AASHTO Member Briefing

FIXING AMERICA’S SURFACE TRANSPORTATION ACT

Thursday, January 7, 2016
2:30—4pm EST

http://fast.transportation.org
WEBINAR LOGISTICS

• This session is being recorded. The recording and AASHTO’s 32-page summary of the FAST Act is available at http://fast.transportation.org.

• Questions can be submitted throughout the presentation. Due to the large number of participants, only written questions will be accepted.

• Questions after the Webinar can be emailed to jlee@aashto.org.
WEBINAR OUTLINE

1. Introductory Remarks
2. Overview of the FAST Act
3. Issue Area Briefs
4. Anticipated Challenges
5. Questions and Answers

- Program Structure
- Revenue and Financing
- Freight
- Program and Project Delivery
- Performance Management, Planning, and Asset Management
- Design Standards
- Research and Innovation
- Highway Safety
- Public Transportation
- Rail Transportation
INTRODUCTORY REMARKS

Paul Trombino III
President, AASHTO
Director, Iowa Department of Transportation

David Bernhardt, P.E.
Vice President, AASHTO
Commissioner, Maine Department of Transportation
OVERVIEW

Funding Certainty for Five Years

- Contract Authority Provided for highway, highway safety, and transit programs between FY 2016 and 2020.
- $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.
OVERVIEW

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.
OVERVIEW

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.
• New technologies such as connected and automated vehicles.
• Further innovations in project financing and procurement.
• Demonstration of user-fee based alternative revenue mechanisms to sustain the Highway Trust Fund over the long term.
• Continuation of performance-based program implementation as enacted in MAP-21.
## FAST ACT FUNDING, 2016-2020

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

<table>
<thead>
<tr>
<th>Program Category</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>5-Year Total</th>
<th>5-Year Avg</th>
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<td>12,175</td>
<td>12,381</td>
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<td>1,870</td>
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<td>2,472</td>
<td>10,355</td>
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<td><strong>GRAND TOTAL (HTF)</strong></td>
<td>50,842</td>
<td>53,744</td>
<td>55,114</td>
<td>56,111</td>
<td>57,375</td>
<td>58,709</td>
<td>281,053</td>
<td>56,211</td>
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<td>60,809</td>
<td>62,324</td>
<td>63,832</td>
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*In millions of dollars / HTF = Highway Trust Fund / GF = General Fund*
ISSUE AREA BRIEF

PROGRAM STRUCTURE
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• Surface Transportation Program is renamed the Surface Transportation Block Grant Program (STBGP).
• STBGP suballocation increases by 1 percent per year from 51 percent in 2016 to 55 percent by 2020. State share of STBGP increases by $20 million in 5 years; suballocated STBGP increases by $920 million.
• Current off-system bridge set-aside is retained under the STBGP, funded at $777 million each year.
• National Highway Performance Program dollars are eligible to be expended on non-NHS highway bridges that are on a Federal-aid eligible highway.
• Transportation Alternatives Program is folded into STBGP and renamed as an “STBGP Set-aside,” funded between $835 million and $850 million per year. Up to 50 percent of suballocated STBGP Set-aside can be transferred for broader STBGP eligibilities. Recreational Trails eligibility remains the same.
REVENUE AND FINANCING

- Includes automatic mechanism to increase contract authority if new law provides more HTF revenues.
- Proportionally rescinds $7.6 billion of unobligated contract authority on July 1, 2020; exempts HSIP, Rail-Highway Crossing, Metro Planning, and suballocated STBGP.
- TIFIA is funded at $275 to $300 million per year; NHPP, STBGP, and National Freight Program funds could “buy down” TIFIA subsidy. TIFIA can support Transit-oriented Developments and capitalize Rural Project Funds at State Infrastructure Banks.
- $95 million for five years for demonstration of user-fee based alternative revenue mechanisms to sustain HTF over the long term.
- Interstate System Reconstruction and Rehabilitation Pilot Program slots come with a 3-year limit; current slot-holding states have 1 year.
COMPARISON OF ESTIMATED ANNUAL HIGHWAY AND TRANSIT OBLIGATIONS

In billions of dollars

- 1. FAST Act
- 2. MAP-21 Current Services (Inflation-adjusted Baseline)
- 3. Cliff Scenario (Supportable Oblim w/ No Net New Revenue)
REVENUE AND FINANCING

- $70 billion of General Funds transferred to HTF under FAST.
- After 2020, average annual shortfall in HTF will reach about $20 billion.
- “Pay-fors” for $70 billion of GF transfers include:
  - 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
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<tr>
<th>Enactment Date</th>
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<td>FAST Act</td>
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</table>

GF to HTF (Total) \[141,151,229,445\]
GF to HTF (Net) \[-1,223,972,276\]
LUST to HTF \[3,700,000,000\]
Net GF + LUST to HTF \[143,627,257,169\]
ISSUE AREA BRIEF

FREIGHT
FREIGHT

• Creates a National Multimodal Freight Network, which includes a National Highway Freight Network composed of the 41,518 mile network defined by USDOT plus remaining Interstate Highways and additional routes as defined by States and MPOs.

• Establishes a new formula-based National Highway Freight Program funded at $6.2 billion; flexibility of these dollars within a State is related to its share of miles on the Primary Highway Freight System.

• Repeals the increased Federal match for freight projects on interstates and highways.

• Requires all States using formula dollars to complete a State Freight Plan, either standalone or part of a State’s long-range transportation plan; the plans must be updated every 5 years.
FREIGHT

- Creates a Port Performance statistics program, requiring ports of certain thresholds to report annual throughput statistics; an advisory group will report to USDOT annually on recommendations to improve port efficiency.
- Creates the Nationally Significant Freight and Highway Projects discretionary grant program designed for major highway and freight projects funded at $4.5 billion.
- Though funded out of the HTF, certain non-highway projects are eligible to receive portions of the NHFP and NSFHP dollars.
ISSUE AREA BRIEF

PROGRAM AND PROJECT DELIVERY
PROGRAM AND PROJECT DELIVERY

• Allows any USDOT operating administration to use a categorical exclusion of another operating administration; allows adopting environmental documents from another operating administration.

• Expands Title 23 NEPA streamlining measures to rail projects and requires USDOT to propose new CEs for railroad projects.

• Eases Federal audit process requirements for States with Federal NEPA assignment, and gives States more input in audit process.

• Establishes a pilot program for States with NEPA assignments to substitute their State environmental review law(s) for NEPA.

• Increases delegation of certain federal responsibilities to states.

• Requires annual indexing of the financial thresholds for CEs for projects with limited Federal assistance, tied to the CPI.
PROGRAM AND PROJECT DELIVERY

- Improves the process for carrying planning level decisions forward into the NEPA process and expands the decisions that may be carried forward; however, requires concurrence of cooperating agencies if the planning product is “necessary for a cooperating agency to issue a permit, review, or approval for the project.”

- Requires “early concurrence or issue resolution” during the scoping process on purpose and need, and during the development of EIS on the range of alternatives to analyze in environmental review process.

- Requires lead agencies to establish project schedules for EISs and environmental assessments after consultation with and the concurrence of each participating agency for the project.
ISSUE AREA BRIEF

PERFORMANCE MANAGEMENT
PLANNING
ASSET MANAGEMENT
Minor Changes to the Performance-based Planning Process

- Adds two new planning factors: Resilience and Reliability, Travel and Tourism
- Transit agency performance measures must be incorporated into State DOT long range transportation plan.
- Requires long-range transportation plans to consider public ports and freight shippers.
- Encourages consideration of intermodal facilities that support intercity buses as part of the metropolitan and statewide planning process.
- Requires inclusion of performance measure descriptions and system performance report in a State’s long-range transportation plan.

Freight Planning

- State DOTs must develop a multimodal State Freight Plan.
PERFORMANCE MANAGEMENT

ASSET MANAGEMENT

Performance Management

• No new performance measures.
• Reporting cycles and penalties: Reduces reporting cycle from two to one before penalties are imposed.
• Safety data collection on rural roads.
• Achievement of freight performance targets.
• Establishes performance data support program.

Asset Management

• No changes
DESIGN STANDARDS

• Requires designs under 23 USC 109 to consider “cost savings by utilizing flexibility that exists in current design guidance and regulations.”

• Adds the AASHTO *Highway Safety Manual* and the *Urban Street Design Guide* by the National Association of City Transportation Officials to the list of resources to be utilized for design criteria development.

• Local entities that are direct recipients of Federal dollars may be allowed to use a design publication that is different than one used by their State DOT.
ISSUE AREA BRIEF

RESEARCH AND INNOVATION
RESEARCH AND INNOVATION

• Establishes the Advanced Transportation and Congestion Management Technologies Deployment initiative funded at $60 million per year, providing grants to support improvements in safety, efficiency, system performance, and infrastructure return on investment.

• Authorizes a research program to examine user fee-based alternative revenue mechanisms to ensure long-term HTF solvency, funded at between $15 and $20 million per year.

• Provides up to $5 million for a study by the TRB on actions needed to upgrade and repair the Interstate Highway System to meet growing and shifting demands over the next 50 years.

• While new research activities are mandated, because commensurate increase in funding was not provided, existing research programs will face funding constraints.
ISSUE AREA BRIEF

HIGHWAY SAFETY
HIGHWAY SAFETY

• Removes MAP-21 eligibility which allowed use of HSIP funds for non-infrastructure safety programs, such as education and enforcement activities.

• Requires FMCSA to remove safety scores assigned to truck companies from a public website.

• Prohibits rental car agencies and car dealers with fleets of more than 35 cars from renting vehicles that have been recalled but not repaired.
HIGHWAY SAFETY

- Triples the maximum fine the NHTSA can levy against an automaker that violates safety defect regulations from $35 million to $105 million per violation.
- Doubles the time automakers would have to retain safety records from five years to ten years.
- Requires the government to revise the 5-star rating system for new cars to reflect not only the ability of a vehicle to protect passengers in a crash, but also whether the vehicle comes equipped with crash avoidance systems like automatic braking and lane-change monitoring.
- Requires a study on the impacts of marijuana-impaired driving.
Similar to SAFETEA-LU, FAST once again authorizes new competitive grant programs for bus and bus facilities.

- Creates mechanisms to pool resources for transit providers by enabling cooperative procurements and leasing for small urban and rural systems.
- Retains the current Growing States and High Density program.
- New Starts Federal match is reduced from 80 percent to 60 percent for projects with full funding grant agreements; Federal match for small starts and core capacity projects remains at 80 percent.
- Domestic content requirement under Buy America is increased from 60 to 65 percent in 2018, and to 70 percent in 2020.
ISSUE AREA BRIEF

RAIL TRANSPORTATION
RAIL TRANSPORTATION

- Authorizes passenger rail programs for 5 years to be consistent with the highway, highway safety, and transit programs.
- Divides Amtrak’s financial, business lines, and asset activities into two accounts: Northeast Corridor and National Network.
- Provides support for the State Supported Route Committee at $2 million per year.
- Northeast Corridor Commission is funded at $5 million per year.
- Gulf Coast Working Group is funded at $0.5 million in 2016 and 2017.
- Provides $199 million in one-time funding for implementation of positive train control systems by commuter railroads.
ANTICIPATED CHALLENGES

• FAST provides $57.5 billion for highways and transit annually. Adjusted for inflation, this is $16 billion short of the Highway Trust Fund’s purchasing power in 1993.

• Demands on the transportation system will only continue to grow based on increases in total vehicle miles traveled, urban congestion, transit use, freight movement, and volatile weather patterns.

• Long-term, sustainable funding for transportation is yet to be achieved. Because the bill relies on $70 billion of General Fund support, the expected annual gap between Highway Trust Fund income and spending in 2021 is expected to reach $20 billion each year.
ANTICIPATED CHALLENGES

- FAST contains language to rescind $7.6 billion of highway program contract authority in July 2020. This provision will greatly restrict the ability of States to program Federal dollars.
- Existing research programs will face funding constraints due to new research mandates.
- Safety educational activities are now ineligible under the Highway Safety Improvement Program.
AASHTO Member Briefing

FIXING AMERICA’S SURFACE TRANSPORTATION ACT

Questions?