

# Federal Highway Program Status Report

What is the future of federal transportation programs  
and policies?

Fairbanks Transportation Forum  
October, 2010

# Future Hard to Predict



Deficits

Trust Fund  
Woes

Donor-Donee  
debate

Tax or  
User Fee?

Fiscal  
Constraint  
Rules

Urban-centric  
policies

Party in control?

New modes to  
share?

Rural-Urban

Cap & Trade Taxes  
and Rules

# Outline of Issues

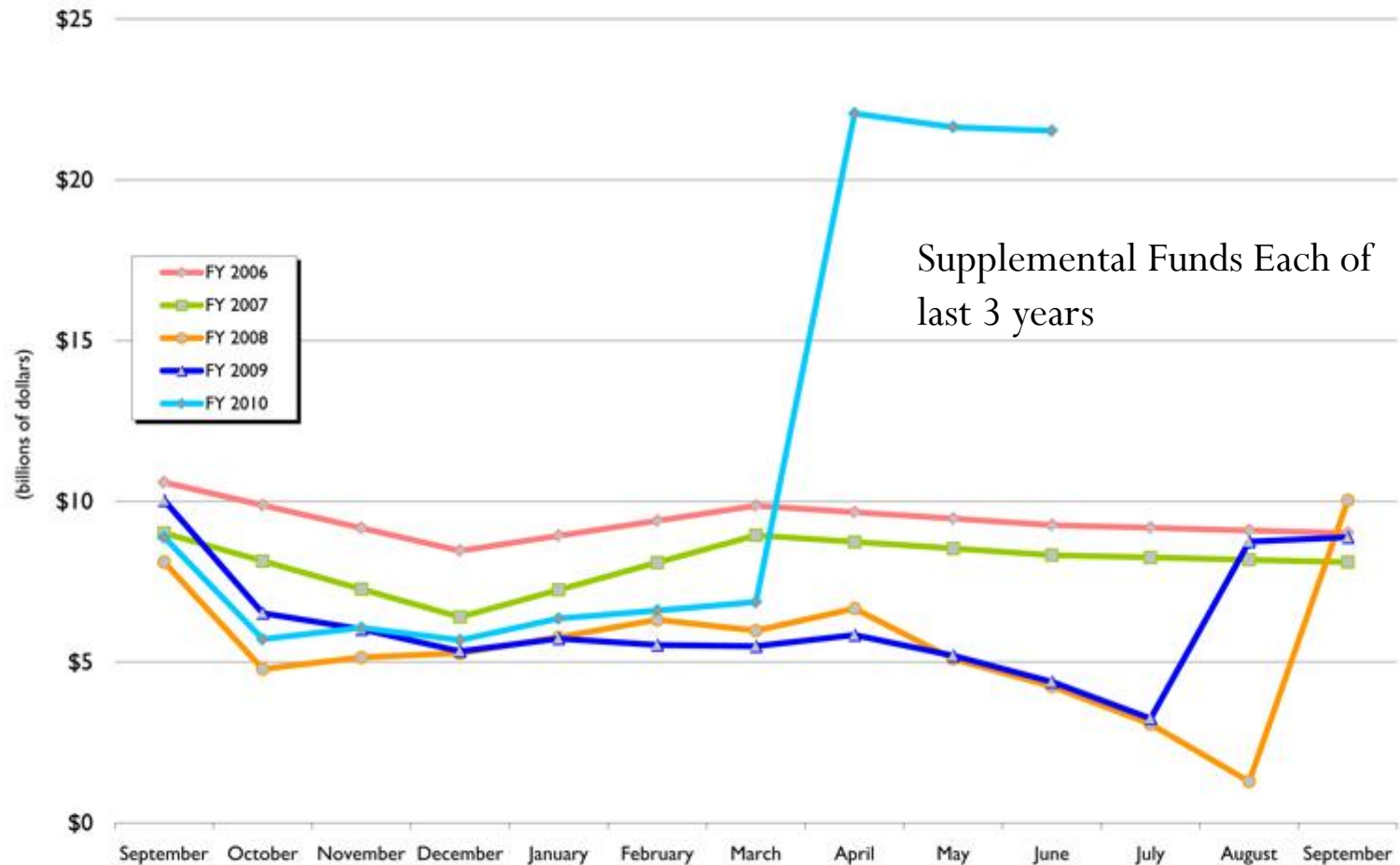
- A quick review of the federal 2010 Year
  - Highway Trust Fund balance
  - Unusual Issues
  - ARRA (Stimulus) Projects
- Transportation trends impacting the future
  - Reauthorization
  - Funding
  - Climate Change
  - Other Policy changes

# Federal Highway Program Status Report

A Quick Review of 2010 and Current Status

# Trust Fund Balance Over 5 Years

## Highway Account Balance



Supplemental Funds Each of last 3 years

Ending balance for FY 2008 includes \$8.017 billion transferred from the General Fund in September 2008 pursuant to Public Law 110-318.  
Ending balance for FY 2009 includes \$7 billion transferred from the General Fund in August pursuant to Public Law 111-46.

# Trust Fund Issues

- Trust Fund revenue at current tax levels not meeting current spending
- Congress has added GF dollars three times to restore a positive balance
- Other budget gimmicks such as rescissions have been used repeatedly
- Since September 2009
  - One large rescission
  - One large rescission reversal
  - One medium new rescission

# 2010 Federal Fiscal Year

- Unusual in several respects
  - Second largest amount on record due to
    - ARRA funds (1 / 3 of ARRA put to contract in 2010)
    - Increase due to no earmarking
  - Late to receive (allocations not sent until April (7<sup>th</sup> month))
  - Significant funding: \$492 M FHWA + \$60 M ARRA
  - Rescissions return after short break

# ARRA 2009/2010 (Stimulus)

- Alaska received \$255 Million in transit, highway and aviation funding
- 50 projects; selected by Legislature
- All funding has been obligated; over 66% has expended to date
- Though highly audited (multiple times) no substantive issues have been identified



# ARRA 2009/2010



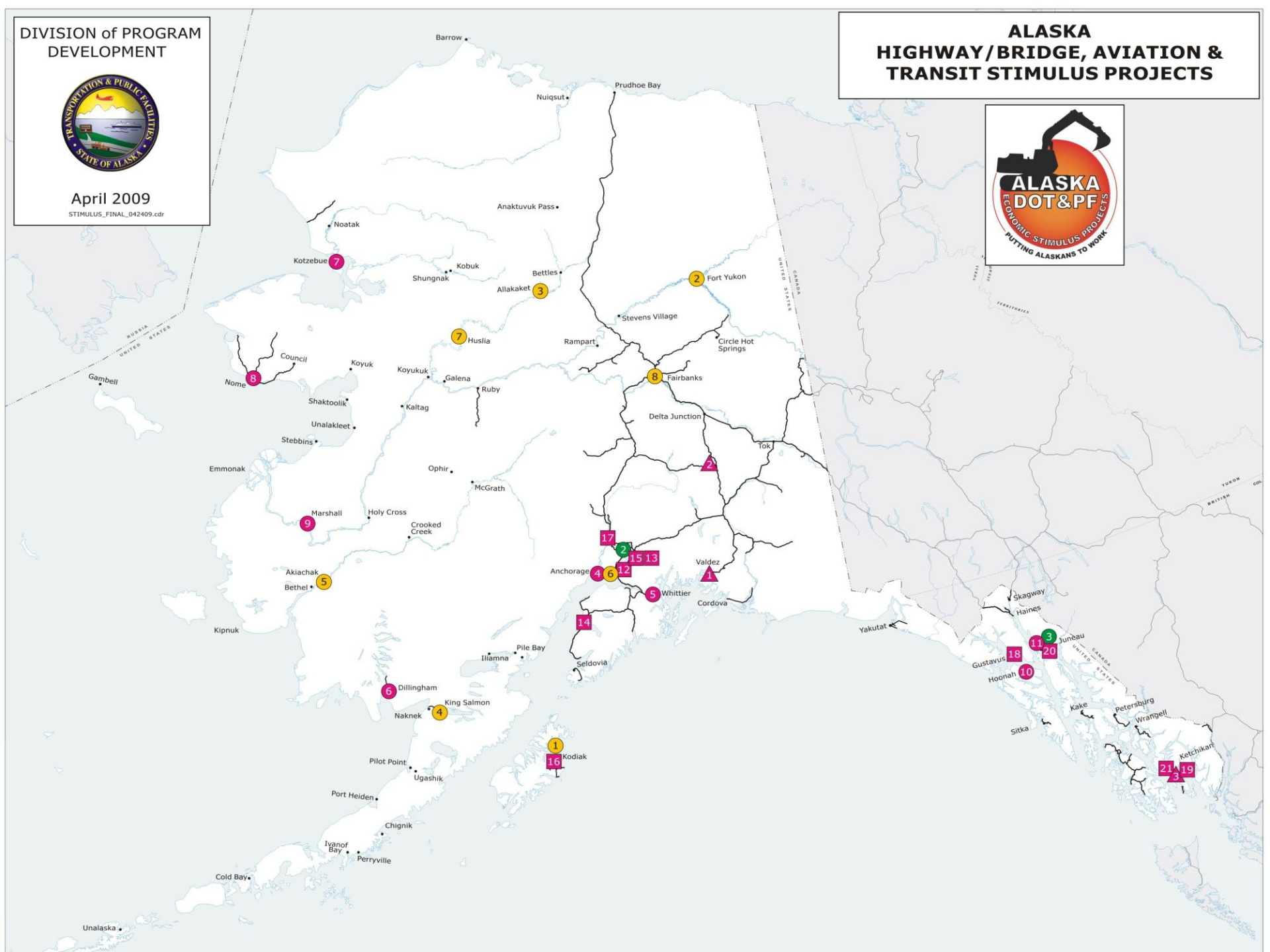
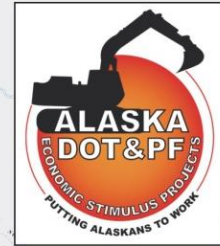
- Transit Funds – 100% Obligated
- Aviation Funds – 100% Obligated
- Highway & Bridge Funds – 100% Obligated
  - 50 projects and \$255 M put to work
  - 580 jobs per month, on average, since work began
  - Work largely performed by Alaska-based contractors



April 2009

STIMULUS\_FINAL\_042409.cdr

# ALASKA HIGHWAY/BRIDGE, AVIATION & TRANSIT STIMULUS PROJECTS



# Federal Highway Program Status Report

## Transportation Trends 2011 and Beyond

- Reauthorization
- Funding Needs to Increase
- Climate Change Policies
- Other Policy changes

# Transportation Trends

- Reauthorization
- SAFETEA-LU expired Sep. 30, 2009
  - Extended until December 2010
- Major focus is on major change of policy
- Rep. Oberstar released draft bill in 2009
  - Large funding increase overall
  - New funding focused on high speed rail, transit, freight and large cities (>500k)
  - Highway funding virtually flat
  - Details on new formulas not revealed
  - Term “Performance Measures” found 230 times in bill

# Transportation Trends

- Reauthorization
- Many questions remain on when reauthorization can proceed?
  - Congressional Leadership after Nov. 2?
    - If lame duck then only 2 weeks; focus likely on many other priorities
  - From where will new funding needed be taken?
  - Time short before 2012 elections get underway
- President talking up a \$50 B new stimulus to jump start next reauthorization
  - No firm details, no action yet

# Transportation Trends

- Reauthorization
- What about 2011?
- Appears it will repeat 2010 funding levels
  - First Continuing Resolution passed last week (63 days of funding)
  - SAFETEA-LU extended until December 31
- Congress must act to extend both in December
- A repeat of 2010 year funding levels is good for Alaska
  - Higher funding due to no earmarks

# Transportation Trends

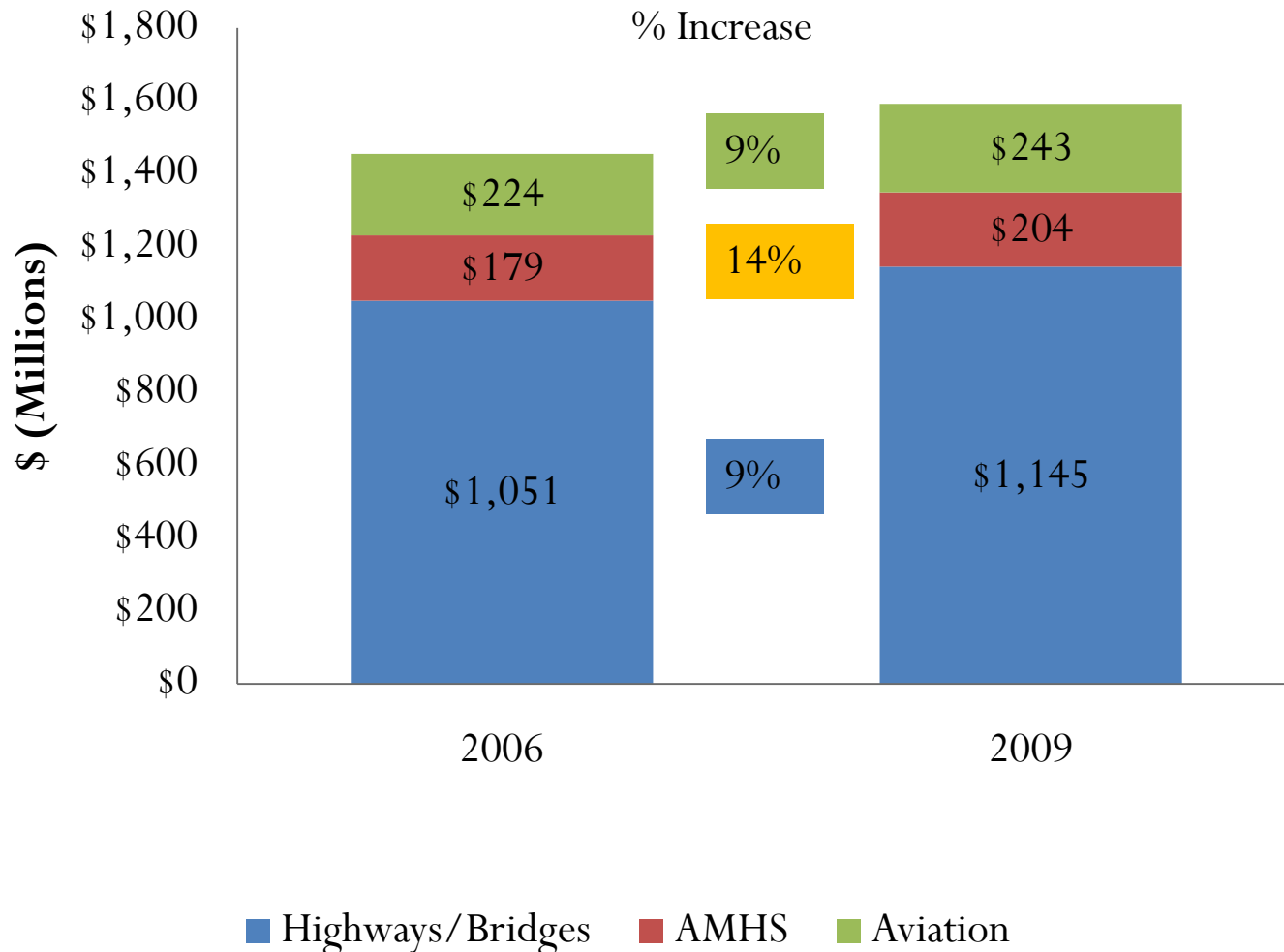
- Funding Needs to Increase
  - National reports indicate significant increase is needed to meet decline in condition and growth needs
  - Alaska data suggest we have enormous backlog
    - \$10 B in identified highway needs
    - Not including some large active reconnaissance projects
      - Road to Nome (Western Access)
      - Road to Umiat (Foothills West)
      - Road to Ambler

# Transportation Trends

- Funding Needs to Increase
  - Words: “*Tax*” or “*user fee*” our politics seem unwilling to break the log jamb
    - Disconnect from who pays, who gets, may be part of the problem
  - States are turning to tolls more widely
  - Some too focused on better use of existing roads
    - WSDOT “lane management” project now deployed
  - Long term, tax on liquid fuels will decline and new fund raising method must be found

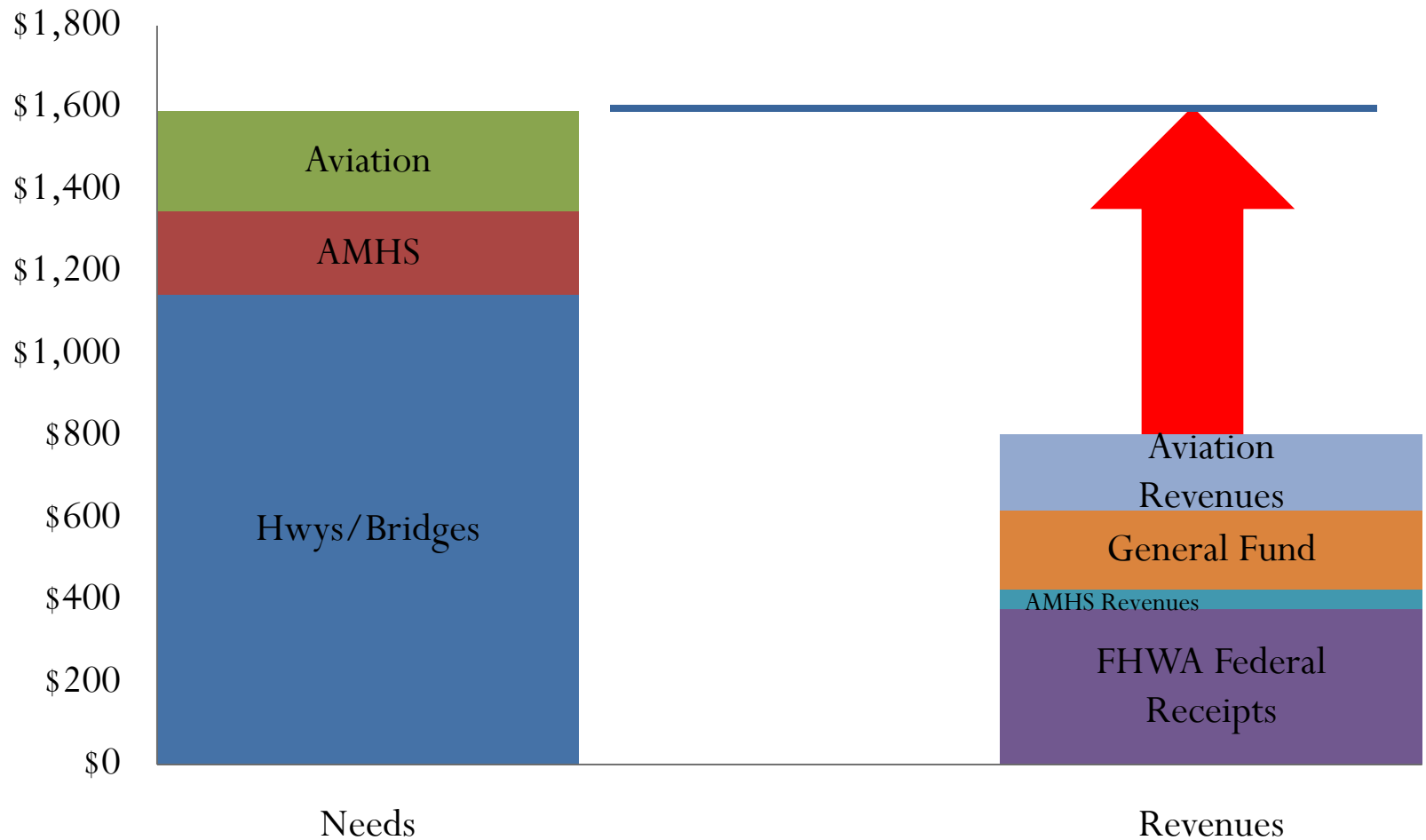


# Consolidated Needs Update



# Needs Vs. Revenues

**Needs Vs. Revenues (2009)**



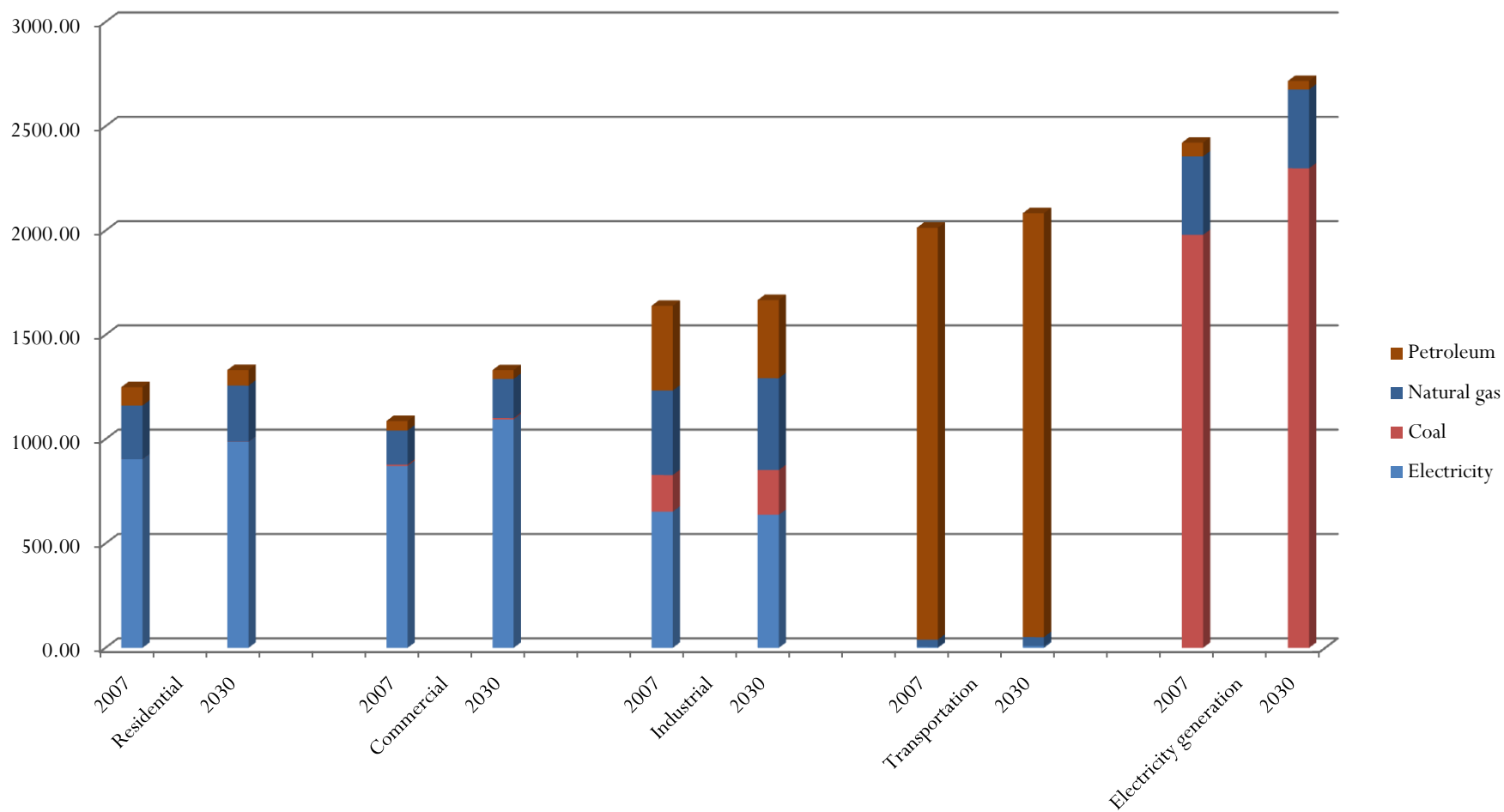
# Transportation Trends

- Climate Change Policies
- EPA's future mileage regulations
  - Just released proposal to require 62 mpg fleet average in 2024
- What this means
  - Average sedan must achieve 70-80 mpg standard
  - Best recent example: Honda 2000 Insight
    - Very lightweight (frameless, aluminum body) 2 seater
    - Yielded 66 mpg; was a commercial flop
  - Today's hybrids achieve about 35-40 mpg

# Transportation Trends

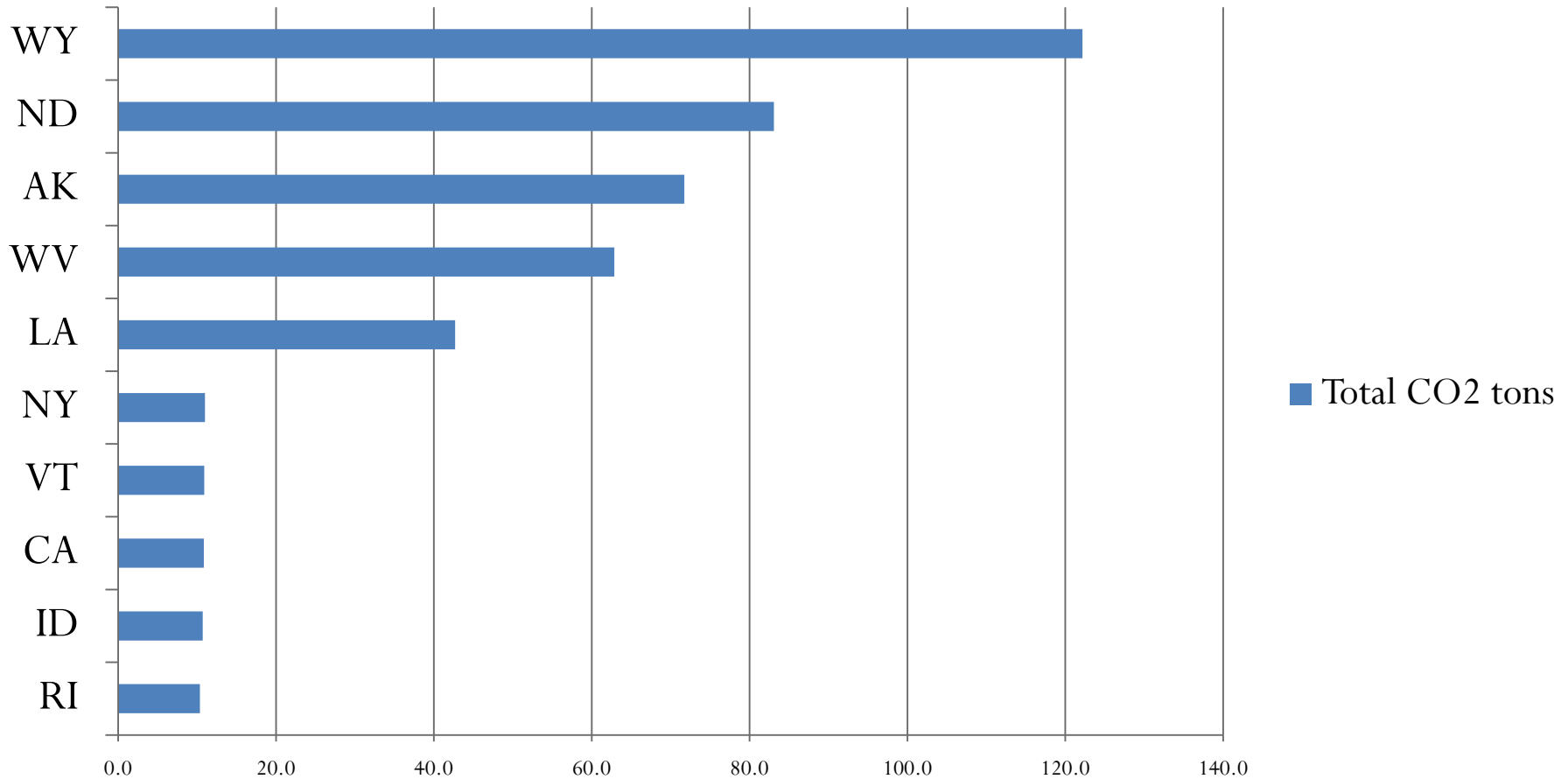
- Climate Change Policies
- Overall:
  - Carbon Pricing (e.g., Cap and Trade)
  - Efficiency Standards to Reduce Energy Usage
  - Mandates / Incentives / Subsidies for Clean Energy
- For the transportation sector:
  - Cleaner Vehicles: emission standards, subsidies, R&D
  - Cleaner Fuels: mandates, incentives for biofuels, NG
  - Reduce VMT: planning, land use change, pricing, turn to other modes, etc.
  - Improve Operations: ITS, eco-driving & other strategies

# CO<sub>2</sub> Emissions by Sector/Fuel 2007 & 2030



Source: Energy Information Administration

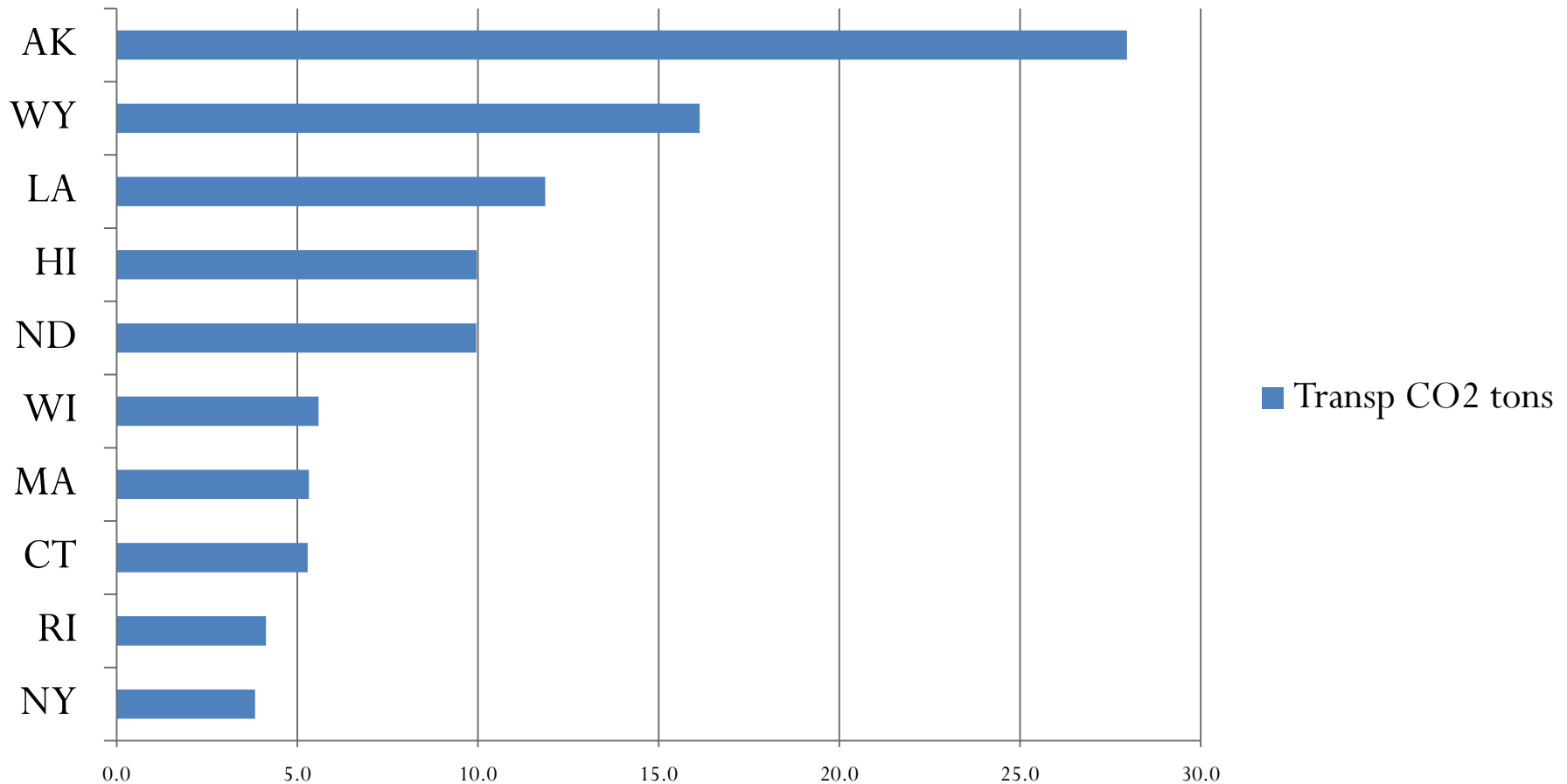
# Total Per Capita Tons CO<sub>2</sub> top 5 and bottom 5 states



Source: Energy Information Administration

# Transportation Per Capita Tons CO<sub>2</sub>

## top 5 and bottom 5 states



Source: Energy Information Administration

Is this in our future?



- One seater
- Gas or human powered
- Requires just 1 gallon.



# Transportation Trends

- Other Policies:
- *Livability and sustainability*
  - Current buzz words in Washington, DC
    - Generally means, tight, compact urban development, with reliance on non-auto transportation
  - Of little relevance in much of Alaska, where affordable access to basic human needs is the imperative.
  - Grant funding rules reduces Alaska projects chances...they don't fit the mold
    - Tiger I and Tiger II grants: Alaska achieved but one project for \$3 Million over 2 years

# Transportation Trends

- Other Policies

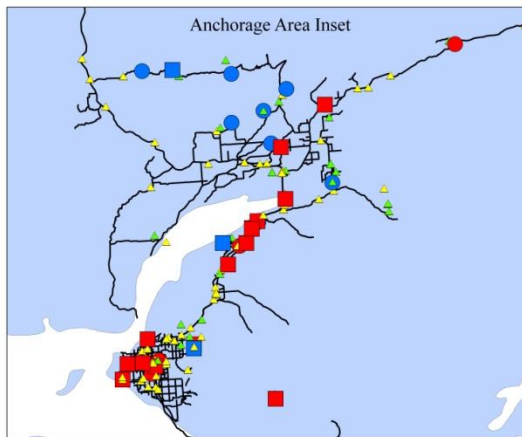
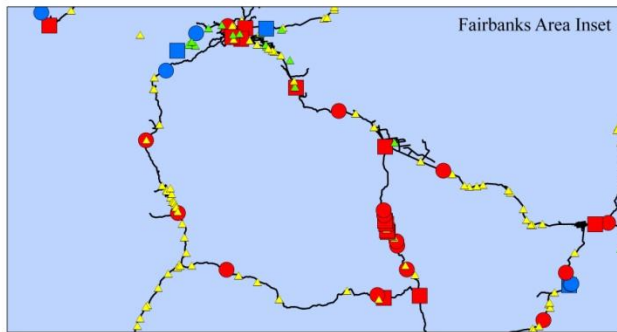
- *Performance Based Planning/Programming* (Asset Management)

- Systematic means of measuring conditions and applying resources to sustain long-term investments
    - Funding tied to each state DOT's performance

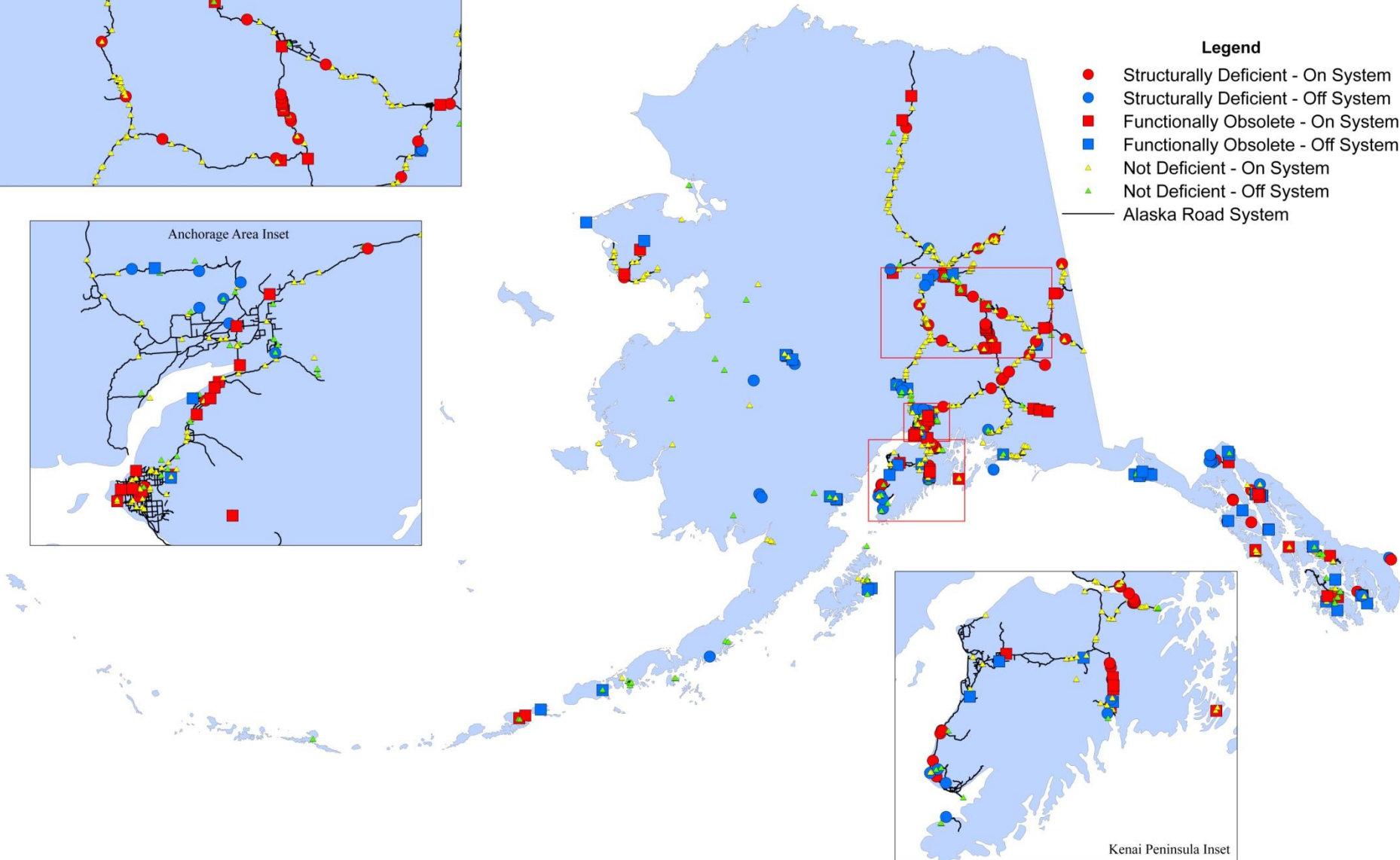
- Case Study – Alaska bridges

- 2010-2013 STIP contained > 40 major bridge projects over 4 years (10 per year)
    - 2010 bridge inspection revealed 30 additional bridges with problems
    - Net is +10 improved and – 30 bridges added to list

## 2010 Bridge Status - On/Off Route System



- Legend**
- Structurally Deficient - On System
  - Structurally Deficient - Off System
  - Functionally Obsolete - On System
  - Functionally Obsolete - Off System
  - ▲ Not Deficient - On System
  - ▲ Not Deficient - Off System
  - Alaska Road System



# Key Take-Aways

- Transportation policy rapidly changing
  - Significant new directions are possible
- Funding very problematic
  - Most recognize need for more funding; but no solution is apparent
- Congress must act by year end:
  - Thus 2010 election may influence the outcome sharply
- 2011 year likely continues status quo



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