

---

# **Intro to “How the Federal-aid Highway Program Works”**

---

# The Federal Aid Highway Program

---

“State Administered and Federally Assisted.”

# **Federal, State & Local Relationship**

## **Federal Responsibilities**

---

- ✓ **Review and approve State proposals**
- ✓ **Develop regulations and guidance**
- ✓ **Promulgate standards**
- ✓ **Provide technical assistance**
- ✓ **Distribute line of credit**
- ✓ **Reimburse States their eligible expenses**
- ✓ **Provide Leadership in Research & Technology Transfer**
- ✓ **Institutionalize Lessons Learned**
  - ✓ **Training and Professional Development**

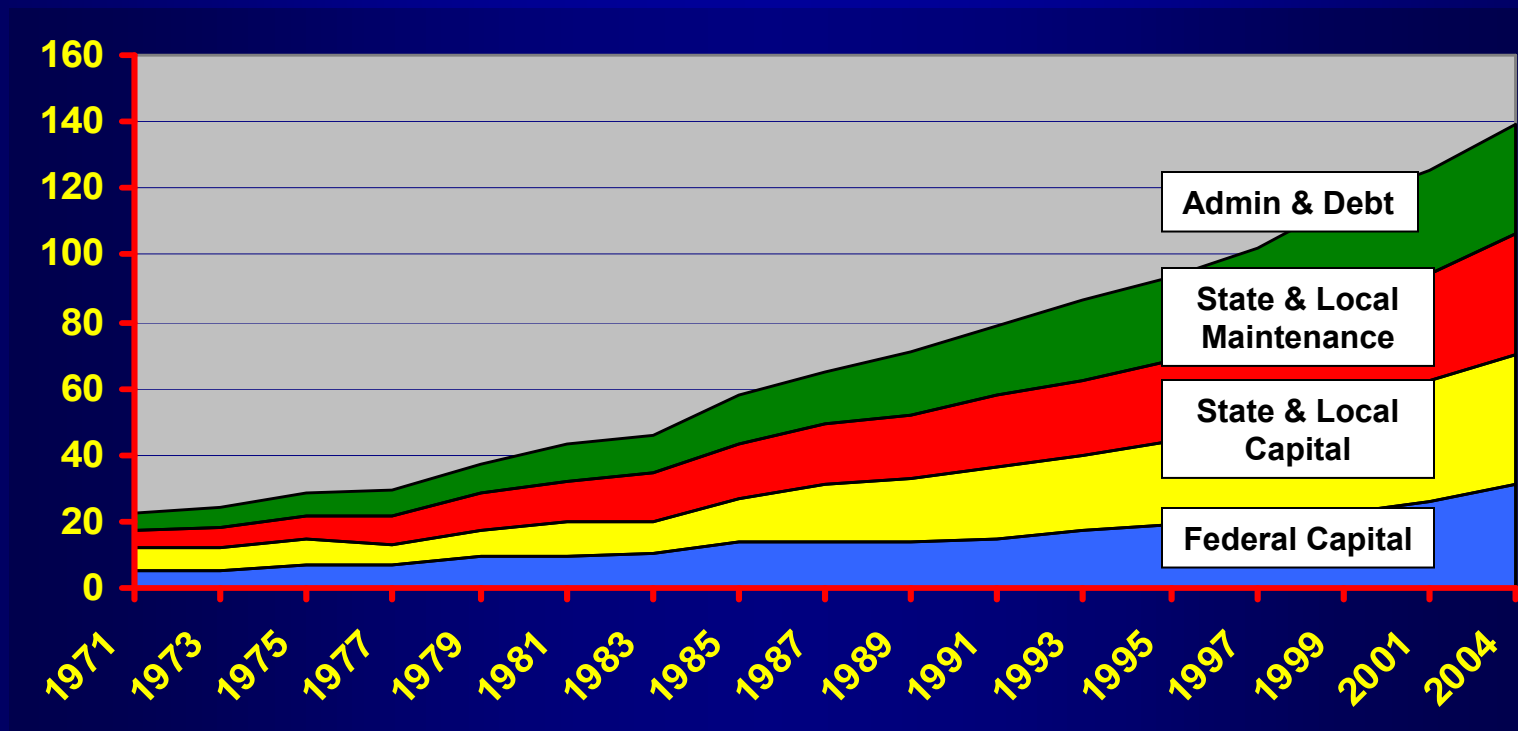
# **Federal, State & Local Relationship**

## **State and Local Responsibilities**

---

- ✓ **Conceive, plan, design, initiate, and construct projects.**
- ✓ **Own, Maintain and Operate highways.**
- ✓ **Evolving Private Sector Role**

# Total U.S. Highway Spending Federal, State and Local Governments

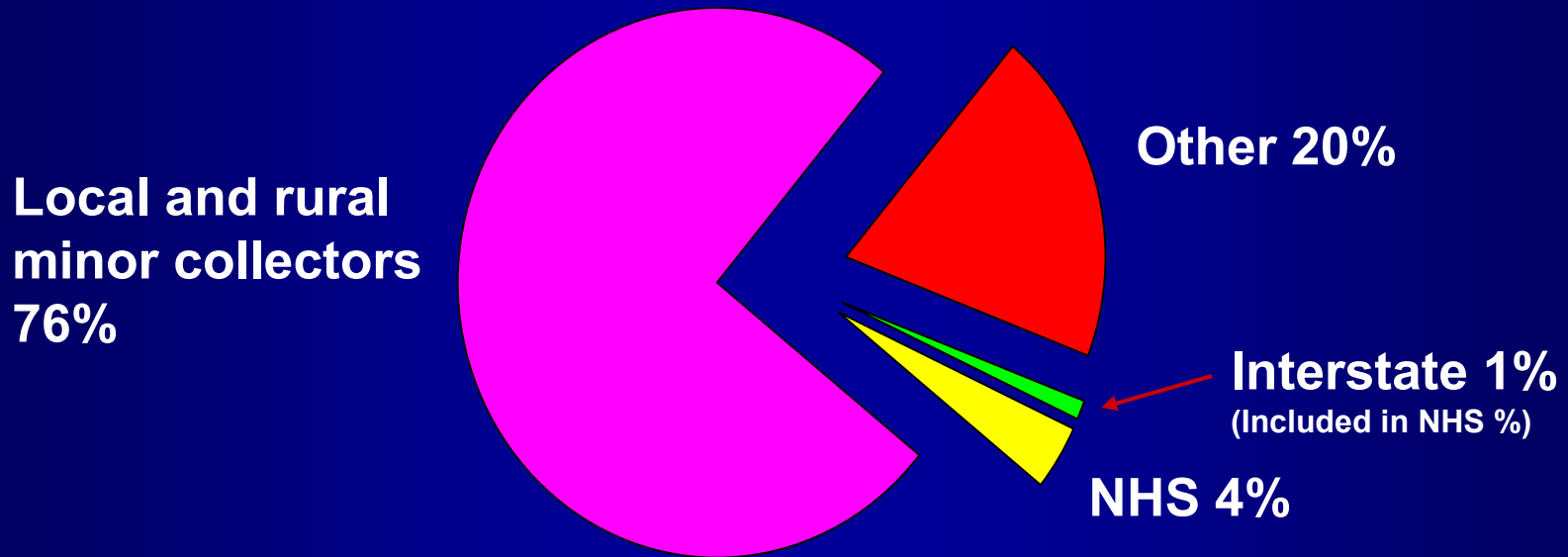


Projected

**Federal Capital is 43.8% of Total Capital**

# Functional Classification

## Eligibility for Federal Financial Assistance

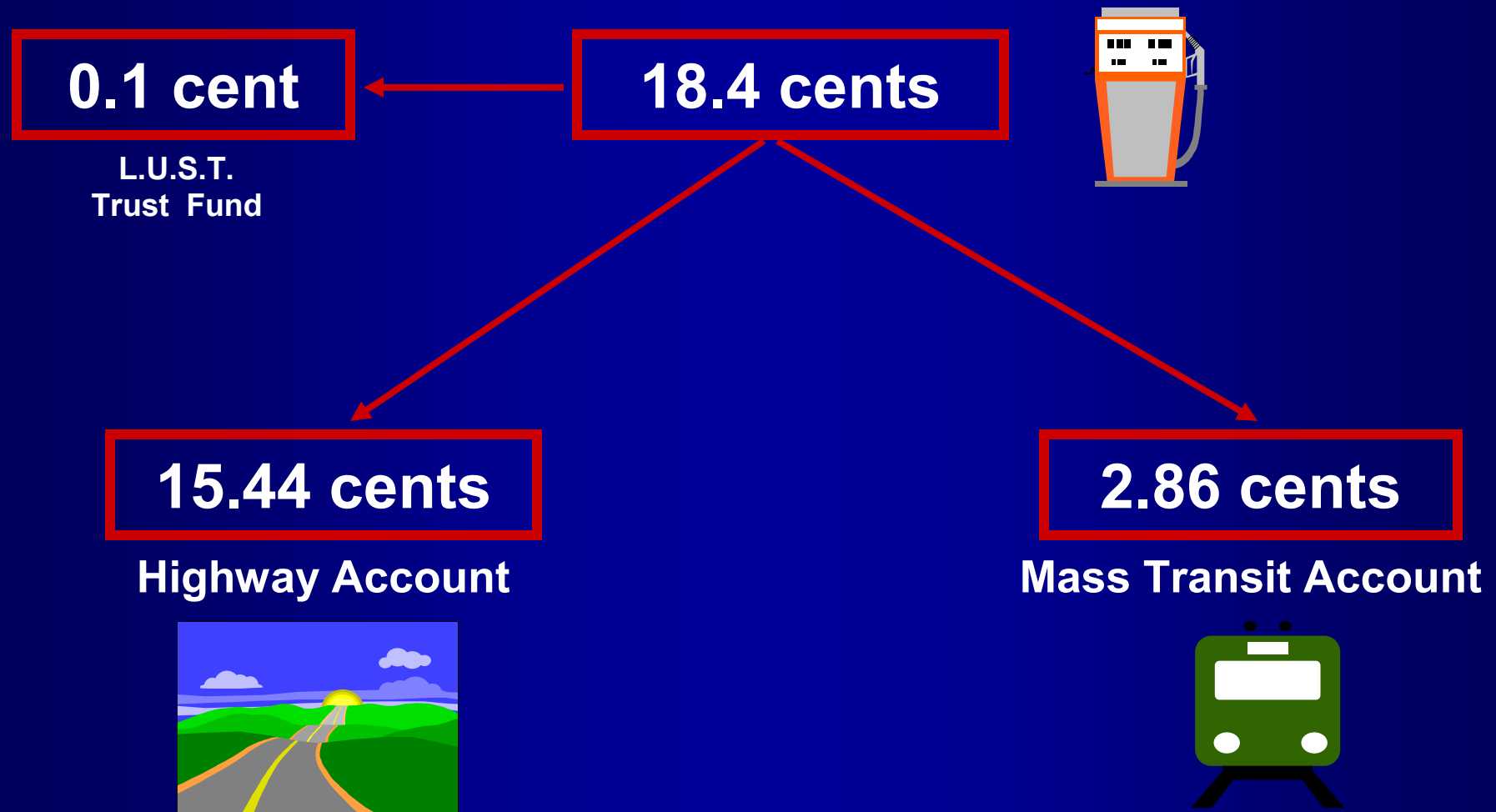


*Ineligible*

*Eligible*

4 million miles of public roads total

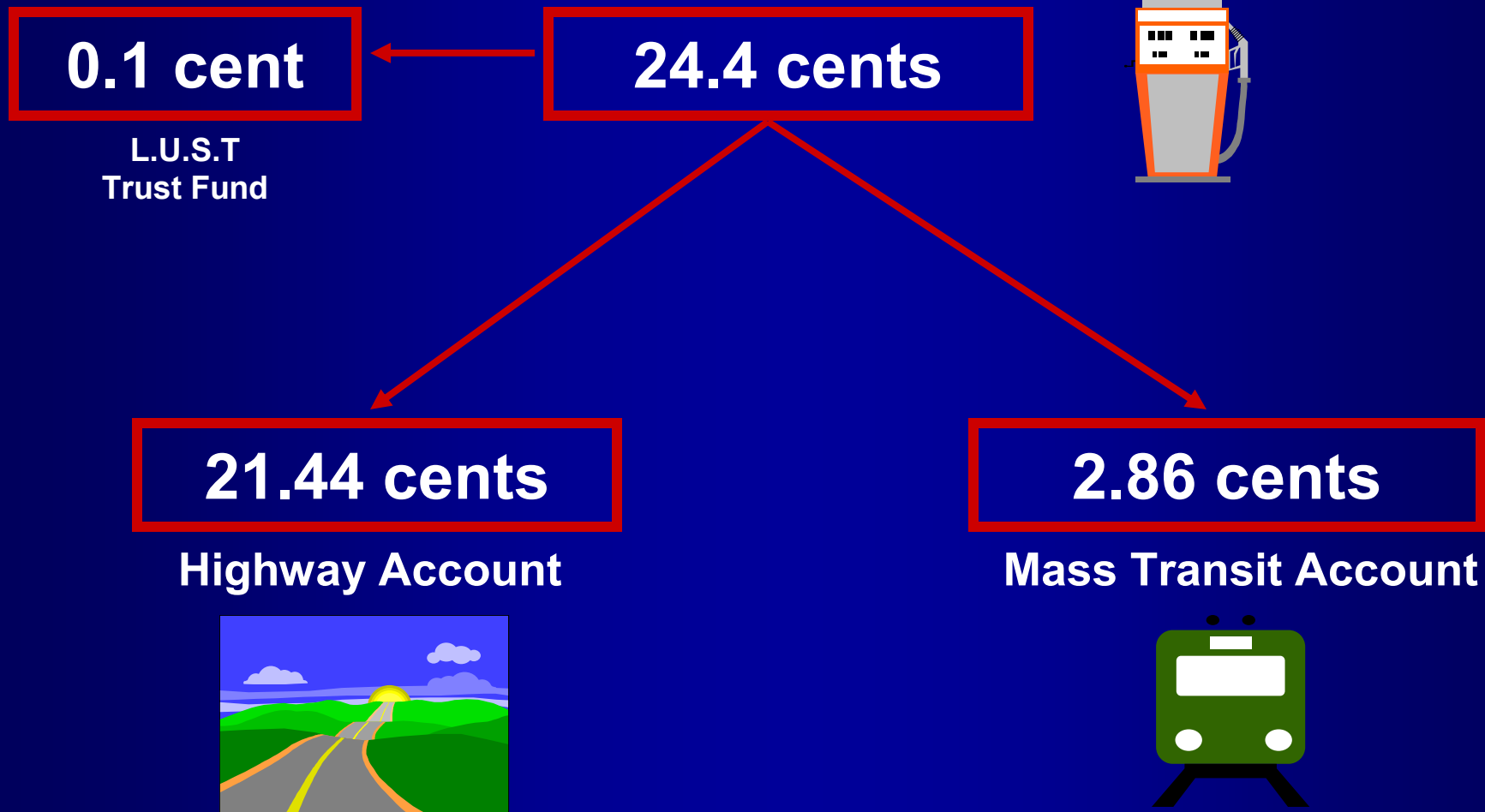
# Federal Gasoline Tax



Effective October 1, 1997

In cents per gallon

# Federal Diesel Tax



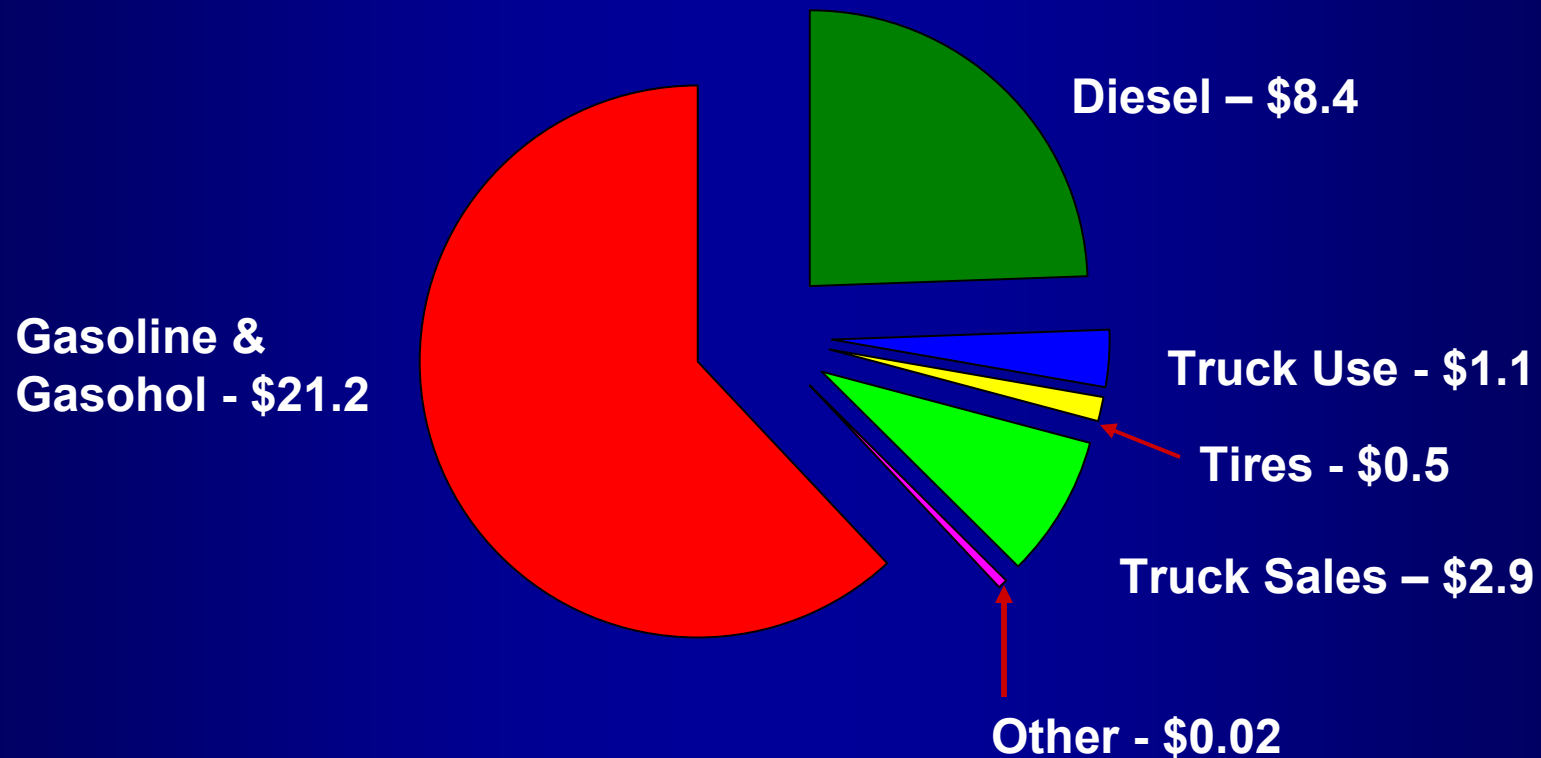
Effective October 1, 1997

In cents per gallon



# Highway Trust Fund Income\*

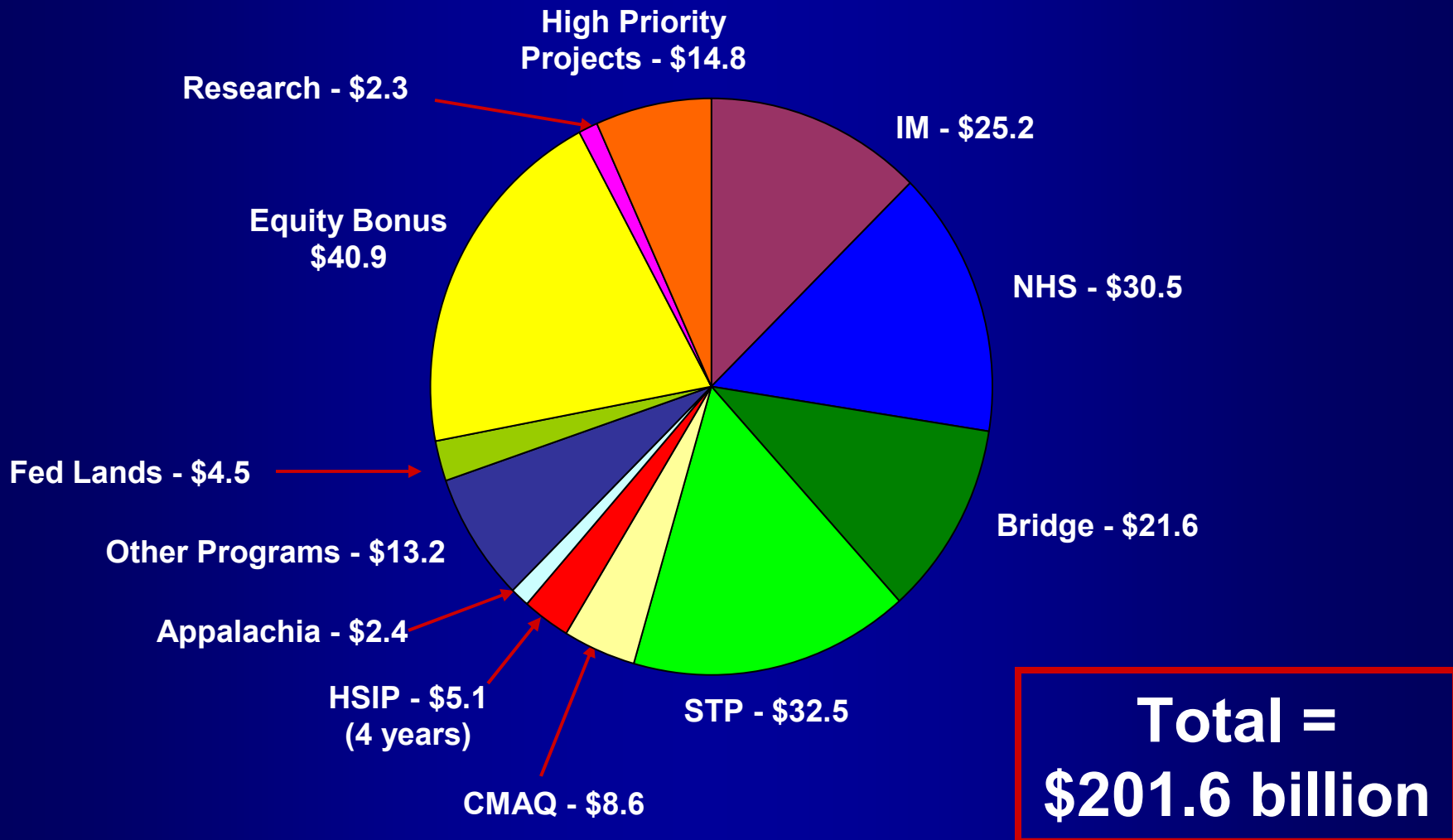
## Highway Account – FY 2005



**Total = \$34.1 Billion**

\*Prior to transfers & refunds

# Authorizations 2005-2009 (Before \$8.5B Rescission)



# Distribution of Funds

---

## **Apportionments**

(STP, NHS, IM, CMAQ, etc.)

- ✓ **Distributed by formula specified in law**
- ✓ **Distributed on October**
- ✓ **Withdrawn only by law**
- ✓ **All eligible States are recipients**

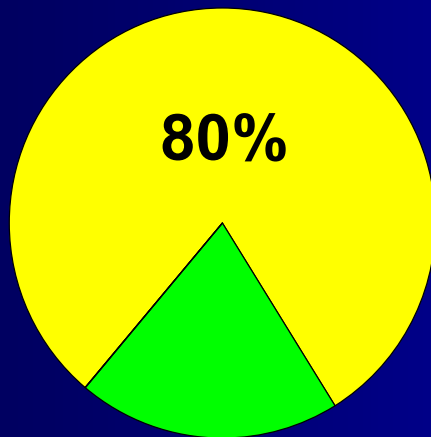
## **Allocations**

(IM Discretionary, Ferry Boats, etc.)

- ✓ **No method specified in law**
- ✓ **Distributed throughout year**
- ✓ **Can be withdrawn by administrative action**
- ✓ **Only some States are recipients**

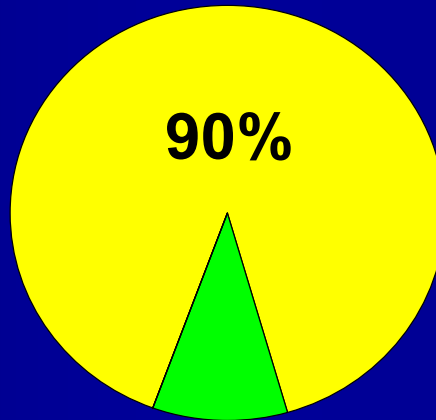
# Federal Share

NHS  
STP  
Bridge  
CMAQ



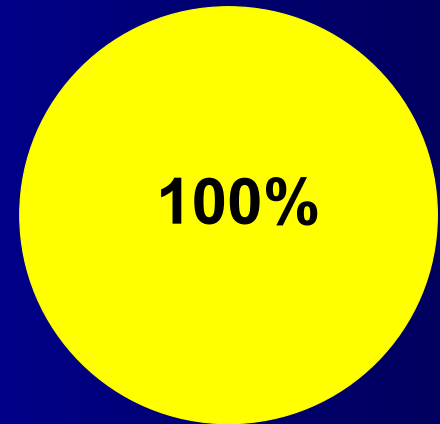
Matching Share

Interstate Maintenance



Matching Share

Federal Lands  
Emergency Relief



# What is the Federal Interest?

---

- **Is there a link between Participation and Interest?**

(Participation does not necessarily connote funding.)

- **Is the Federal Participation sized to suit the Federal Interest?**
- **“The Federal Interest is that which the Highway Trust Fund can afford!”**
- **Should Federal interest / attention be more focused or limited than it is today?**
  - **Interstate System Connectivity & Balance, Safety, Support of Nation’s Economy, National Defense, Other?**
- **Should attached Federal “Strings” be solely dependent upon Federal financial involvement?**
  - **NEPA, Title 23, etc.**

# What is an Appropriate Federal Role?

---

- **Role reevaluation is important.**
  - The environment and needs are constantly changing.
  - Revalidate or Redefine.
- **Consequences of a “unclear” Federal Role**
  - Inability to focus energy ... at all levels.
    - Focuses majority of attention on “Funding”.
      - Other issues lose attention.
  - Encourages “Earmarking” of “Discretionary” Programs.

# Requirements – Resources Gap

“Outcome of Evolving Times”

---

- **Under current demands the FHTF must be adjusted**
  - Is no longer sustainable in its current form
- **It is not just a Federal Resource Gap**
  - Tax “adjustments” are difficult at all levels.
  - State Leadership looking for more reliable alternatives.
- **Need to integrate non-traditional sources.**
  - Private Sector investment participation.
  - Other “Direct User Fee” options.
- **Need to be more efficient on the “requirements” side.**
  - “Pricing” to affect “User” demand. (Utility vs. Facility)
  - Longer lasting, more efficiently achieved solutions.
- **Technology is an enabler.**

# We Are At A Crossroads

“Blinding Flashes of the Obvious!”

---

- **American Competitiveness in the Evolving Global Economy**
  - Market competitiveness will be dependent upon transportation systems.
- **American Quality of Life.**
  - Time
  - Access
  - Freedom to Move.
- **Stewardship of the Nation’s Wealth.**
  - Transportation has and will continue to require substantial investment.
  - Transportation investments must be wise investments.



---

QUESTIONS??



# Rate of Liquidating Cash

How fast obligated funds become expended

