U.S. Department of Transportation
Federal Highway Administration

SURFACE TRANSPORTATION SYSTEM FUNDING ALTERNATIVES PROGRAM

Fiscal year	2016	2017	2018	2019	2020
Authorization	$15 M	$20 M	$20 M	$20 M	$20 M

Program purpose

The FAST Act established the Surface Transportation System Funding Alternatives Program to provide grants to States or groups of States to demonstrate user-based alternative revenue mechanisms that utilize a user fee structure to maintain the long-term solvency of the Highway Trust Fund. The objectives of the program are—
- to test the design, acceptance, and implementation of two or more future user-based alternative mechanisms;
- to improve the functionality of the user-based alternative revenue mechanisms;
- to conduct outreach to increase public awareness regarding the need for alternative funding sources for surface transportation programs and to provide information on possible approaches;
- to provide recommendations regarding adoption and implementation of user-based alternative revenue mechanisms; and
- to minimize the administrative cost of any potential user-based alternative revenue mechanisms.

Statutory citation: FAST Act § 6020

Funding features

Type of budget authority
Contract authority from the Highway Account of the Highway Trust Fund. Funds for the program are set aside from the Highway Research and Development Program (23 U.S.C. 503(b)). Funds are available until expended. They are subject to the overall Federal-aid obligation limitation and the obligation limitation associated with these funds is available for four fiscal years. [FAST Act §§ 1102(e), 6002]

Federal share: The Federal share of the cost of an activity carried out under the program may not exceed 50 percent. [FAST Act § 6020(g)]

Eligible activities

Recipient will use program funds to test the design, acceptance, and implementation of a user-based alternative revenue mechanism, consistent with the program's objectives.

Program features

Issues to be addressed in tests
In its use of program funds, a grant recipient must address—
- the implementation, interoperability, public acceptance, and other potential hurdles to the adoption of the user-based alternative revenue mechanism;
- the protection of personal privacy;
- the use of independent and private third-party vendors to collect fees and operate the user-based alternative revenue mechanism;
- market-based congestion mitigation, if appropriate;
- equity concerns, including the impacts of the user-based alternative revenue mechanism on differing income groups, various geographic areas, and the relative burdens on rural and urban drivers;
- ease of compliance for different users of the transportation system; and

- the reliability and security of technology used to implement the user-based alternative revenue mechanism. [FAST Act § 6020(d)(1)]

Recipients may also address—
- the flexibility and choices of user alternative revenue mechanisms, including the ability of users to select from various technology and payment options;
- the cost of administering the user-based alternative revenue mechanism; and
- the ability of the administering entity to audit and enforce user compliance. [FAST Act § 6020(d)(2)]

Limitations on revenue collected
Revenue collected through a user-based alternative revenue mechanism established with program funds is not considered a toll under 23 U.S.C. 301. [FAST Act § 6020(f)]

Project selection
The FAST Act requires the Secretary to consider geographic diversity in awarding grants. [FAST Act § 6020(e)]

Reporting requirements
Not later than one year after the first grant is awarded, and each year thereafter, each grant recipient must report to the Secretary on how the demonstration activities carried out with program grant funds meet the objectives of the program, as well as lessons learned for future deployment of user-based alternative revenue mechanisms. [FAST Act § 6020(h)]

Not later than two years after enactment of the FAST Act, and every two years thereafter, the Secretary will post on the DOT web site a report describing the progress of the demonstration activities. [FAST Act § 6020(i)]