

# Federal Highway Program Status Report

What is the future of federal transportation programs?

ITS Alaska

Annual Meeting

Fairbanks, AK

October, 2010

# Future Hard to Predict



Deficits

Trust Fund  
Woes

Donor-Donee

Tax or  
User Fee?

Fiscal  
Constraint  
Rules

Urban-centric  
policies

Party in control?

New modes to  
share?

Rural-Urban

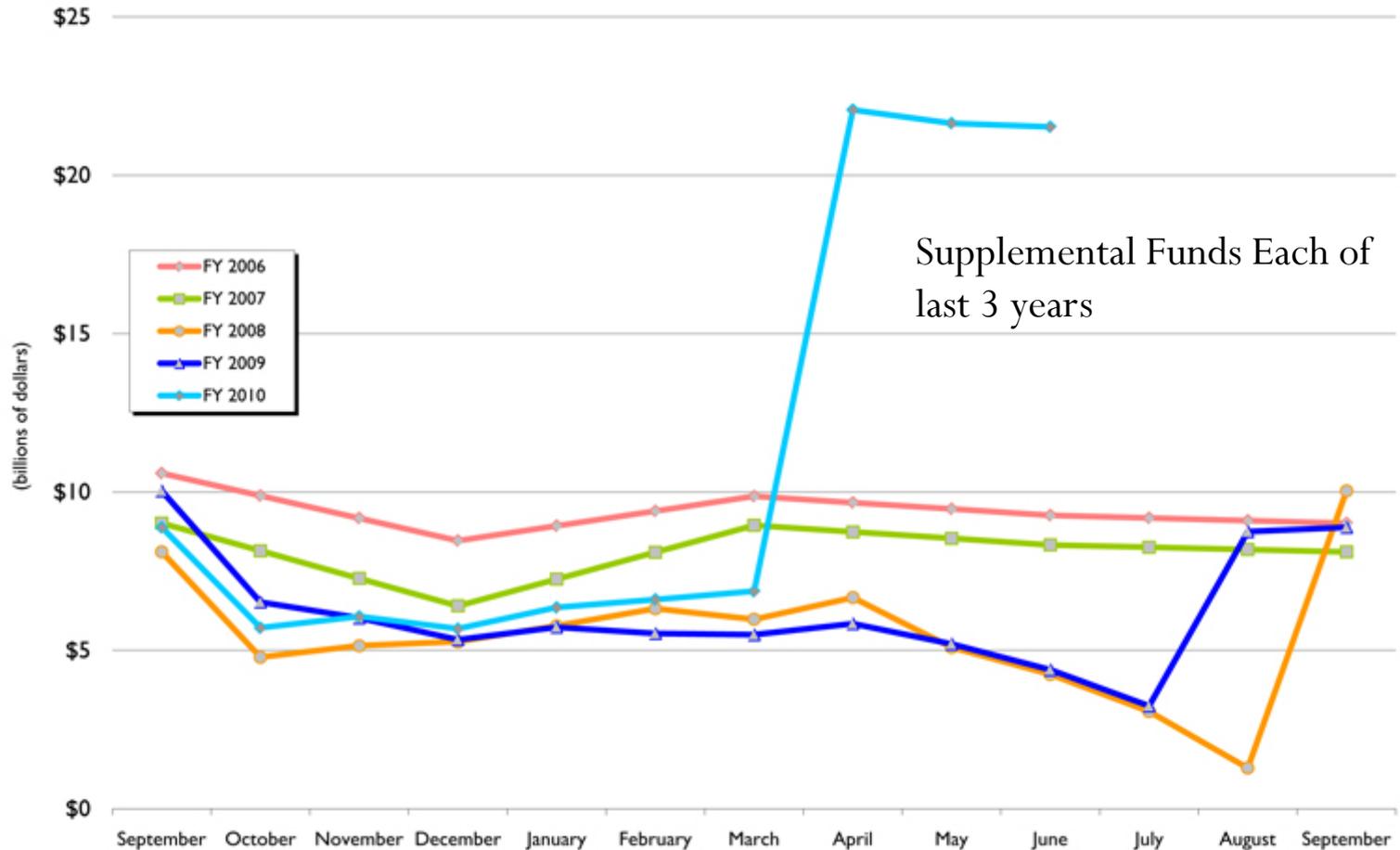
Cap & Trade Taxes  
and Rules

# Outline of Issues

- 2010 Year Issues
  - Highway Trust Fund balance
  - Unusual Issues
- ARRA (Stimulus) Projects
  - Deadlines, projects, progress
- Transportation trends
  - Funding
  - Policy changes
  - Climate Change

# Trust Fund Balance Over 5 Years

## Highway Account Balance



Ending balance for FY 2008 includes \$8.017 billion transferred from the General Fund in September 2008 pursuant to Public Law 110-318.  
Ending balance for FY 2009 includes \$7 billion transferred from the General Fund in August pursuant to Public Law 111-46.

# 2010 Year

- Unusual in several respects
  - Second largest on record due to
    - ARRA funds (1/3 of ARRA put to contract in 2010)
    - SAFETEA-LU earmarks now back in formula
  - Late to receive (allocations not sent until April (7<sup>th</sup> month))
  - Rescissions return after short break
  - Favorable bids mean more projects get funded
  - Significant funding: \$492 M FHWA + \$60 M ARRA

# ARRA 2009/2010 (Stimulus)

- Alaska received \$250 Million in transit, highway and aviation funding
- 50 projects were selected by Legislature
- All funding has been obligated; over 80% has expended to date
- Though highly audited (multiple times) no substantive issues have been listed

# Transportation Trends

- Funding
  - Trust Fund revenue not meeting current spending levels
  - Congress has 3x added GF dollars to restore a positive balance
  - Words: “*Tax*” or “*user fee*” our politics seem unwilling to break the log jamb
    - Disconnect from who pays, who gets, may be part of the problem
  - States are turning to tolls more widely
  - Some too focused on better use of existing roads
    - WSDOT “lane management” project now deployed
  - Long term, tax on liquid fuels will decline and new fund raising method must be found

# Transportation Trends

- Policies

- *Livability and sustainability*
  - Current buzz words in Washington, DC
- Generally means, tight, compact urban development, with reliance on non-auto transportation
- Of little relevance in much of Alaska, where affordable access to basic human needs is the imperative.
- Grant funding rules reduces Alaska projects chances...they don't fit the mold

# Transportation Trends

- Policies

- *Performance Based Planning/Programming (Asset Management)*
  - Systematic means of measuring conditions and applying resources to sustain long-term investments
  - Funding tied to state performance
- *Less role for states*
  - More discretionary funds decided by feds, less formula funding to each state
  - Tiger grants the new *normal*
  - State role in MPOs areas diminished

# Transportation Trends

- Climate Change Policy
  - Cap and Trade Legislation shut-in for now
  - EPA “endangerment” proceeds under Clean Air Act
    - Finds 6 greenhouse gases threaten public health and welfare
  - EPA issued climate change regulations early 2010
- What it means for transportation professionals
  - Reduce (demand), less CO<sub>2</sub> and mode changes
  - EPA will have ultimate oversight of each State/MPO
  - Alaska has small highway CO<sub>2</sub> emissions; most from aviation
    - Menu of options in other states will have little effect here

# Reauthorization Effort

- SAFETEA-LU expired Sep. 30, 2009
  - Extended until December 2010
- Major focus is on major change of policy
- Rep. Oberstar released draft bill in 2009
  - Large funding increase overall
  - New funding focused on high speed rail, transit, freight and large cities (>500k)
  - Highway funding virtually flat
  - Details on new formulas not revealed
  - “Term Performance measures” found 230 times in bill

# 2011 Federal Year

- Appears it will repeat 2010 funding levels
- First Continuing Resolution passed last week (63 days of funding)
- SAFETEA-LU extended until December 31
- Congress must act to extend both in December
  
- A repeat of 2010 year is good for Alaska:
- Higher funding due to no earmarks
- Continue to work list of needed upgrades and improvements

# Key Take-Aways

- Transportation policy discussions very dynamic
- Significant new direction is possible
- Funding very problematic
  - Recognize need for more funding, but no solution is apparent
- New policies will require Congress to act
- Thus 2010 election will influence the outcome sharply
  - Change of party, or more narrowly divided Congress
  - New influence of “Tea Party” on “role of government”

# Takeaways for ITS

- Less federal funding = need for new solutions
  - Washington State I-5 managed lane solution is one example
- Climate Change Policy = need for more efficient use of transportation
  - 2009 Pew Study for Alaska identified transportation management strategies as the second most cost effective strategy
- ITS will take an increasingly greater role in addressing future transportation issues



Thank You