

FEDERAL-AID HIGHWAY PROGRAM 101

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U.S. Department
of Transportation

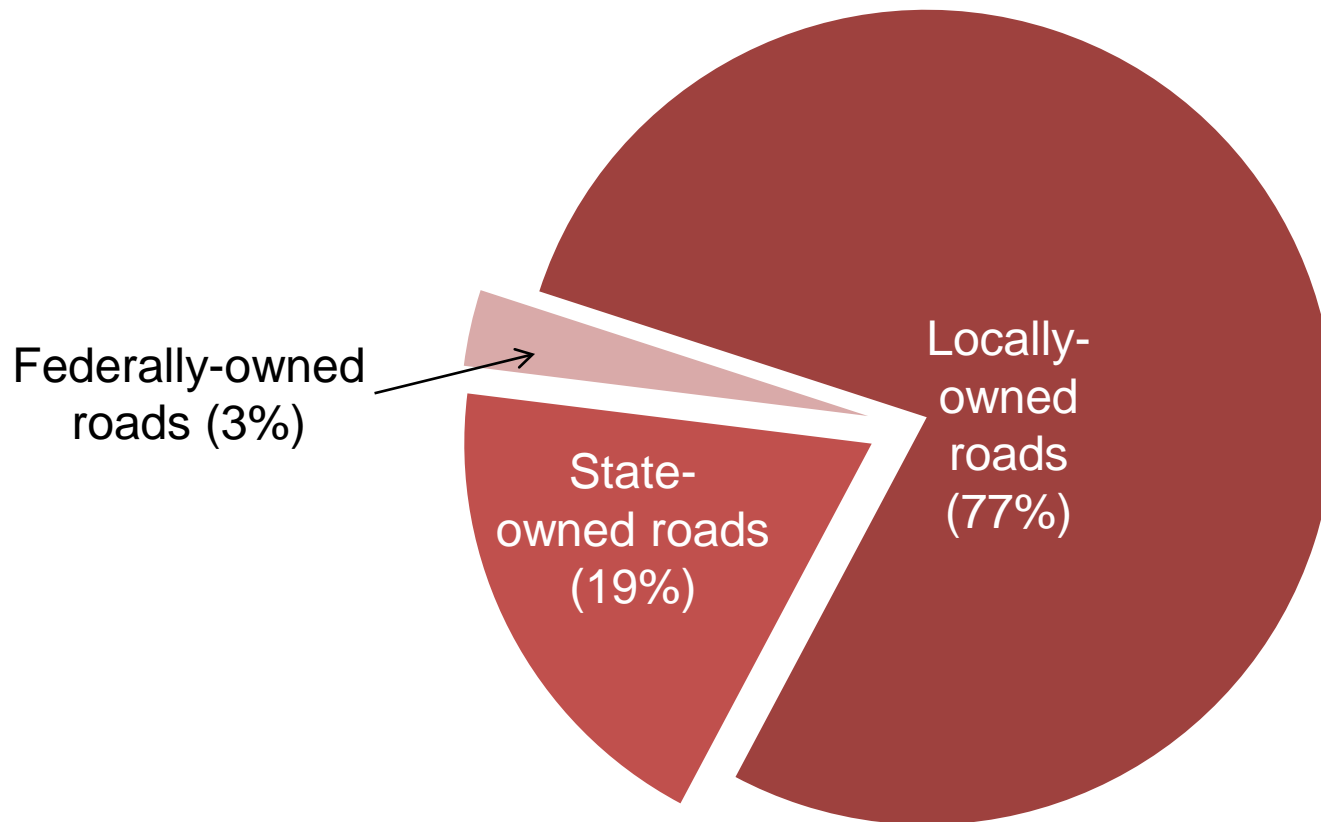
**Federal Highway
Administration**

Session overview

- Scope of the system
- Federal-aid Highway Program (FAHP) roles and responsibilities
- Lifecycle of Federal-aid highway funding
- Highway Trust Fund

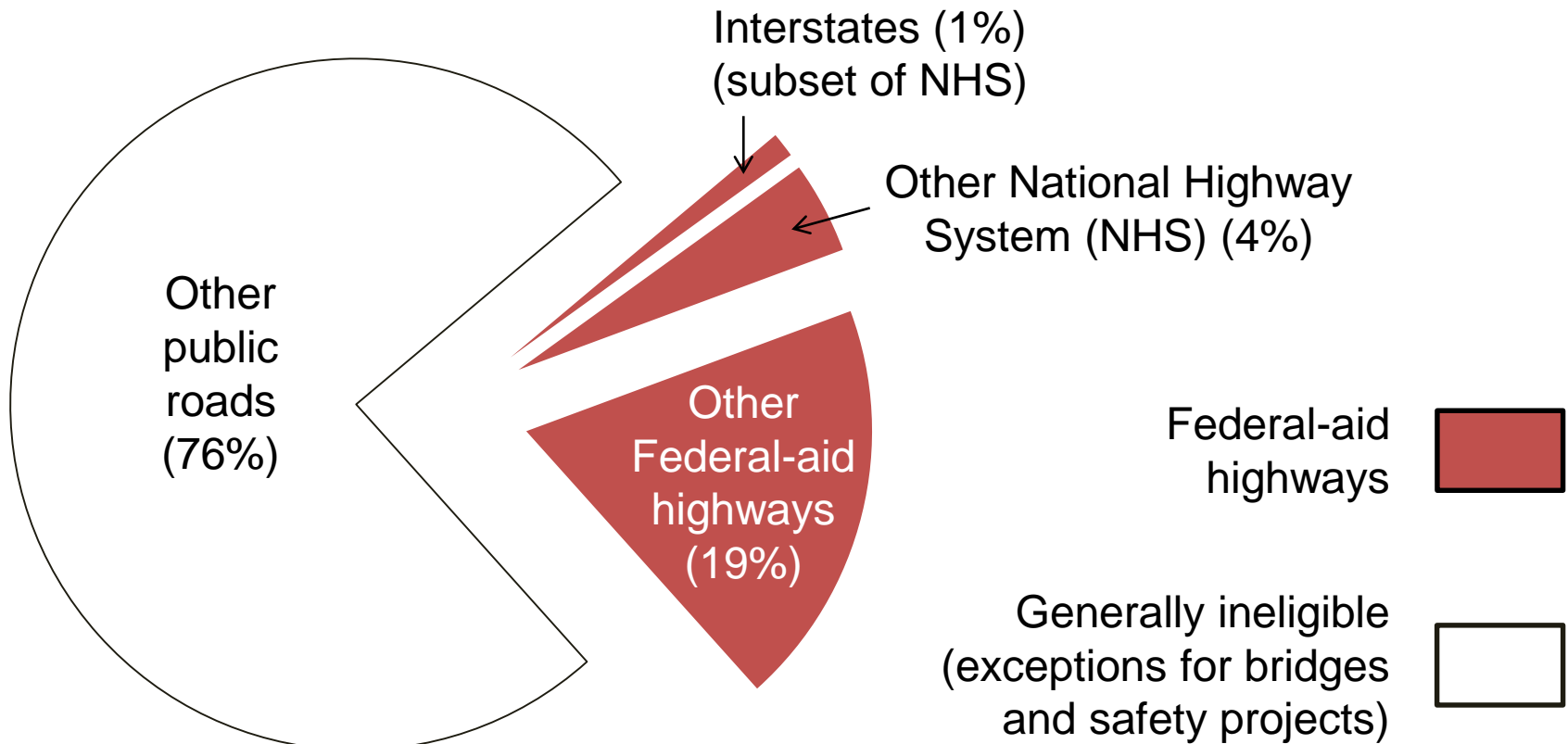
SCOPE OF THE SYSTEM

Most roads are owned by State and local governments



Note: Figures from 2010

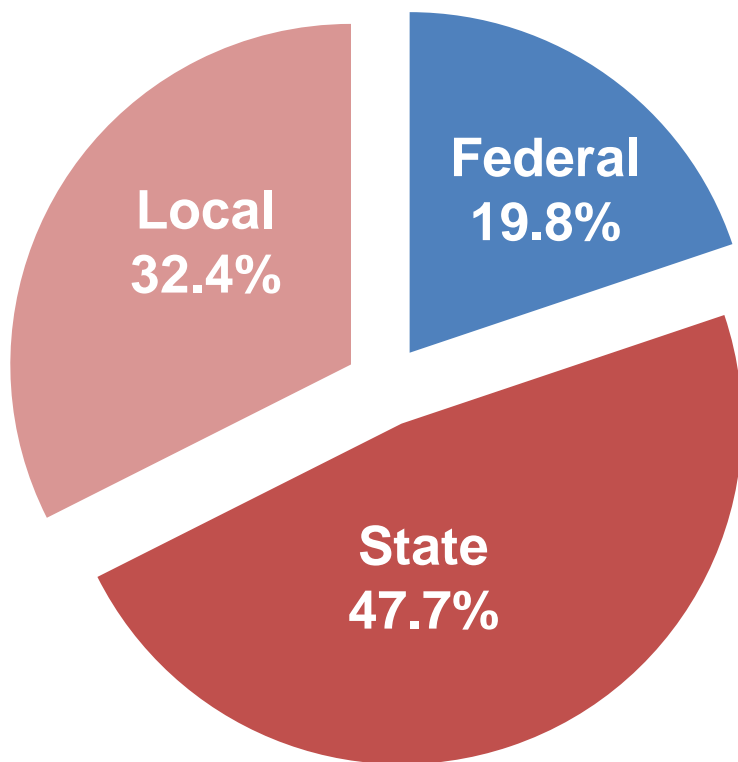
About 24% of public roads are eligible for Federal assistance (1 million miles)



Note: Figures from 2012

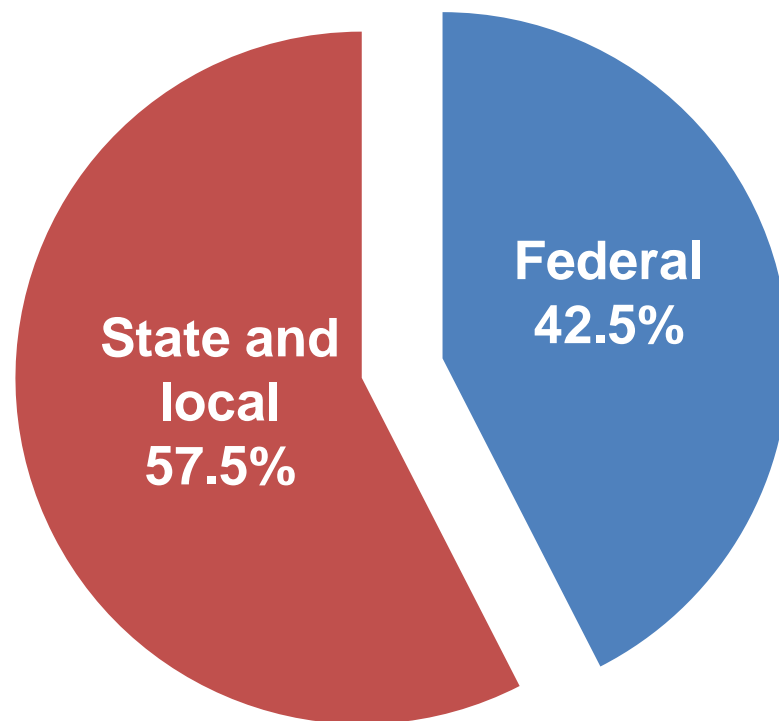
Total U.S. Highway Spending, 2014

Total Highway Spending



\$238.4 B

Capital Outlay



\$105.5 B

FEDERAL-AID HIGHWAY PROGRAM

Roles and Responsibilities

Characteristics of the FAHP

- Federally-assisted, State-administered
- Funding tied to specific systems
- Each State must have a highway agency
- States pay for maintenance
- Matching requirements
- Contract authority

FHWA's role: provide leadership and oversight. This includes:



- Establishing national highway policy
- Reviewing & approving State proposals
- Developing regulations, guidance & standards
- Providing technical assistance
- Distributing “funds”
- Paying States for eligible expenses

State and local role: develop, own, and maintain projects. This includes:



- Project conception, planning, design
- Construction of projects
- Maintenance & operation of highways

LIFECYCLE OF FEDERAL-AID HIGHWAY FUNDING

Six key words (four “A”s and two “O”s)

Authorization
Appropriation

Legislative actions

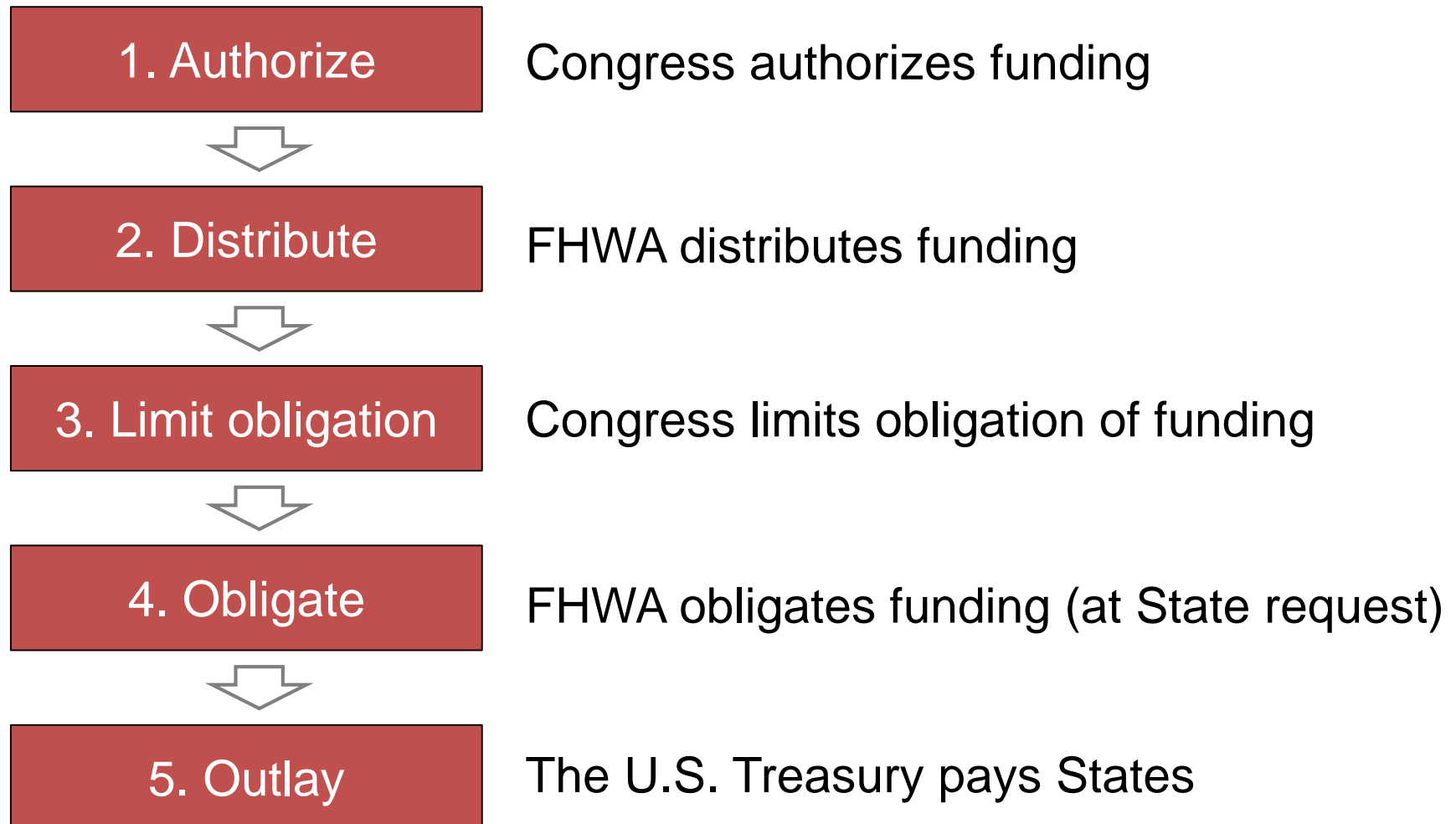
Apportionment
Allocation

Distribution of funding

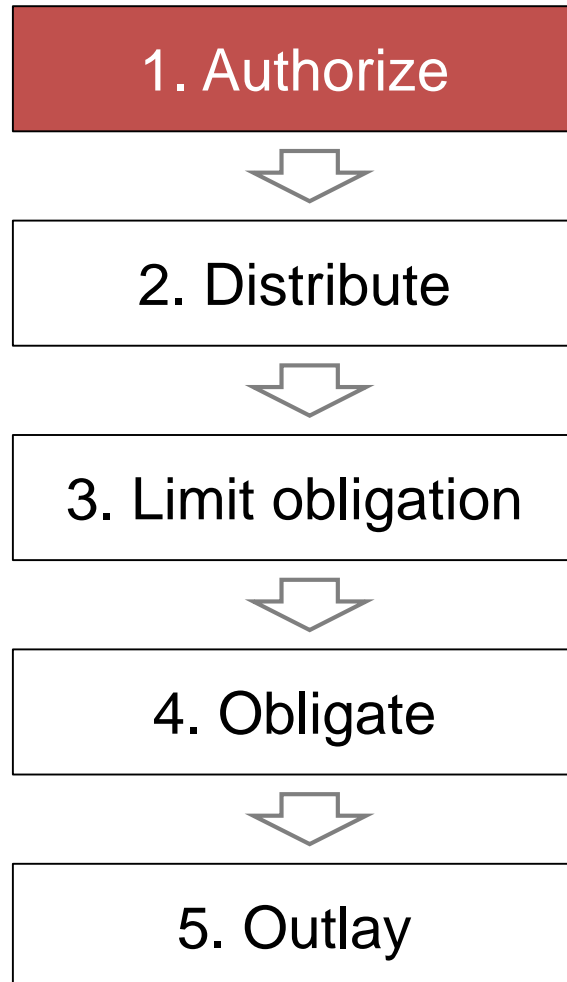
Obligation
Outlay

Commitment and expenditure

Lifecycle of Federal-aid Highway funds

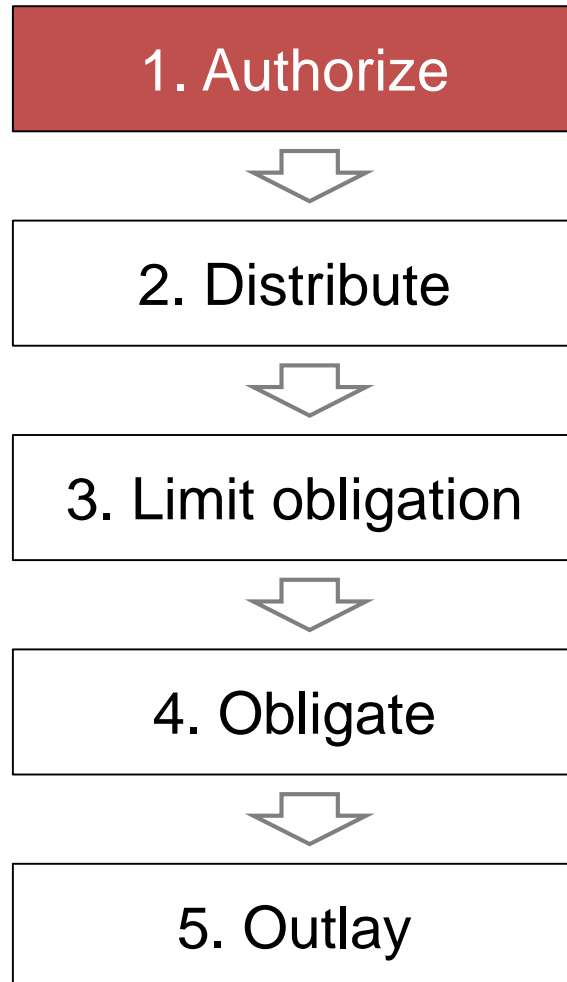


Authorization act provides funds



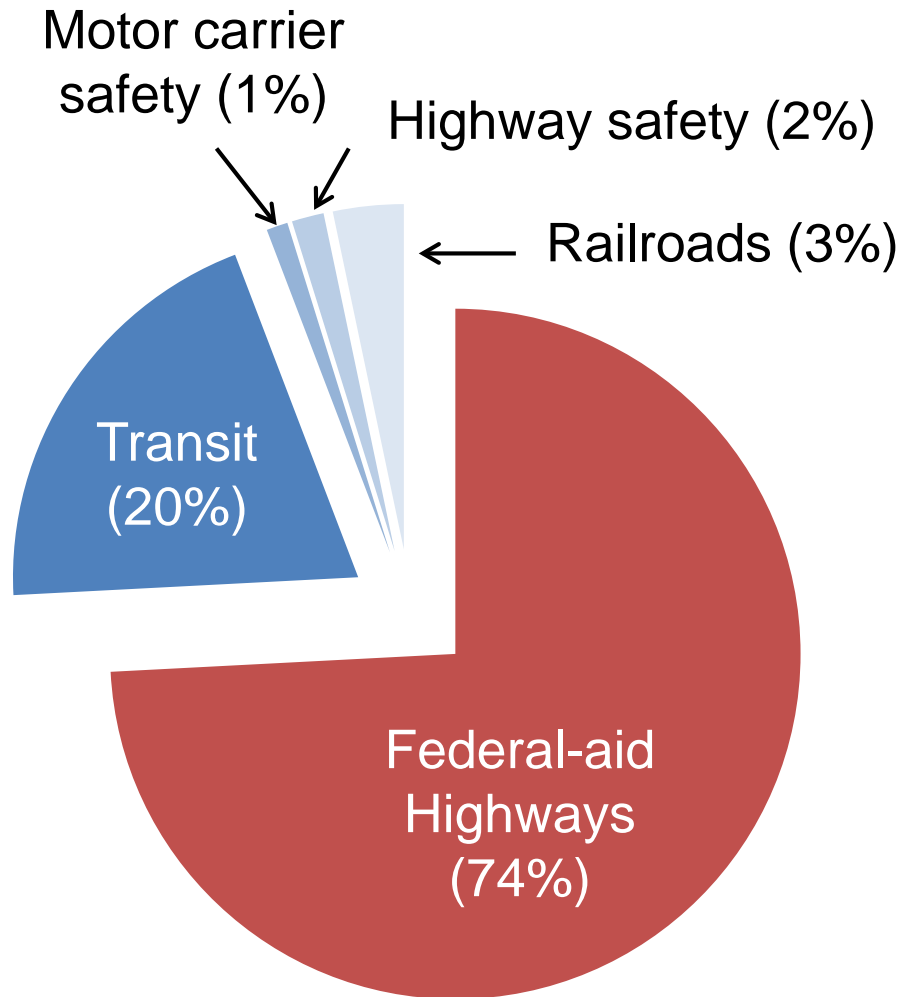
- Typically covers multiple years
- Authorizes **programs** and **funding**
- Sets program-specific **requirements**
- Provides **formulas** for distribution

Dedicated funding via contract authority (CA)



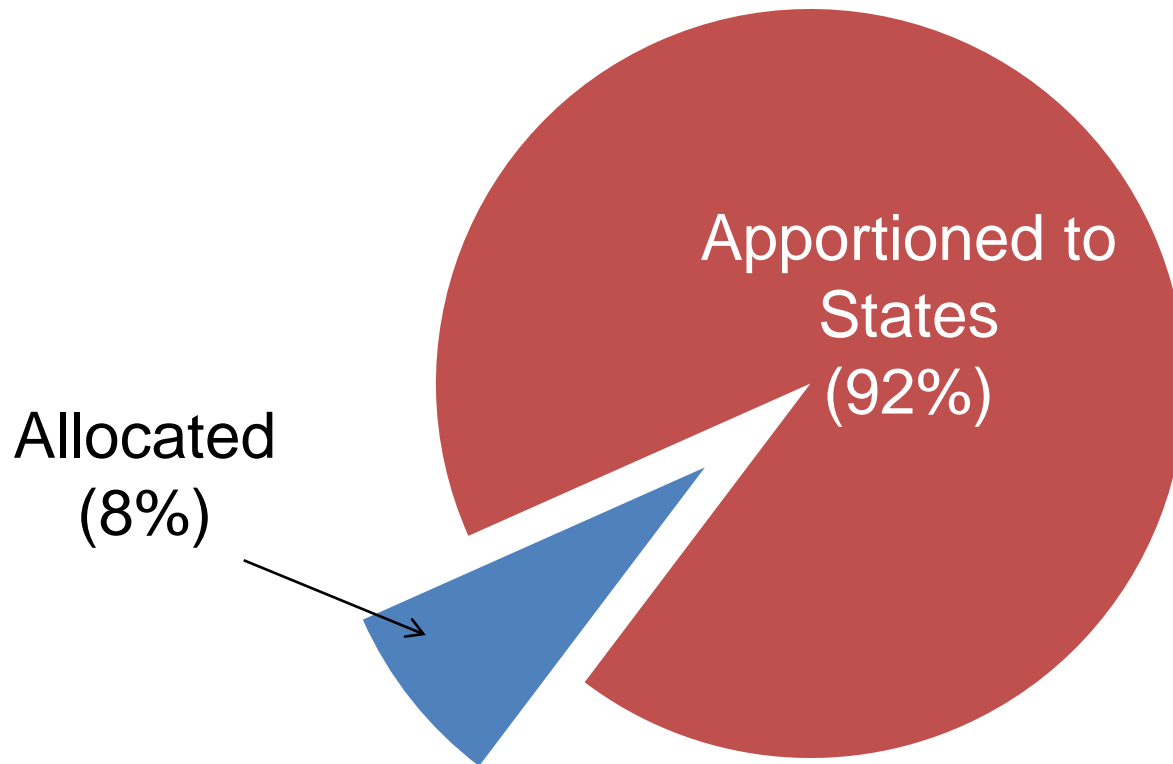
- Special type of budget authority
- May be obligated without need for appropriations act
- Treasury doesn't pay until appropriation of liquidating cash
- Since 1974, only available to trust-funded programs

FAHP is one part of authorization act

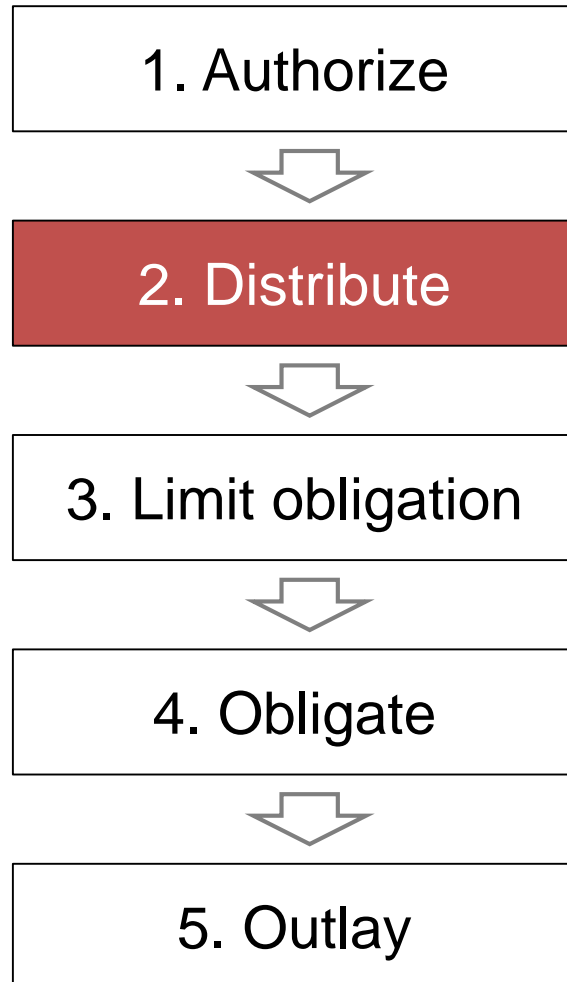


- Currently, Fixing America's Surface Transportation (FAST) Act
- Signed into law Dec. 4, 2015 (P.L. 114-94)
- 5 yr of funding (FY16-20)
- Highways, transit, motor vehicle safety, research, rail

FAST Act distributes vast majority of Federal-aid highway funds by formula



Apportioned funds: formula distribution

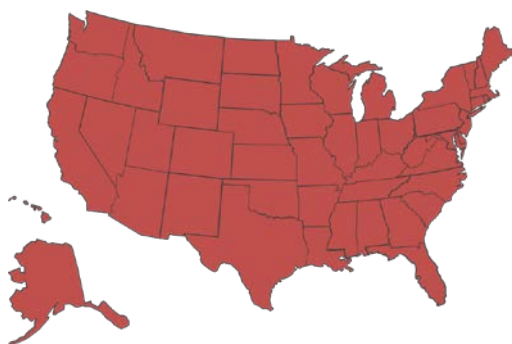


- Examples:
 - National Highway Performance Program
 - Highway Safety Improvement Program
- Distributed by formula specified in law
- Distributed on October 1
- Withdrawn only by law
- All States are recipients

Overview of apportionment

Step 1.

Set lump sum for all apportioned programs & States



\$41 B nationwide

Step 2.

Calculate State's total (incl. "95¢ on dollar" adjustment)



\$1 B for Virginia (VA)

Step 3.

Distribute among State's apportioned programs

	\$ million for VA
NHFP	28
CMAQ	56
Metro Plan	8
NHPP	593
STBG	297
HSIP	65

Set-asides from State apportionments

From...	For SPR	For Rail-Hwy Crossing	For Off-System Bridges	For Rec Trails	For Transportation Alternatives
NHPP	2%				
STBG	2%		*	0	\$835-850 M Nationally
HSIP	2%	\$230-350 M Nationally			
CMAQ	2%				
NHFP	2%				

*Amount equal to 15% of State's FY09 Highway Bridge Apportionment

° Amount equal to State's FY09 Rec Trails Apportionment

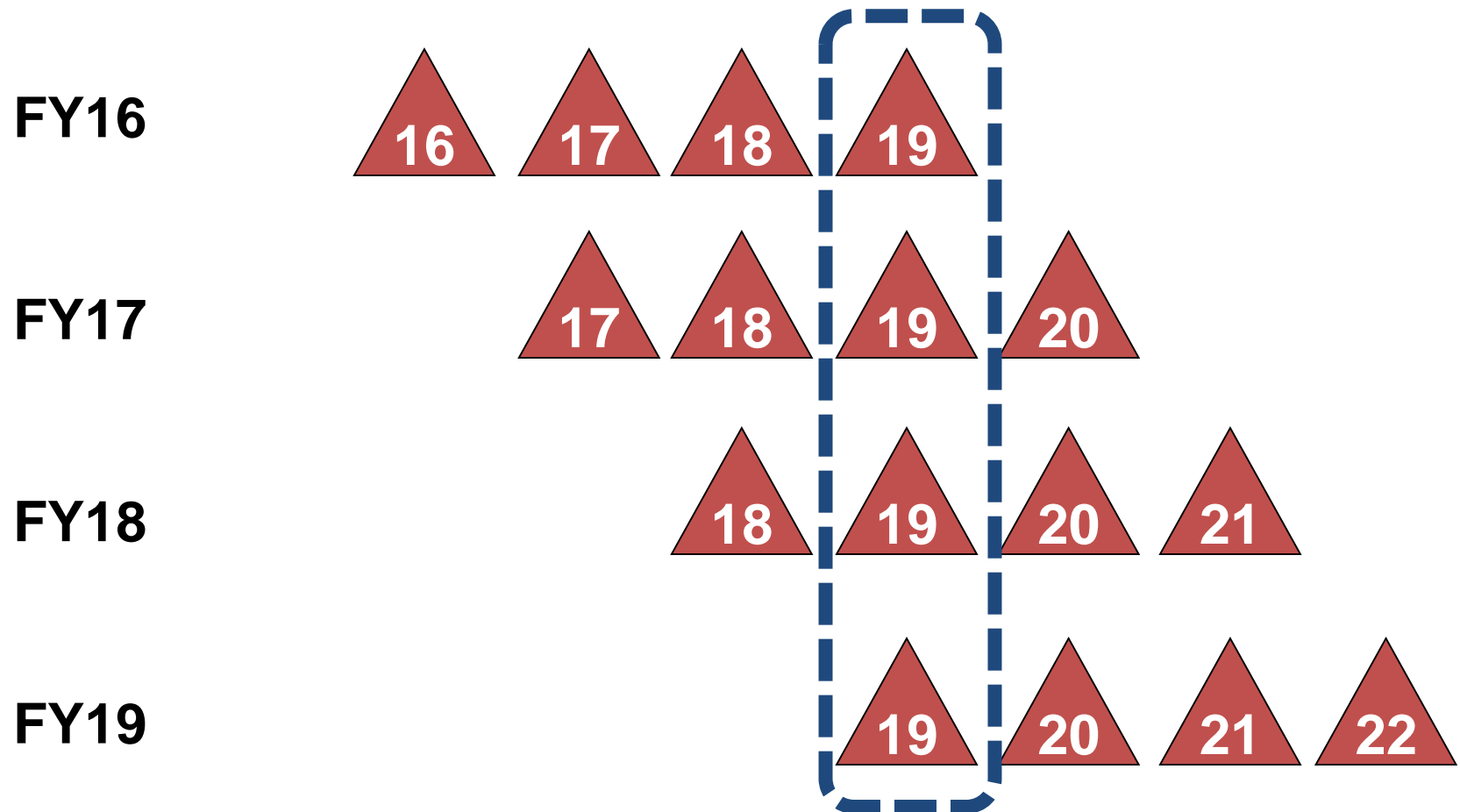
State transfers between programs

General rule...	Transfer <u>up to 50%</u> from any apportionment program to any other any other apportioned program
But no transfers of...	<ul style="list-style-type: none">• Rail-Highway Grade Crossing funds• Metro Planning funds• STBG & TA funds sub-allocated based on population (limited exceptions)

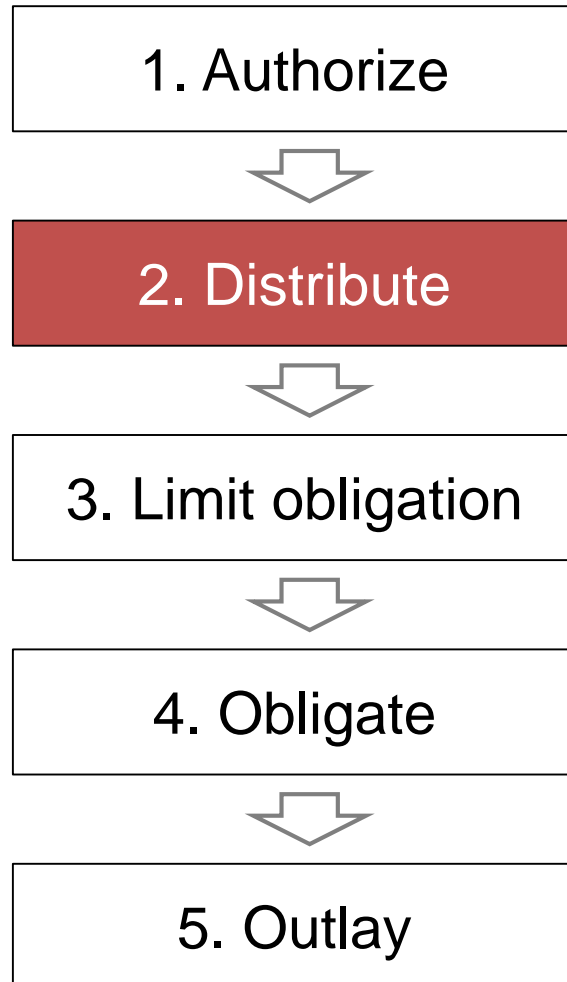
Most apportionments available for 4 years

Funds For:

Good Through:



Allocated funds: other distribution method



- Examples:
 - Territorial Highway Program
 - Federal Lands Transportation Program
 - [Formerly] project-specific earmarks
- No formula specified in law
- FHWA distributes funds throughout year
- Only some entities receive these funds
- FHWA may withdraw discretionary grants by administrative action

Appropriations act limits ability to obligate

1. Authorize



2. Distribute



3. Limit obligation



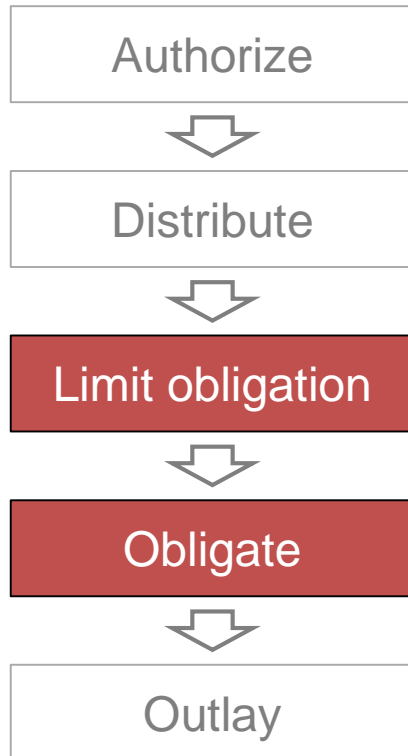
4. Obligate



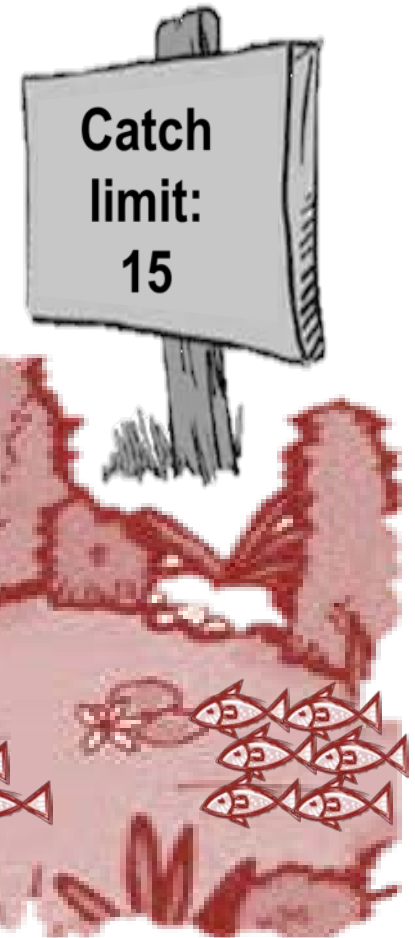
5. Outlay

- Enacted for each year
- May include “one-off” provisions
- Establishes obligation limitation
- Provides liquidating cash

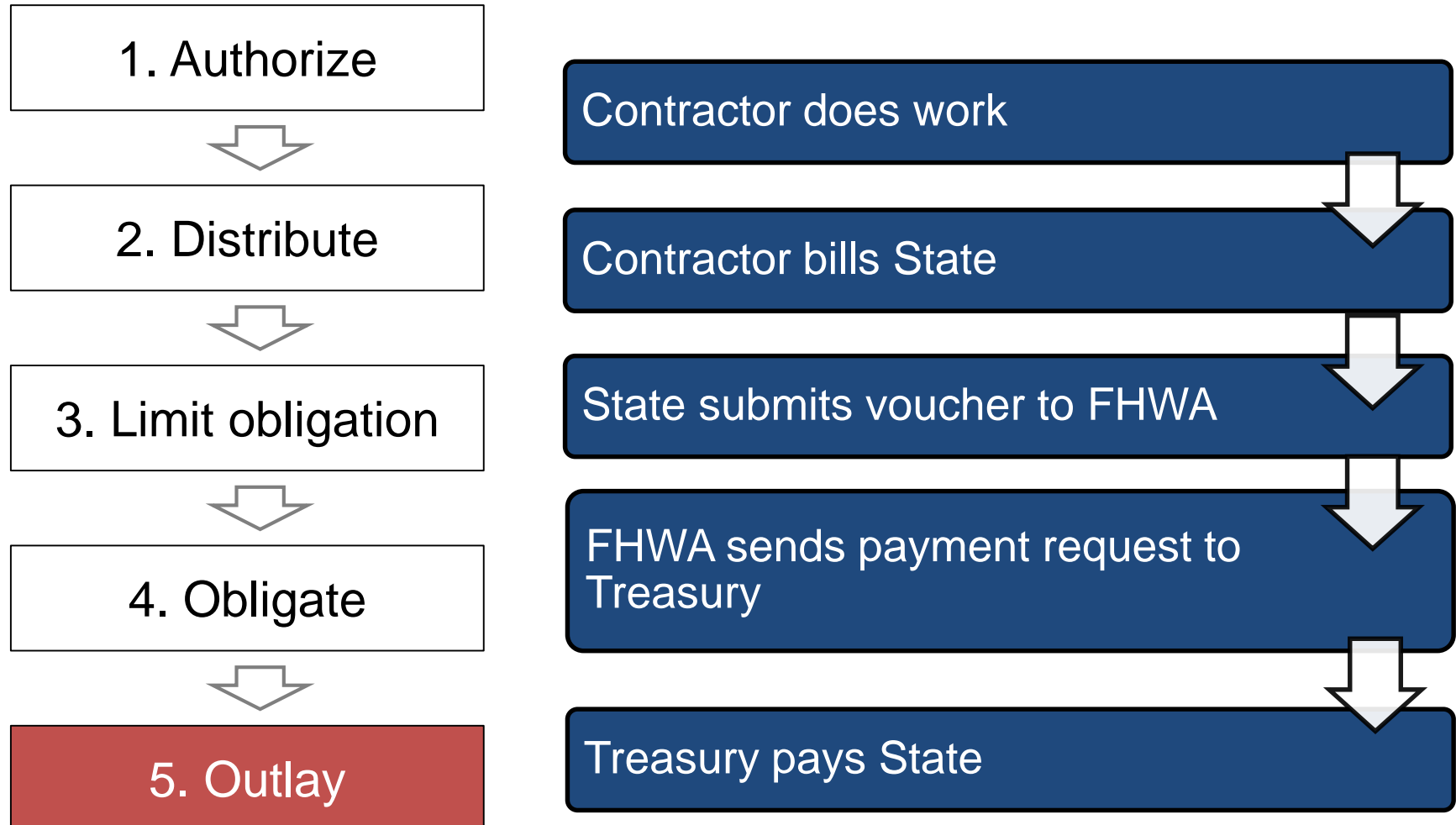
Ob limit functions like a “catch limit”



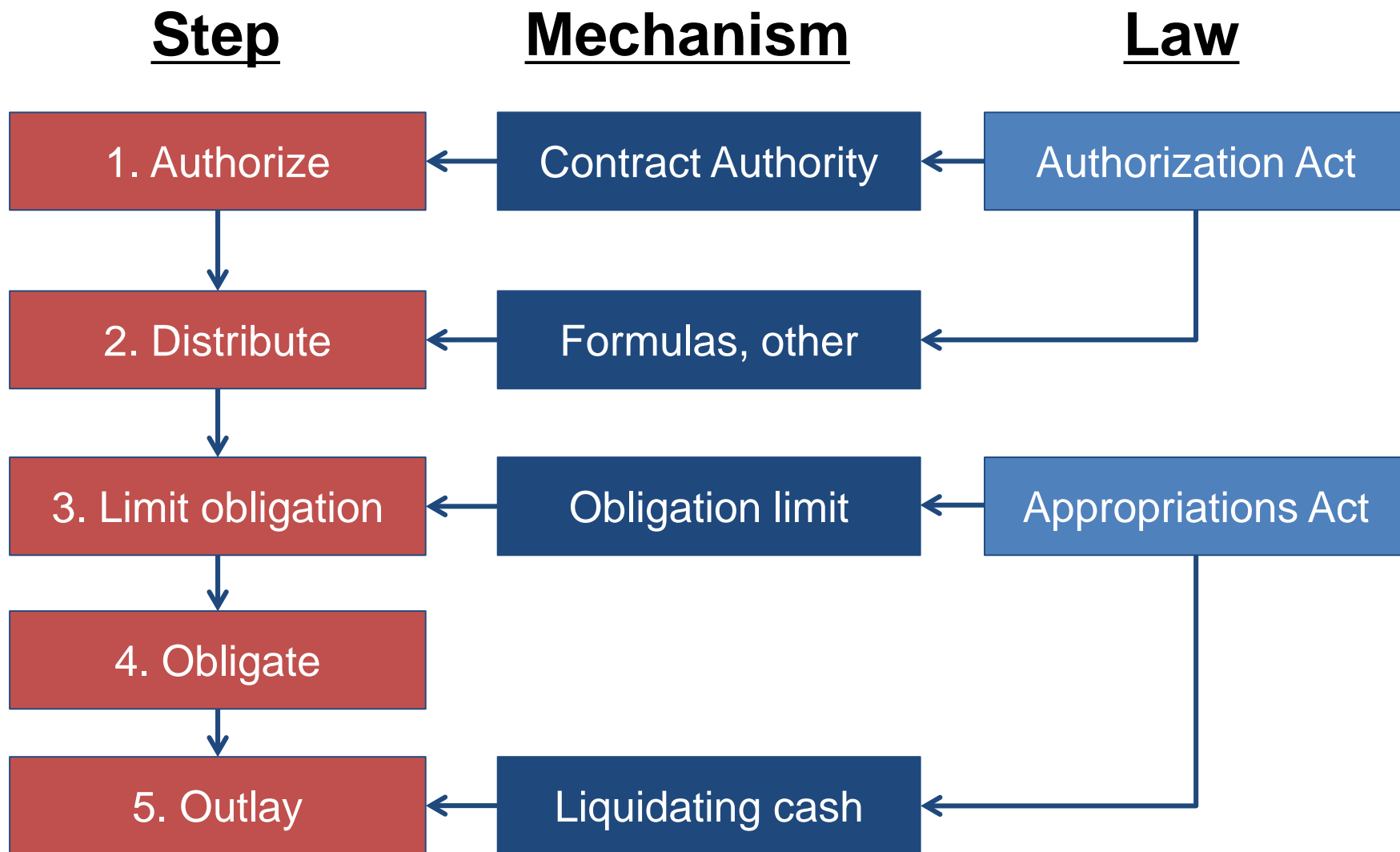
20 fish (formula funds)
in pond



“Reimbursement” rather than upfront cash



Lifecycle of Federal-aid highway funding



THE HIGHWAY TRUST FUND

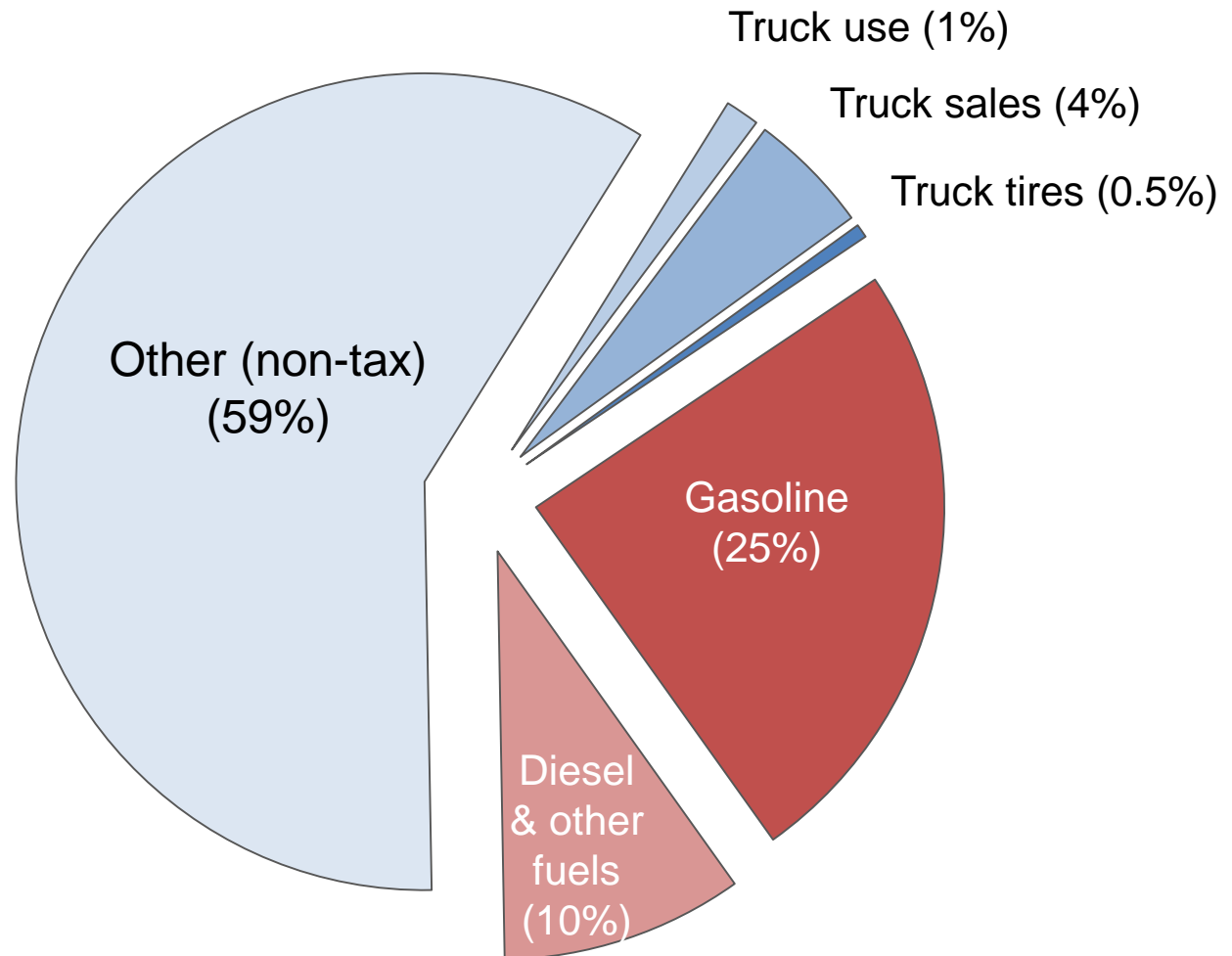
Highway taxes for highway spending



- Pre-1956: highways funded with general revenues
- HTF established by Federal-aid Highway Act of 1956
- Purpose of HTF: dedicated, predictable, user-based funding for highways

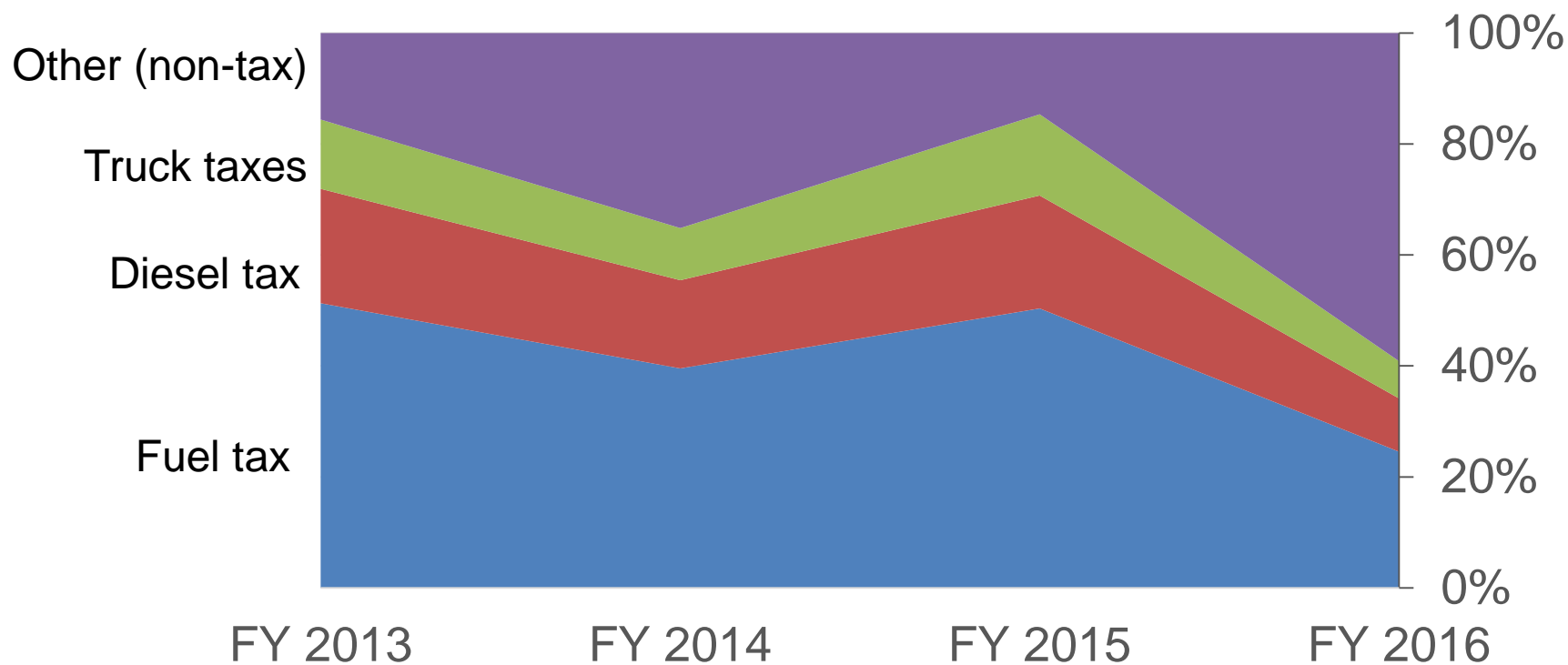
HTF funded [partially] by user taxes

Sources of
Net Highway
Account
Income,
FY 2016



...supplemented by the General Fund

% of Highway Account revenues, by funding source, FY 2013-2016



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