37	\$37
Intragovernmental Transfers	\$2	\$6	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outlays	\$42	\$43	\$44	\$44	\$44	\$45	\$45	\$46	\$46	\$47	\$47
End-of-year Balance	\$8	\$4	\$4	-\$6	-\$15	-\$24	-\$33	-\$42	-\$52	-\$62	-\$72

Mass Transit Account

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Beginning-of-year Balance	\$7	\$5	\$5	\$1	-\$3	-\$7	-\$12	-\$16	-\$20	-\$24	-\$29
Revenues and Interest	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Intragovernmental Transfers	\$0	\$0	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outlays	\$7	\$8	\$8	\$9	\$10	\$10	\$10	\$9	\$9	\$10	\$10
End-of-year Balance	\$5	\$5	\$1	-\$3	-\$7	-\$12	-\$16	-\$20	-\$24	-\$29	-\$33

TOTAL HTF BALANCE	\$13	\$9	\$5	-\$9	-\$22	-\$36	-\$49	-\$62	-\$76	-\$91	-\$105
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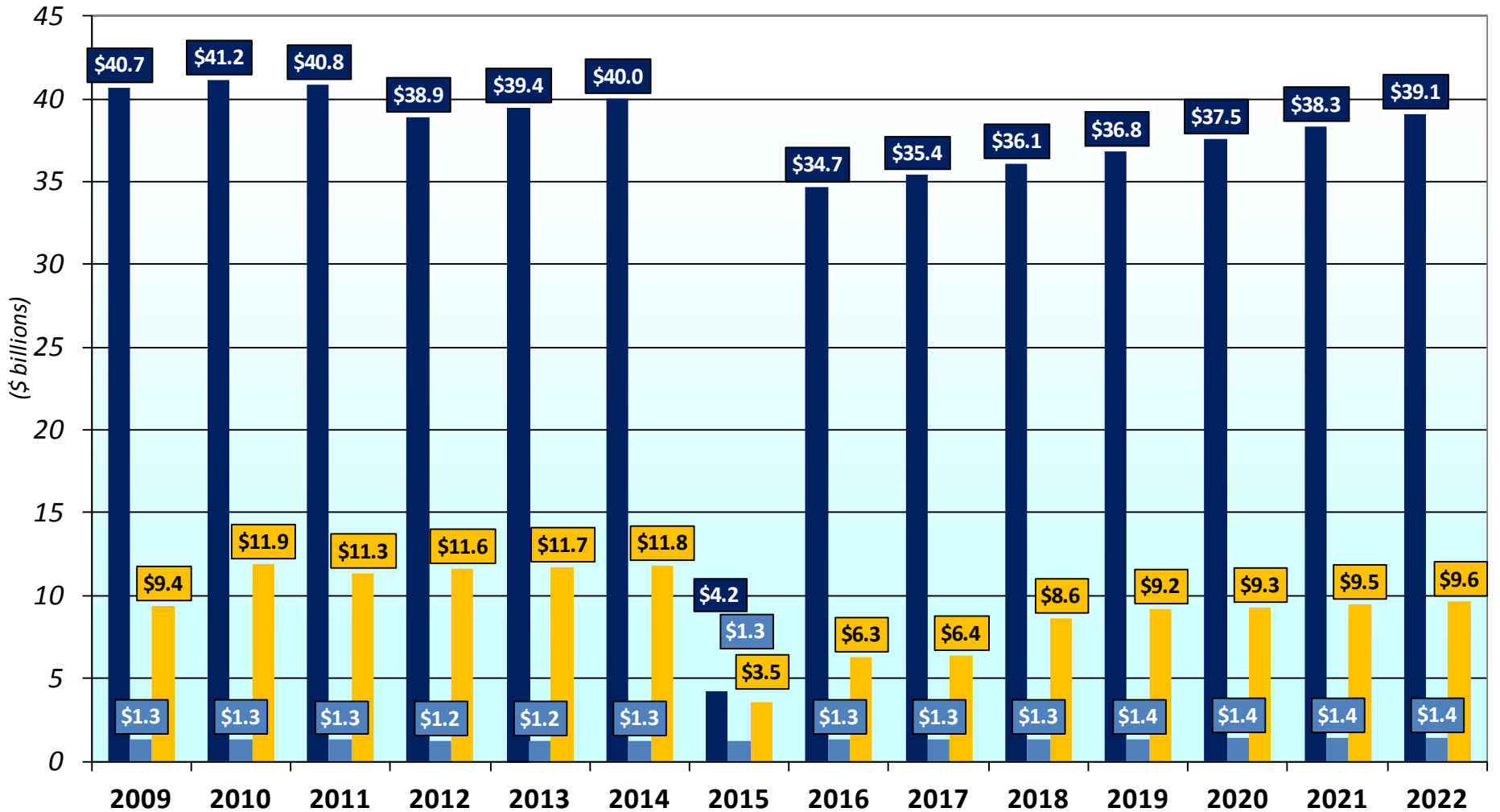
Estimation of Federal Highway and Transit Obligations Through 2022

Based on MAP-21;

Assuming "minimum prudent balance" of \$4 billion in Highway Account and \$1 billion in Mass Transit Account;

Assumes historical General Fund appropriations for transit.

■ Federal-aid Highway ■ Highway Safety ■ Transit



Surface Transportation Funding Options Matrix

(all revenue estimates in \$ millions)

Funding Mechanisms	Mechanism Yield		Current	Illustrative	Revenues	Avg Revenues	Total Revenues	
	(2012)		Rate	Rate	2011	2012-2017	2012-2017	
Diesel Tax Increase	1c/gal =	\$ 386	\$ 394	24.4c/gal	15.0c	\$ 5,786	\$ 6,226	\$ 37,356
Diesel Tax Indexing				N/A		\$ -	\$ 585	\$ 3,512
Gas Tax Increase	1c/gal =	\$ 1,327	\$ 1,322	18.4c/gal	10.0c	\$ 13,272	\$ 13,303	\$ 79,818
Gas Tax Indexing				N/A		\$ -	\$ 1,370	\$ 8,218
Truck/Trailer Sales Tax Increase	1% of Sales =	\$ 162	\$ 233	N/A	5.0%	\$ 812	\$ 1,359	\$ 8,152
Truck Tire Tax Increase	100% Increase =	\$ 346	\$ 434	N/A	10.0%	\$ 35	\$ 45	\$ 270
HVUT Increase	100% Increase =	\$ 944	\$ 1,156	N/A	15.0%	\$ 142	\$ 141	\$ 844
Annual Drivers License Surcharge	\$1.00 Surcharge =	\$ 214	\$ 217	N/A	\$5.00	\$ 1,072	\$ 1,116	\$ 6,694
Annual Highway Miles Traveled Fee (All Light Duty Vehicles)*	1c/VMT =	\$ 6,499	\$ 6,566	N/A	2.0c	\$ 12,998	\$ 13,475	\$ 80,851
Annual Highway Miles Traveled Fee (All Trucks)*	1c/VMT =	\$ 908	\$ 917	N/A	3.0c	\$ 2,723	\$ 2,823	\$ 16,936
Annual Registration Fee (Light Duty Vehicles)	\$1.00 Fee =	\$ 248	\$ 252	N/A	\$10.00	\$ 2,482	\$ 2,614	\$ 15,682
Annual Registration Fee (Trucks)	\$1.00 Fee =	\$ 9	\$ 9	N/A	\$15.00	\$ 129	\$ 131	\$ 787
Container Tax	\$1 per TCU=	\$ 391	\$ 401	N/A	\$15.00	\$ 5,866	\$ 6,401	\$ 38,408
Dedicated Income Tax - Business	0.1% of current taxes =	\$ 198	\$ 329	N/A	1.0%	\$ 1,984	\$ 4,291	\$ 25,745
Dedicated Income Tax - Personal	0.1% of current taxes =	\$ 956	\$ 1,141	N/A	1.0%	\$ 9,560	\$ 15,429	\$ 92,576
Harbor Maintenance Tax	0.1% Tax =	\$ 1,236	\$ 1,267	N/A	0.5%	\$ 6,181	\$ 6,745	\$ 40,472
Imported Oil Tax	\$1.00/Bbbls =	\$ 3,528	\$ 3,528	N/A	\$1.00	\$ 3,528	\$ 3,528	\$ 21,171
Sales Tax on Auto-related Parts & Services	1.0% of Sales =	\$ 2,327	\$ 2,404	N/A	1.0%	\$ 2,327	\$ 2,613	\$ 15,680
Sales Tax on Diesel	1.0% of Sales =	\$ 850	\$ 852	N/A	10.6%	\$ 9,013	\$ 10,862	\$ 65,172
Sales Tax on Gas	1.0% of Sales =	\$ 3,347	\$ 3,441	N/A	8.4%	\$ 28,112	\$ 34,108	\$ 204,647
Sales Tax on New and Used Light Duty Vehicles	1.0% of Sales =	\$ 2,619	\$ 2,619	N/A	1.0%	\$ 2,619	\$ 2,619	\$ 15,715
Sales Tax on New Light Duty Vehicles	1.0% of Sales =	\$ 1,625	\$ 1,625	N/A	1.0%	\$ 1,625	\$ 1,625	\$ 9,752
Share of US Customs Revenues	1% of Receipts =	\$ 277	\$ 298	N/A	1.0%	\$ 277	\$ 360	\$ 2,161
Tire Tax on Light Duty Vehicles	\$1.00 Fee =	\$ 1,862	\$ 1,889	N/A	\$3.00	\$ 5,585	\$ 5,881	\$ 35,284
Ton Freight Charge -- All Modes	1c/ton =	\$ 164	\$ 169	N/A	25.0c	\$ 4,111	\$ 4,565	\$ 27,389
Ton Freight Charge -- Truck Only	1c/ton =	\$ 113	\$ 117	N/A	25.0c	\$ 2,835	\$ 3,148	\$ 18,890
Ton-Mile Freight Charge -- All Modes	1c/ton-mile =	\$43,497	\$44,802	N/A	0.5c	\$ 21,748	\$ 24,150	\$ 144,898
Ton-Mile Freight Charge -- Truck Only	1c/ton-mile =	\$12,731	\$13,113	N/A	0.5c	\$ 6,365	\$ 7,068	\$ 42,409
US Freight Bill -- All Modes	1% of Sales =	\$ 7,612	\$ 7,840	N/A	1.0%	\$ 7,612	\$ 8,452	\$ 50,713
US Freight Bill -- Truck Only	1% of Sales =	\$ 6,608	\$ 6,807	N/A	1.0%	\$ 6,608	\$ 7,338	\$ 44,028

*VMT fee estimates refer to miles traveled on Interstate System.

Shading indicates funding options rated as "strong" by the National Surface Transportation Financing Commission

POSSIBLE REVENUE AND FINANCING OPTIONS

- Direct revenue-user fees and general tax revenue
 - Includes a variety of transportation related fees
- Bonding and credit programs
 - Includes tolls and special taxes
- Public-Private partnerships

FUTURE REVENUE COLLECTION

- The current U.S system relies on fuel taxes
- We have seen a marked decline in revenues
- Two National Commissions have called for short and long-term solutions
- VMT collection systems have come to the forefront of options to consider

THE GAS TAX

- The gas tax has served us well!
- The gas tax is declining due to VMT flattening and economic issues as well as fuel efficiency
- In the short run we will need to rely on gas tax
- Subsets such as indexing have value but are limited

WHERE DO WE GO FROM HERE?

- MAP-21 was critical to survival
- In 2015 the program expires and the Highway Trust Fund is bankrupt
- Holding the line on policy gains will be a top priority
- Revenue is critical

QUESTIONS ?

Jack Basso

Email: jbasso@ashto.org

Phone: 202-624-3508

