

# Surface Transportation Reauthorization: What's New, and What's Next?

Presentation by:

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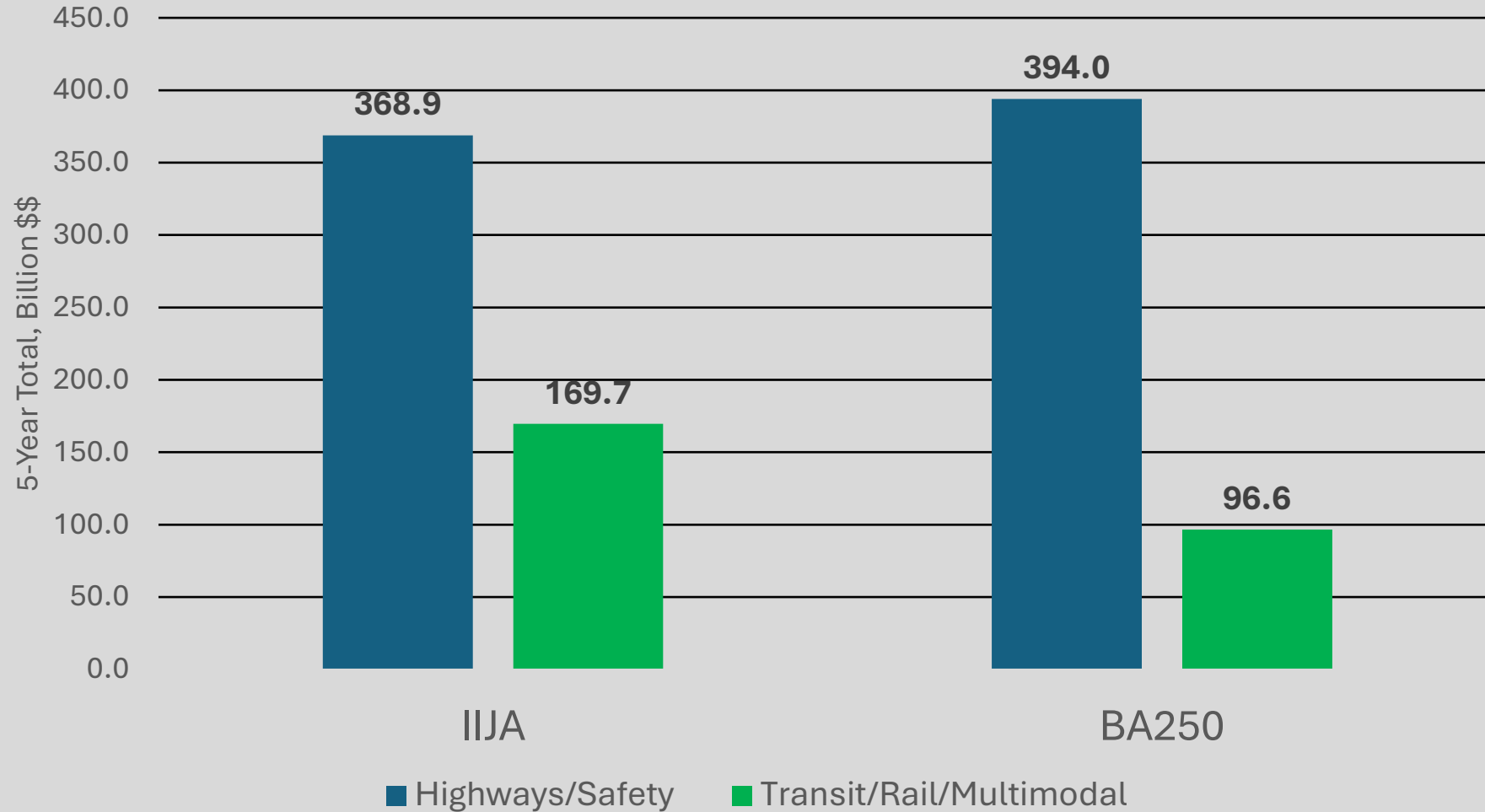
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# **“BUILD America 250 Act”**

- **“Building Unrivaled Infrastructure and Long-Term Development for America’s 250<sup>th</sup> Act”**
- **Bipartisan bill (Graves (R)-Larsen(D)), full T&I markup Thursday May 22**
- **5-year reauthorization (FY 2027-2031)**
- **NO MORE GENERAL FUND ADVANCE APPROPRIATIONS**
- **\$474.4 billion in HTF contract authority over 5 years, “traditional” bill modes only**
  - **\$376.0 billion FHWA**
  - **\$87.6 billion FTA**
  - **\$5.7 billion NHTSA**
  - **\$5.0 billion FMCSA**

## IIJA vs BA250: Guaranteed Funding Only



Classifies OST SSR4A and SMART grants as safety, classifies OST Culvert grants as highways. Classifies 75% of BA250's FHWA STAG program as multimodal since it clearly replaces OST RAISE.

# Unfunded General Fund Authorizations

- **Est. \$106.3 billion in unfunded authorizations for future General Fund appropriations - average \$23 billion per year**
  - FHWA - \$3.3 billion/year
  - FTA - \$3.0 billion/year (inadequate)
  - OST - \$2.0 billion/year (MEGA)
  - FRA - \$12.9 billion/year
- **Current Appropriations 5-year average of \$7 billion/year (excluding earmarks) for all these modes combined in the annual bills**
- **Very unlikely that Appropriations can come anywhere close to meeting those FRA authorizations in particular**

## The IIJA vs the BUILD America 250 Act - Funds Directly Provided by the Bill (Billion \$)

	Provided by the IIJA 2022-2026			Provided by BUILD America 2027-2031		
	HTF	GF	Total	HTF	GF	Total
	<u>Contr. Auth.</u>	<u>Advance*</u>	<u>Funding</u>	<u>Contr. Auth.</u>	<u>Advance</u>	<u>Funding</u>
Federal Highway Administration	304.0	47.3	351.3	376.0	0.0	376.0
Federal Transit Administration	69.9	21.3	91.2	87.6	0.0	87.6
National Highway Traffic Safety Administration	5.1	1.6	6.7	5.7	0.0	5.7
Federal Motor Carrier Safety Administration	4.5	0.7	5.1	5.0	0.0	5.0
<b>Subtotal, traditional modes covered by bill</b>	<b>383.4</b>	<b>70.8</b>	<b>454.2</b>	<b>474.4</b>	<b>0.0</b>	<b>474.4</b>
Federal Railroad Administration	0.0	66.0	66.0	0.0	0.0	0.0
Office of the Secretary*	0.0	19.1	19.1	0.0	0.0	0.0
<b>Total Surface Transportation Programs</b>	<b>383.4</b>	<b>155.9</b>	<b>539.3</b>	<b>474.4</b>	<b>0.0</b>	<b>474.4</b>
Increase/Decrease, Total Surface, C.A. only				+90.9		
				+23.7%		
Increase/Decrease, Total Surface, Total Funding						-65.0
						-12.0%

- **No comprehensive fix for Highway Trust Fund but takes a small step with new national EV/PHEV registration fee**
  - **Fees levied for 10 years**
    - **Full Evs: starting at \$130/year, rising biennially to \$150/year**
    - **Plug-in Hybrids: \$35/year, rising biennially to \$50/year**
  - **Could raise \$10 billion over 5 years, \$30 billion over 10 years. Not nearly enough to balance Highway Trust Fund**
  - **States collect fee and then remit to Treasury “voluntarily”**
  - **If states refuse, their highway apportionments are reduced by 125% of the estimated registration fee receipts**
  - **Ways and Means will have to amend bill to deposit fee receipts into HTF, highway-transit ratio unknown.**

## How Much Money Might a National EV/PHEV Registration Fee Raise?

Millions of vehicles on the road, per EIA Annual Energy Outlook 2026, Alternative Transportation Case, Table 39

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Electric Vehicle # (M)	7.11	8.94	10.92	13.08	15.72	17.32	19.42	21.67	24.02	26.49	29.00
Reg. Fee per vehicle		\$130	\$130	\$135	\$135	\$140	\$140	\$145	\$145	\$150	\$150
Million \$ Raised		\$1,162	\$1,420	\$1,766	\$2,122	\$2,425	\$2,719	\$3,142	\$3,483	\$3,974	\$4,350
Plug-in Hybrid # (M)	2.27	2.97	3.75	4.19	4.55	4.86	5.08	5.31	5.55	5.8	6.05
Reg. Fee per vehicle		\$35	\$35	\$40	\$40	\$45	\$45	\$50	\$50	\$50	\$50
Million \$ Raised		\$104	\$131	\$168	\$182	\$219	\$229	\$266	\$278	\$290	\$303
Total Million \$ Raised		\$1,266	\$1,551	\$1,933	\$2,304	\$2,644	\$2,947	\$3,408	\$3,760	\$4,264	\$4,653
5-Year Cume. Total						\$9,698					
10-Year Cume. Total											\$28,730

## How Would BUILD America 250 Affect Highway Trust Fund Solvency? (Billion \$\$)

	5-Year EOY FY31	10-Year EOY FY36
<u>Highway Account</u>		
CBO Baseline Cumulative Deficit	-77.2	-201.8
Extra Outlays from BA250	-32.0	-76.3
Plus 80% of Est. EV/PHEV Fee	+7.8	+23.0
Est. Cumulative Deficit w/ BA250	-101.4	-255.2
<u>Mass Transit Account</u>		
CBO Baseline Cumulative Deficit	-43.8	-93.1
Extra Outlays from BA250	-6.0	-17.2
Plus 20% of Est. EV/PHEV Fee	+1.9	+5.7
Est. Cumulative Deficit w/ BA250	-47.9	-104.6
Total Cumulative Deficit (Baseline)	-121.0	-295.0
Total Cumulative Deficit with BA250	-149.4	-359.8

Does not show effects of outlay increases from higher NHTSA and FMCSA spending. Unofficial Eno scoring of EV/PHEV fee.

## Emphasizing Formula Programs, Not Competitive Grants

Total Guaranteed Money over 5 Years (HTF and GF). Billion \$\$					
		<u>IJA</u>	<u>BA250</u>	<u>Increase/Decrease</u>	
<u>Highways</u>					
	Federal-Aid Highways	273.1	293.4	+20.2	+7.4%
	Bridge Formula	27.5	45.0	+17.5	+63.6%
	Ferry Boats and Facilities	0.9	0.9	0.0	+2.2%
	NEVI EV Charging	4.7	0.2	-4.5	-95.7%
	Appalachian Highways	1.3	0.0	-1.3	-100.0%
	<b>Total, Highway Formula</b>	<b>307.5</b>	<b>339.5</b>	<b>+32.0</b>	<b>+10.4%</b>
<u>Mass Transit</u>					
	Urbanized Area Formula	33.5	37.4	+3.8	+11.4%
	Rural Area Formula	4.6	5.2	+0.6	+13.5%
	State of Good Repair Formula	21.6	23.3	+1.6	+7.4%
	Bus and Bus Facility Formula	3.2	6.9	+3.7	+116.7%
	State Formula Plus-Ups	3.9	4.5	+0.6	+15.2%
	Planning Formula	1.0	1.1	+0.2	+18.4%
	<b>Total, Transit Formula</b>	<b>67.8</b>	<b>78.3</b>	<b>+10.5</b>	<b>+15.5%</b>

# Highway Formula: A Closer Look

Guaranteed funding only, 5-year cumulative total, billion dollars

	IIJA 5-Yr	BA250 5-Yr	Increase/Decrease	
<b>Federal-Aid Highway Program</b>				
National Hwy. Perform. Program	148.0	166.0	+18.0	+12.2%
STBGP (Excl. TAP)	64.8	74.7	+9.9	+15.3%
Transport. Alternatives Program	7.2	8.3	+1.1	+15.3%
Highway Safety Improvement	15.6	17.2	+1.7	+10.7%
Rail-Highway Crossings	1.2	1.2	+0.0	+0.0%
CMAQ*	13.2	14.8	+1.6	+12.3%
Metropolitan Planning	2.3	2.8	+0.5	+22.8%
Natl. Hwy. Freight/HPC	7.2	8.3	+1.1	+15.4%
Carbon Reduction	6.4	0.0	-6.4	-100.0%
PROTECT Resiliency	7.3	0.0	-7.3	-100.0%
<b>Subtotal, FAHP Formula</b>	<b>273.1</b>	<b>293.4</b>	<b>+20.2</b>	<b>+7.4%</b>
<b>Other Formula</b>				
Bridge Formula	27.5	45.0	+17.5	+63.6%
EV Charging*	4.7	0.2	-4.5	-95.7%
Ferry Boats and Facilities	0.9	0.9	0.0	+2.2%
Appalachian Highways	1.3	0.0	-1.3	-100.0%
<b>Subtotal, Other Formula</b>	<b>34.4</b>	<b>46.1</b>	<b>+11.8</b>	<b>+34.3%</b>
<b>TOTAL HIGHWAY FORMULA</b>	<b>307.5</b>	<b>339.5</b>	<b>+32.0</b>	<b>+10.4%</b>

# Program Consolidations and Repeals

- Defunded from Contract authority

- INFRA

- Repealed

- PROTECT formula program
- NEVI program
- Congestion Relief
- Truck Emissions at Ports
- Healthy Streets
- Neighborhood Access and Equity
- Carbon Reduction Program
- Transit §5337 SOGR Competitive Grants for Rail Vehicle Replacement

- Defunded but eligible elsewhere

- ADHS portion of rural highway grant program
- Reconnecting Communities
- RAISE
- Low-No emission bus grants

- Turned into a set-aside

- Charging and Refueling Grants (→ into CMAQ)
- Various FTA Ferry programs (→ into §5307 UAFG)
- Sec 405 State safety grants → Sec 402 grants

# Program streamlining and flexibilities: Block granting

- Highway apportionment block grant (Consolidated funding pilot)
  - Up to 10 states, achieving minimum performance conditions
  - Full base apportionment would be eligible for any project under Sections 119, 133, 148, 149, 134, and 167
  - 25% of apportionment subject to allocation by population; “Programming and expenditure... consistent with sections 134 and 135”
- Transit
  - States may apply for consolidated formula grant authority; designated recipients may elect not to participate \*unless outvoted by majority of direct recipients in UZA
  - Eligibility for capital, planning, JARC, opex for all size UZAs, ADA, intercity bus
  - Cost share at 80% and sliding scale per 23 USC 120
  - Excludes “primary urbanized areas”

## New authority for MPOs

- New process for MPOs to be direct recipient of PL funds
- Suballocation of oblim to MPOs equal to PL funds
- Allows oblim for planning funds to remain available for 2 years

## New flexibility for cost-share

- PL set at 95% federal share
- HSIP funds can serve as match to STBG-funded bike and VRU projects
- Programmatic compliance with cost-share for STBG

## New accountability:

- State noncompliance with asset management subject to 65% federal share penalty

# Permitting and project delivery

- 4f and Section 106:
  - Exemption for all projects listed in the Advisory Council on Historic Preservation’s program comment on sustainable transportation from 2024 (previously not adopted by USDOT.)
  - Streamlined consultations for rail
- Advance acquisition of real property for transit and rail projects prior to NEPA, reimbursement if incorporated into funded project
- State programmatic agreements with FRA and FTA for CE determination
- Transit provider assumption of CE determination (Section 326)
- Integrating planning decisions into NEPA for rail
- New CEs
  - TOD TIFIA and RRIF projects
  - Doubling “small federal handle” CE cost threshold
  - Rail Right-of-Way activities

# New Programs and Set-asides: STAG

## Sec. 1124 Surface Transportation Accelerator Program

(Replaces RAISE, Rural Grant Program)

Really 3 competitive grant programs in one:

### Local/Regional Grants

\$1.2 Billion/Year CA

50-50 split of funding for projects over/under 200,000K population

Highway-bridge, transit, rail, port, airport access, culvert, anything else SecDOT OK's

Min. grant size \$5 million (\$1 million for rural)

Max grant size \$25 million

10% of rural half for communities 50K-100K pop.

1% areas of persistent poverty set-aside

### Rural Grants

\$600 Million/Year CA

Under 50,000 population

Highway/bridge only

Min. grant Size \$5 Million

10% small project set-aside

15% set-aside for projects on ADHS

15% set-aside for projects in states with high fatalities from lane departures

10% set-aside for projects benefiting agriculture product movement

5% set-aside for areas under 5,000 pop.

### Urban Grants

\$600 Million/Year CA

Over 50,000 population

Highway-bridge, transit, rail, MEGA-RAISE,

Min. grant size \$5 million

10% small project set-aside

1% set-aside for projects in areas of persistent poverty

# New Programs and Set-asides: Bridge

- New bridge formula program explicitly carrying on the IIJA Division J formula program and annual appropriations program
  - Each state gets \$75m/yr minimum plus new formula equal parts low-condition deck area and total deck area on NHS and all bridges. (1/4 each). Hold harmless min. apportionment at FY26 level for Division J program.
  - 20% set-aside for off-system bridges but states may opt out.
  - 25% set-aside for locally-owned bridges, and states are expected to hold competitive intrastate application and selection process.
- New competitive bridge program extends the BIP from IIJA, but gets no contract authority.
  - \$2 billion/year unfunded GF authorization, NHS bridges only \$50m minimum grant size.
- Also \$200 million/year discretionary culvert program (HTF CA).

# Program Changes: Capital Investment Grants

- ~~Small~~ **Streamlined** Starts: \$1 billion max cost, 50% federal max.
- Expedited technical capacity review for prior recipients
- Exemption from information collection and analysis plan for applicants with local commitment of 50% of total costs
- Rating benefit for localities with pro-housing policies enacted
- Alternative metrics for cost effectiveness than cost per rider

# New Programs and Set-asides: Transit accessibility

- All Stations Accessibility Program
  - minimum required spending on ADA accessibility from 5307:
    - 3% of 5307 on accessibility improvements if 30% or fewer of stations in a rail fixed guideway transit system are inaccessible,
    - 4% if 31-50% of stations are inaccessible
    - 5% if more than 51% are inaccessible
- Additionally: 1 percent set-aside of funds from section 5336 for ADA projects.

# Transit Policies: Safety and fare evasion

- New section 5321 on crime reduction eligible activities:
  - Funded with 1 percent set-aside required from section 5336
  - Eligibility is broad
    - Station area safety improvements e.g. lighting, call boxes
    - Fare enforcement infrastructure
    - Cameras and surveillance systems, Cybersecurity
    - Hiring transit police officers (w/ limits on operating cost spending.)
- NTD reporting: transit crimes, assaults, and fare evasion
- Bus Design: floor to ceiling enclosure requirement for bus operators
- State and local compliance with fare evasion enforcement
  - Requirement to make the act of evading a fare payment for public transportation a criminal or civil offense under state and local law
  - Failure to comply by 2028: FTA withholding 10 percent of the direct recipient's federal assistance.

# Transit Policies: Bus procurement

- Annual schedule of maximum Federal funding amount per bus
  - Specified for different combinations of propulsion types and lengths
  - Based on 5-year rolling average of bus procurement costs
  - Starts at 80% of average costs in 2029, declines by 5 percentage points/yr
  - Incentive for use of state contracts –exempt from the maximum Federal funding amounts
- Rolling Stock ban:
  - Covered nations: China, Iran, Russia, North Korea
  - Covered entities: headquartered in, financially supported by, have principal place of business in, organized under laws of, have covered individual in position of power or holding board seat or special shares
  - Covered individuals: citizen or resident of a covered nation, or country controlled by covered nation and not citizen or resident of U.S., any agent or employee of covered nation
  - Ban applies to: rolling stock made by covered entity, buses with electric power train made by covered entity, chargers that may be used to power a covered vehicle

# New Programs and Set-asides: NHTSA

- Highway safety program consolidation of Section 405 into Sec 402
- Six priority areas with spending tied to performance
  - **Occupant protection** – average occupant protection fatality rate greater than 75% national average fatalities → expend at least 6% of the funds
  - **Impaired driving** – average impaired driving fatality rate that is greater than 75% of the national average → expend at least 26% of funds
  - **Distracted driving**– Each State shall expend not less than 4% of funds
  - **Motorcyclist safety**— average motorcyclist fatality rate that is greater than 75% of the national average → expend at least 0.7%
  - **Non-motorist safety**— annual combined non-motorist fatalities in a State exceed 15% of the total annual crash fatalities in the State → expend at least 3% of funds
  - **Speeding**— average speeding fatality rate that is greater than 75% of the national average fatality rate → expend at least 6.3% of funds
- Performance above minima allows broader spending flexibility

# Rail

- Zero dedicated funding for FRA. (\$13.2 billion/year under IIJA).
- Authorizes Appropriations to provide \$12.9 billion/year but their average is only \$3.5 billion/year.
- Authorization includes aspirational Amtrak increases to compensate for expiration of IIJA advances
- Amends law to require Amtrak to provide service "competitive with other modes of transportation"
- Retains (but does not fund) CRISI and grade crossing grant programs
- Combines Fed-State Partnership, Restoration/Enhancement, and Interstate Rail Compacts into one (unfunded) grant program

# Freight and Multimodal

- INFRA Grants: no more CA (GF auth only at \$2 billion/year), urban area threshold changed from 200K to 50K pop.
- National Highway Freight **and High Priority Corridor** Program – adds the HPC list in sec. 1105 of ISTEA to eligible network
- Greater emphasis on eliminating freight bottlenecks
- Adding more inland ports to the network
- Reauthorizes MEGA grants (all GF auth only)
- Authorizes \$50 million/year GF Olympic/Paralympic/FIFA transport aid
- Defunds but does not eliminate salmon culvert program

# Innovation

- SMART Grants continued, Consolidates to a single stream instead of 2 stages
- State VMT pilots continued at same funding level
- National pilot continued at same funding level, with advisory board to be (re)established within 30 days

# What Comes Next?

- House T&I: member amendments due 1 p.m. Wed, markup 10 a.m. Thursday
- At some point, Energy and Commerce must add NHTSA vehicle safety title (either through markup or informally at Rules), based on Guthrie draft from last Dec.
- Science Committee marking up H.R. 8748 Wed. 10 a.m., concurrent jurisdiction on surface transportation research/BTS
- Ways and Means must add revenue title (either through markup or informally at Rules)
- Attempt to go to House floor for consideration in June-July

# Any Questions?

