



“Federal-aid 101”

A Financial Overview.

Mark Newland
FHWA, Financial Manager
Purdue Road School, 2014



FEDERAL HIGHWAY
ADMINISTRATION

Objectives for “Federal-aid 101”

Provide an Overview of:

- What federal-aid funding is and where it comes from;
- How much is there and when it is available;
- How to receive federal-aid funds;
- Overview of MAP-21 Programs.

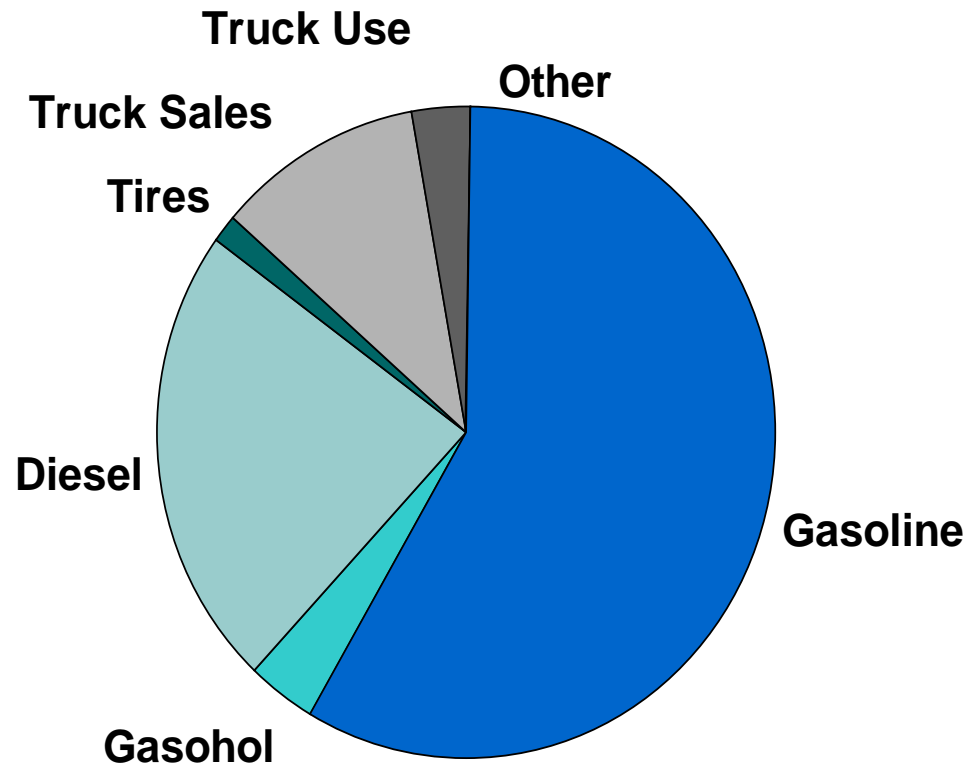


Federal-aid Program

- Established in 1956 at the start of the Interstate era;
- Generally funded every 4-6 years by new legislation;
- Moving Ahead for Progress in the 21st Century (MAP-21)...a two year bill.
- Highway Trust Fund (HTF) is its foundation;



Highway Trust Fund Income



Highway Trust Fund

- Has worked well over the years;
- More recently...
- Spending more per year than revenues coming in. Possibly in the red this summer.
- Tapped into to General Fund to cover shortfall in 2012;
- More fuel efficient cars;
- Vehicle Miles Traveled (VMT) is down.



Federal Tax on Gasoline and Gasohol/Ethanol



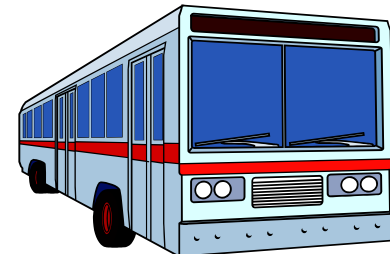
Tax of
18.4 Cents
Per Gallon

Set Aside 0.1 Cent
for Leaky
Underground Storage
Tank Fund



15.44 Cents
Highway Trust
Fund Account

2.86 Cents
Mass Transit
Account





Federal Tax on Diesel Fuel

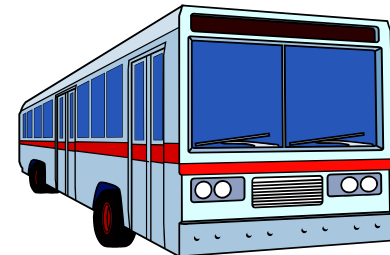
Tax of
24.4 Cents
Per Gallon

Set Aside 0.1 Cent
for Leaky
Underground Storage
Tank Fund



21.44 Cents
Highway Trust
Fund Account

2.86 Cents
Mass Transit
Account



Apportionments

- “The distribution of funds as prescribed by statutory formula”.
- Often referred to as “Formula Funds”.
- Program specific as per formula.
- Lane miles, population, fuel usage, etc.
- Apportionment does not equal spending authority!



Obligation Authority (OA)

- OA = Spending Authority
- A restriction or “ceiling” on the amount of Federal assistance that may be promised (obligated) during a specified period.
- Amount and period are determined annually by Congress.
- Not program specific – applies to total program.
- OA ~90%-92% of apportionment.



Indiana Federal Funds

- Indiana's apportionment = ~\$919.7M for FFY 2014.
- Obligation authority = \$834.9M or 90.8% of apportionment.
- What happens to the \$84.8M difference?
- Unused contract authority.
 - Generally rescinded by Congress



U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

**FY 2014 FEDERAL-AID HIGHWAY PROGRAM APPORTIONMENTS UNDER
THE MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT (MAP-21)
(before post-apportionment set-asides; before penalties)**

State	National Highway Performance Program	Surface Transportation Program	Highway Safety Improvement Program	Railway-Highway Crossings Program	Congestion Mitigation & Air Quality Improvement	Metropolitan Planning	Apportioned Total
Alabama	457,293,242	210,340,534	45,720,399	4,531,606	11,397,192	2,980,070	732,263,043
Alaska	289,366,285	133,099,405	30,698,493	1,100,000	27,493,201	2,197,655	483,955,039
Arizona	413,210,414	190,063,817	42,731,428	2,676,310	51,828,599	5,671,495	706,182,063
Arkansas	309,420,570	142,323,747	30,241,707	3,760,553	12,302,362	1,665,227	499,714,166
California	1,930,325,220	887,888,994	196,843,319	15,280,331	463,637,790	48,492,758	3,542,468,412
Colorado	298,581,383	137,338,062	29,641,660	3,169,481	42,256,393	5,126,010	516,112,989
Connecticut	277,794,410	127,776,706	29,221,153	1,305,705	44,199,692	4,473,039	484,770,705
Delaware	95,480,033	43,917,817	9,392,311	1,100,000	11,650,737	1,727,063	163,267,961
Dist. of Col.	90,575,156	41,661,728	8,853,314	1,100,000	10,092,264	1,720,246	154,002,708
Florida	1,143,438,426	525,945,775	117,188,758	8,463,816	13,584,723	20,067,504	1,828,689,002
Georgia	745,815,085	343,051,523	74,082,553	7,875,149	67,884,140	7,530,322	1,246,238,772
Hawaii	96,314,552	44,301,670	9,484,017	1,100,000	10,348,924	1,695,029	163,244,192
Idaho	166,696,757	76,675,274	16,541,631	1,776,694	12,801,698	1,569,240	276,061,294
Illinois	793,512,627	364,990,894	76,854,409	10,344,781	109,990,798	16,537,875	1,372,231,384
Indiana	552,613,379	254,184,804	53,354,561	7,372,184	47,071,049	5,072,949	919,668,926
Iowa	293,745,166	135,113,554	27,054,665	5,225,024	11,284,553	1,922,488	474,345,450
Kansas	225,079,062	103,529,302	18,847,102	5,886,861	9,507,296	1,887,866	364,737,489
Kentucky	398,221,019	183,169,166	40,107,694	3,652,857	13,686,440	2,455,282	641,292,458
Louisiana	421,573,308	193,910,485	42,305,455	4,021,282	11,435,577	4,166,907	677,413,014
Maine	105,801,083	48,665,176	10,400,865	1,225,628	10,287,373	1,785,435	178,165,560
Maryland	331,011,585	152,254,936	34,083,995	2,290,904	53,644,841	6,721,039	580,007,300
Massachusetts	327,493,739	150,636,838	33,563,437	2,424,886	63,360,507	8,712,358	586,191,765
Michigan	593,833,751	273,144,880	57,856,114	7,400,342	73,935,815	10,036,726	1,016,207,628
Minnesota	377,579,058	173,674,512	35,536,982	5,955,222	32,195,500	4,431,598	629,372,872



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U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

OBLIGATION LIMITATION DISTRIBUTION
FOR FISCAL YEAR 2014 UNDER THE DEPARTMENT
OF TRANSPORTATION APPROPRIATIONS ACT, 2014

STATE	Formula Obligation Limitation
ALABAMA	666,523,393
ALASKA	431,280,533
ARIZONA	658,807,679
ARKANSAS	444,300,322
CALIFORNIA	3,241,833,216
COLORADO	481,581,822
CONNECTICUT	441,285,833
DELAWARE	149,010,187
DISTRICT OF COLUMBIA	143,658,866
FLORIDA	1,704,023,915
GEORGIA	1,162,185,252
HAWAII	145,600,898
IDAHO	251,629,382
ILLINOIS	1,280,430,045
INDIANA	834,931,075
IOWA	442,085,658
KANSAS	339,953,410
KENTUCKY	597,649,211
LOUISIANA	602,089,506

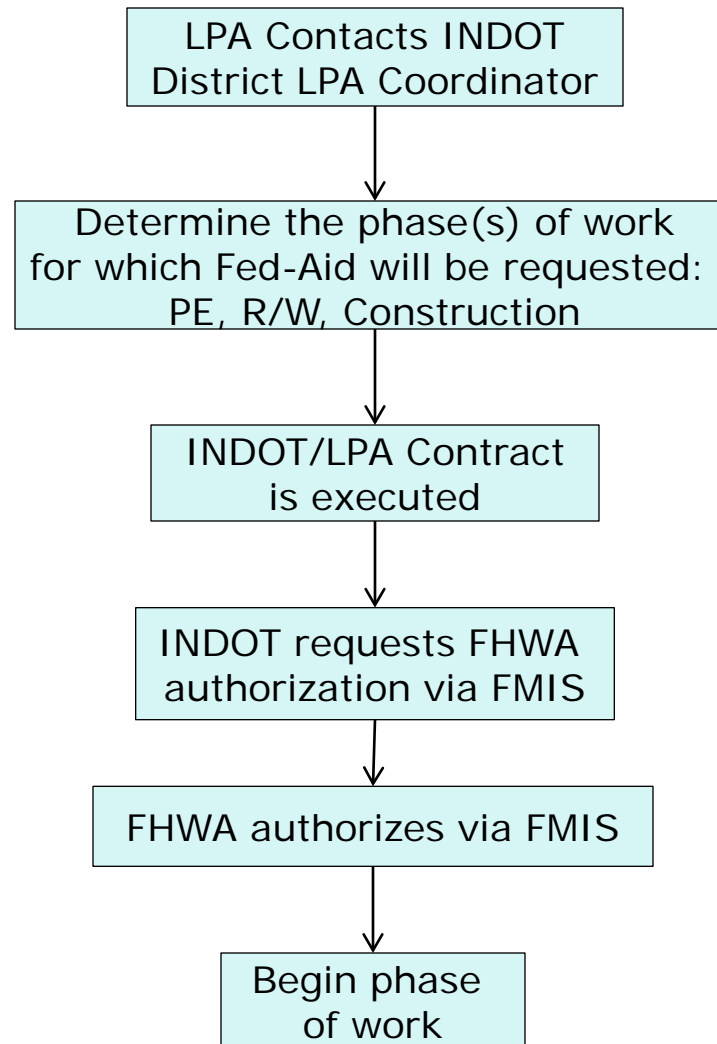


Federal Participation Share

- “Standard” Federal Share:
 - Up to 90% on the Interstate
 - Up to 80% on all other projects
- Can be adjustments under certain programs:
 - Safety – Up to 100%
 - But no more than 10% of apportionments
 - Freight – Up to 95% - under certain conditions.
- Congress can change rules midstream



Federal Funding Approval Process



To receive Federal-aid Funding Reimbursement

- Federal planning, environmental, and design standards must be followed:
 - Must be in TIP (MPO) and/or STIP
 - Must follow NEPA
 - Must follow the Uniform Act (R/W)
- Federal-aid funds are reimbursed rather than provided “up front.”
- Federal authorization of funds must be obtained before beginning any work of any phase (PE, R/W, CN).

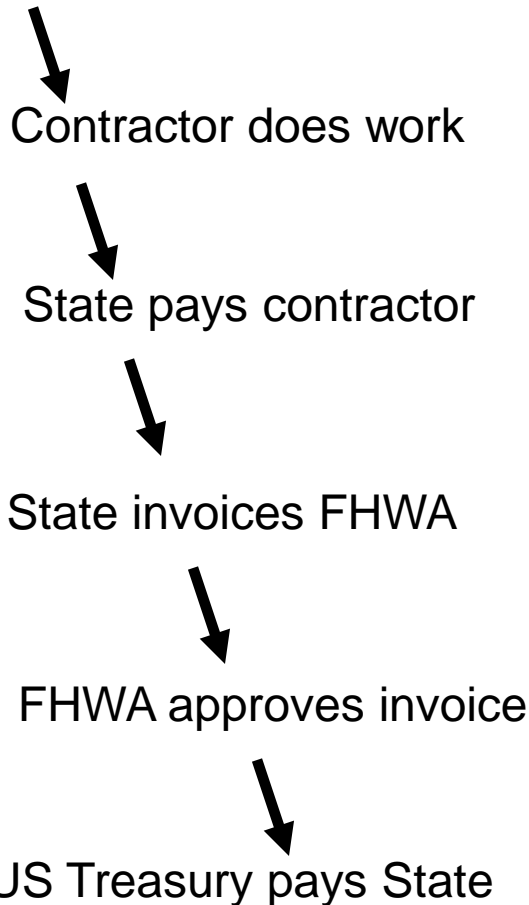


Costs are Reimbursed with Federal Funds

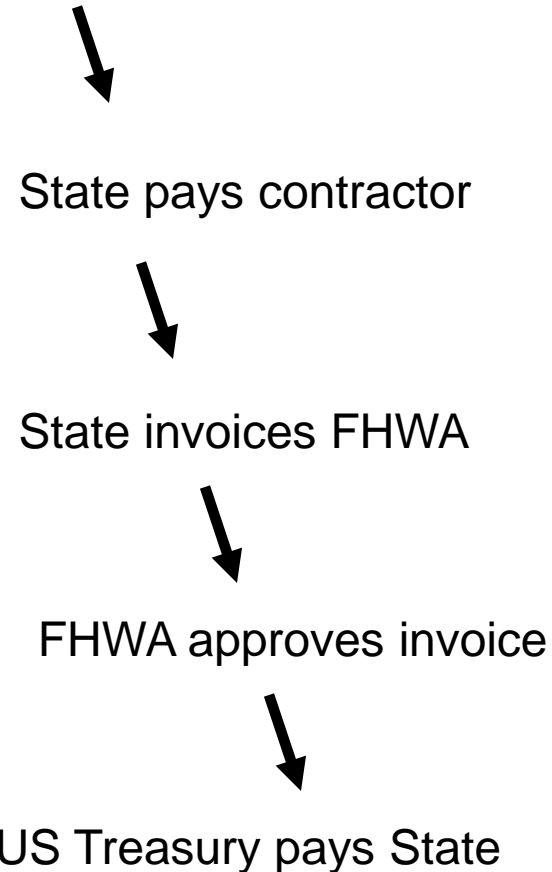
Cycle 1

Future Cycles

FHWA Authorizes Funding



Contractor does work



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Time



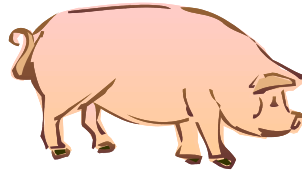
MAP-21 Major Provisions

- Two-year Act as opposed to 4-5 years.
- Continues the basic structure established by the 1991 ISTEA legislation.
- Establishes a performance and outcome based program (Performance Management).
- Reduces the number of programs, which as a byproduct...
- Eliminates most discretionary programs...
 - But keeps eligibility for most of these activities.



MAP-21 Major Provisions

- Increases funding for TIFIA (innovative financing/P3).
- Expands the National Highway System (NHS).
- Establishes a National Freight Network.
- Accelerates Project Delivery.
- Funding near SAFTEA-LU levels.
- No Earmarks.



Core Funding Categories in MAP-21

- National Highway Performance Program (NHPP)
- Surface Transportation Program (STP)
- Congestion Mitigation & Air Quality Improvement Program (CMAQ)
- Highway Safety Improvement Program (HSIP)
- Railway-Highway Grade Crossing
- Metropolitan Planning
- Transportation Alternatives.



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Transportation Performance Management (TPM)

- Major new focus of MAP-21.
- *States will invest resources in projects to achieve individual targets that collectively will make progress toward national goals.*
- To be carried out through the following:
 - National Highway Performance Program (NHPP)
 - Highway Safety Improvement Program (HSIP)
 - Congestion Mitigation Air Quality Improvement Program (CMAQ)
 - National Freight Policy



TPM National Goals

- Safety
- Infrastructure Condition
- Congestion Reduction
- System Reliability
- Freight Movement and Economic Vitality
- Environmental Sustainability
- Reduce Project Delivery Delays



National Highway Performance Program (NHPP)

- New program funded at \$21.8 billion.
- Indiana apportionment = ~\$553M/year.
- Provides support for the condition and ***performance*** of the NHS.
- Ensure construction \$ are directed toward the achievement of ***performance*** targets.
- NHPP Combines the functions of prior NHS, IM and Bridge Programs.



Freight Provisions

- MAP-21 establishes National Freight Policy, and requires DOT to do the following:
 - Establish national freight network;
 - Develop a national freight strategic plan;
 - Report on freight conditions and **performance**;
 - Other provisions.
- DOT must encourage states to establish freight advisory committees and develop state freight plans.
- Freight projects identified in a state freight plan may qualify for increased federal share (up to 95% on Interstate and 90% elsewhere).



P3 Initiatives

- Public-private partnerships (P3s) are contractual agreements formed between a public agency and a private sector entity that allow for greater private sector participation in the delivery and financing of transportation projects.



P3 Projects in Indiana

- Ohio River Bridges
- I-69 Section 5
- Illiana Corridor

- P3 advantages:
 - Can result in lower costs;
 - Shorter development & construction timeframe;
 - Shifts risk.



Transportation Infrastructure Finance and Innovation Act (TIFIA)

- One tool in Innovative Financing (“P3”)
- TIFIA Offers 3 credit assistance products:
 - Direct Loans – up to 49% of total cost of project
 - Lines of Credit – up to 33% of total cost of project
 - Loan Guarantees
- All designed to encourage & leverage private co-investment by providing projects with supplemental or subordinate debt.



National Highway System (NHS)

- NHS has been enhanced. Includes:
 - Existing NHS
 - All principal arterials
 - STRAHNET (Defense)
 - All intermodal connectors –
Highways that provide access
between the NHS and major
intermodal transportation facilities.



Program Changes (S-LU v. MAP-21)

SAFETEA-LU Programs

MAP-21 Programs

NHS, IM, & Bridge (portion)



National Highway Performance Program (NHPP)

STP & Bridge (portion)



Surface Transportation Program (STP)

Congestion Mitigation & Air Quality Improvement Program (CMAQ)



Congestion Mitigation & Air Quality Improvement Program (CMAQ)

HSIP (includes High Risk Rural Roads)



Highway Safety Improvement Program (HSIP)

Rail-Highway Grade Crossing



Rail-Highway Grade Crossing

Metropolitan Planning



Metropolitan Planning

TE, Recreational Trails, and Safe Routes to School



Transportation Alternatives (takedown from NHPP, STP, HSIP, CMAQ, and Metro Planning)



Future of the Federal-aid Program

- MAP-21 will expire in July, 2014
- CR or new bill – President has proposed new 4-year bill;
- Emphasis on tying performance management/outcomes to funding;
- Funding level and resources are big questions.



Financing in the Future

- Fuel taxes will be one of principle revenue sources for the foreseeable future.
- Alternatives to fuel tax will need to be explored.

Example: Mileage based user fees, i.e. VMT tax.



- For further information on Financing Federal-Aid Highways:

- FHWA Website –



- [Publication No. FHWA-PL-07-017](#)



Questions?

Mark Newland
Financial Manager
FHWA Indiana Division
mark.newland@dot.gov
317-226-7482

