

MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY: FEDERAL TRANSPORTATION REAUTHORIZATION

A FEDERAL FUNDS WATCH FROM LEGISLATIVE BUDGET BOARD STAFF

ID: 838

MAY, 2013

On July 6, 2012, the President signed federal transportation authorization legislation called **Moving Ahead for Progress in the 21st Century Act** (MAP-21). MAP-21 extended the previous transportation authorization for the remaining months of federal fiscal year 2012 and authorized \$105.0 billion for federal fiscal years 2013 through 2014. New MAP-21 federal provisions and funding distributions became effective October 1, 2012.

FEDERAL HIGHWAY PROGRAMS

MAP-21 consolidates two-thirds of all highway formula programs. Core formula funding categories for highway programs are reduced from 13 to 6. Highway program funding levels are authorized nationally at \$37.5 billion in federal fiscal year 2013 and \$37.8 billion in federal fiscal year 2014. In federal fiscal year 2014, MAP-21 establishes a new guaranteed rate of return of 95 percent on the amount of motor fuel and other tax revenue collected by states for the federal Highway Trust Fund. The previously authorized rate of return was 92 percent. Figure 1 shows the Texas amounts for the six core formula federal highway programs in federal fiscal year 2013 and federal fiscal year 2014.

National Highway Performance Program (NHPP) combines the Interstate Maintenance, National Highway System and Highway Bridge programs with a focus on highway system maintenance. Funding for new highway capacity is limited to 40 percent of the most recent three-year average. Highway corridor-related transit projects are also eligible for funding from this program.

Surface Transportation Program (STP) funds state and local projects that preserve or improve conditions on federal-aid highway and bridge construction projects. Funding may also be used for non-motorized transportation facilities and certain transit capital projects.

Highway Safety Improvement Program (HSIP) continues funding for existing safety construction programs. The program also requires that states set aside funds for high-risk rural roads if the fatality rate on rural roads increases over a certain time period.

Congestion Mitigation and Air Quality Program (CMAQ) funds state and local transportation projects and programs so they can meet the federal requirements of the Clean Air Act.

Railroad-Highway Crossings Program (RCP) continues the existing safety improvements program at public grade railroad crossings to reduce fatalities and injuries. Funds are taken from the HSIP category to separately fund this program.

Metropolitan Planning Program (MPP) receives a direct apportionment of funds for state and local planning. Funds were previously distributed through the Surface Transportation and Interstate Highway programs.

FIGURE 1
MAP-21 AUTHORIZED CORE FORMULA HIGHWAY APPORTIONMENTS TO TEXAS, FEDERAL FISCAL YEARS 2013 AND 2014

(IN MILLIONS)

FEDERAL HIGHWAY PROGRAM	FISCAL YEAR 2013	FISCAL YEAR 2014
National Highway Performance Program	\$1,832.7	\$1,848.4
Surface Transportation Program	843.0	850.2
Highway Safety Improvement Program	184.2	185.9
Congestion Mitigation and Air Quality Program	150.5	151.8
Metropolitan Planning Program	21.7	21.9
Railway-Highway Crossings Program	17.2	17.2
Apportionment Totals	\$3,049.3	\$3,075.4

SOURCE: Federal Highway Administration.

SELECT HIGHWAY PROGRAM PROVISIONS

Transportation Alternatives Program (TAP) is a new program that is funded with set asides from the NHPP, STP, HSIP, CMAQ and Metropolitan Planning programs. TAP replaces most activities funded by the former Transportation Enhancements, Recreational Trails, and Safe Routes to School programs. States may opt out of this program and use funds for their original program purposes.

Transportation Infrastructure Finance and Innovation Act Program (TIFIA) funding increased from \$122.0 million to \$750.0 million in federal fiscal year 2013. TIFIA funding is increased to \$1.0 billion in federal fiscal year 2014. TIFIA provides loans, loan guarantees and lines of credit for eligible surface transportation projects. Projects may include highway construction, freight and passenger rail development, and transit construction.

Performance Measures and Targets are established in MAP-21 to track project outcomes for safety, highway infrastructure condition and congestion reduction programs, among others. States and metropolitan planning organizations must include performance measures and targets in their highway program planning. MAP-21 sets new penalties for states that do not comply with performance measures or targets in their transportation plans. For example, states are required to develop a risk and performance-based highway asset management plan for the National Highway System (NHS). The NHS planning process must be recertified every four years. Non-compliant states receive a reduced federal share for NHPP projects from 80 percent to 65 percent.

Environmental Review laws in MAP-21 expand the number and types of projects that can be excluded from the federal environmental review process. Eliminating this federal step is expected to reduce project delivery time and costs. Emergency projects or projects near highways that have already had a recent review are two types of projects that may qualify for this provision.

FEDERAL TRANSIT PROGRAMS OVERVIEW

MAP-21 provides the federal Mass Transit Fund with \$10.6 billion in federal fiscal year 2013 and \$10.7 billion in federal fiscal year 2014. The federal government estimates that approximately 80 percent of federal transit funding will be distributed directly to local entities in federal fiscal year 2013. MAP-21 consolidates five transit programs and establishes six new transit programs. MAP-21 gave the Federal Transit Administration statutory authority to oversee and enforce public transportation safety requirements throughout the country. Figure 2 shows select transit program apportionments to Texas for federal fiscal year 2013.

OTHER MAJOR TRANSIT PROGRAMS

State of Good Repair (SGR) Grants provide formula funding to states and local entities to maintain and modernize public transit systems (\$2.1 billion authorized in federal fiscal year 2013). SGR Grants replace the Fixed Guideway Modernization Program.

Public Transportation Emergency Relief funds are authorized to cover emergency-related transit system expenses incurred by local entities and states. Funds may be used to protect, repair or replace equipment and facilities. Funds for this program can only be appropriated by Congress for a declared disaster.

Fixed Guideway Capital Investment Grants consolidate and streamline project approvals for new transit capacity growth projects. Eligible projects may include new rapid rail, light rail, commuter rail, and bus rapid transit systems. Projects on established major transit corridors are also eligible for funding.

FIGURE 2
MAP-21 SELECT AUTHORIZED TRANSIT APPORTIONMENTS TO TEXAS
FEDERAL FISCAL YEAR 2013
(IN MILLIONS)

FEDERAL TRANSIT PROGRAM	PROGRAM CHANGES	FISCAL YEAR 2013
Urbanized Area Formula Grants (Communities of 50,000 or more)	Continues bus and other transit programs for urban areas. Consolidates funding for low-income commuter programs.	\$33.9
Rural Area Formula Grants (Communities of fewer than 50,000)	Continues public transportation programs for rural areas. Consolidates funding for low-income commuter programs.	38.8
Enhanced Mobility of Seniors and Individuals with Disabilities	Consolidates the Elderly and Disabled and New Freedom programs. New provisions modify funding formulas and eligibility requirements for the consolidated program.	6.3
Bus and Bus Facilities	Replaces the discretionary bus program with a formula program providing funds to replace, repair, and purchase buses. Funds are also used to construct bus-related facilities.	4.7
Metropolitan and Statewide Planning	Establishes a national performance measurement system. The system requires states, transit agencies, and Metropolitan Planning Organizations to establish performance targets.	10.2
Apportionment Totals		\$93.9

NOTE: Federal transit funds granted directly to local transit entities are not included.
 SOURCE: Federal Transit Administration.

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The Federal Funds Analysis Team of the Legislative Budget Board conducts research on federal legislation and federal funding issues which impact the state budget.