

**NARC**

*Building Regional Communities*

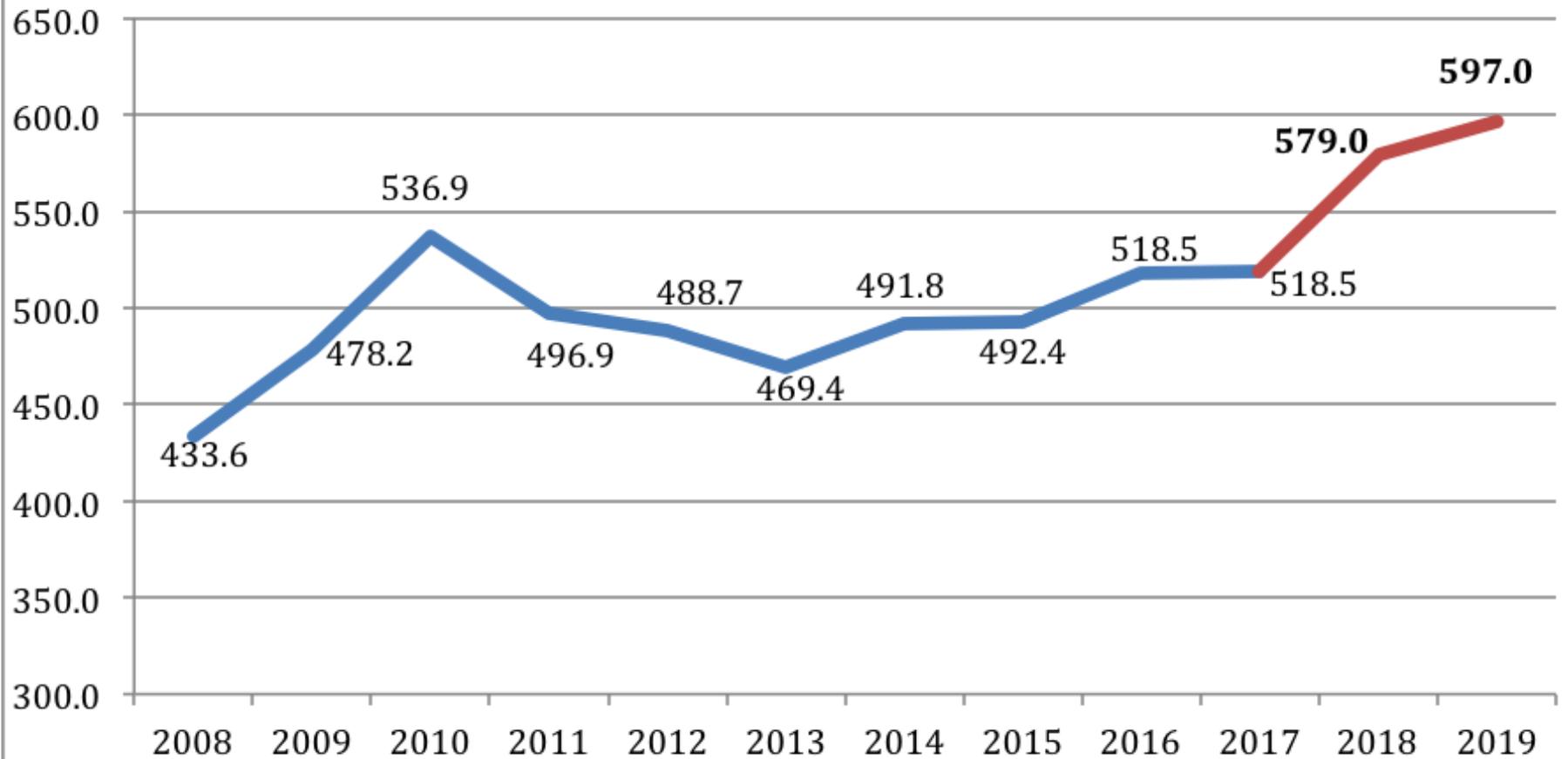
# Intermountain MPO/TMA/Transit Annual Meeting

March 30, 2018

**Presented by:**

**Erich W. Zimmermann,  
NARC Deputy Director/Transportation Director**

# Non-Defense Discretionary Appropriations



Source: Transportation Weekly

# Non-Defense Discretionary Funding Increases Under Bipartisan Deal Yet Remains Below 2010 Level

In billions of 2018 dollars



Note: All amounts exclude funding for disasters, emergencies, program integrity, and Overseas Contingency Operations (OCO).

Source: CBPP analysis of data from the Congressional Budget Office, Office of Management and Budget, and announced agreement for 2018 and 2019

# \$1.3T Omnibus: Transportation Highlights

## **Highway Program and Surface Transportation Block Grant Program (STBGP):**

- Full FAST Act levels, plus one-time increase of \$198 billion for STBGP
- Funds will be suballocated to local areas
  - Only for road, bridge, and tunnel projects
  - TAP is waived
- Public/Indian lands and territories (\$320 million); competitive bridge program in rural states (\$225 million)

**Transit and New Starts:** Full FAST Act funding, plus additional \$834 million (state of good repair grants, bus and bus facilities)

- Nearly \$400 million for future New Starts projects (+\$232M)

**TIGER Grants:** \$1.5 billion (3x FY 20617)

- Planning is eligible, up to \$15 million in planning grants
- 30% rural, up from 20%

**Rail:** Large increases for FRA programs (Amtrak \$1.9 billion (+\$447 million), \$650 million allocated for capital projects along the Northeast Corridor (+\$322 million)

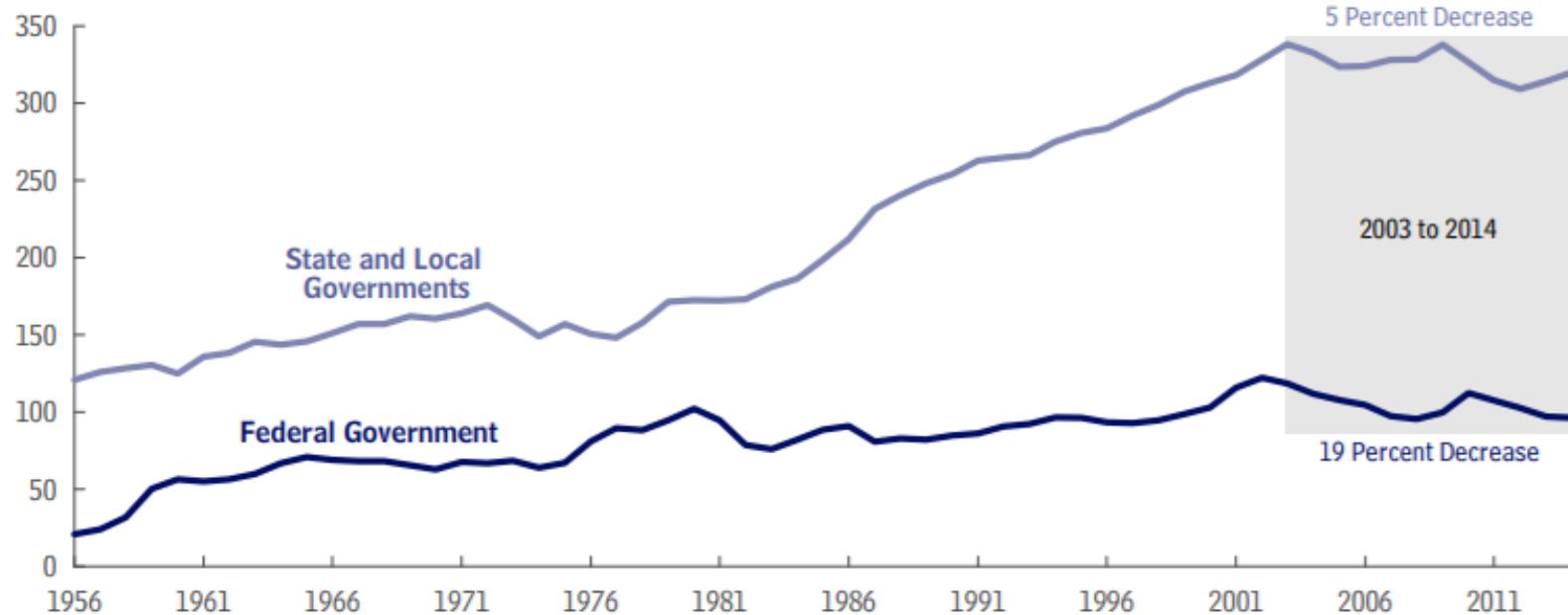
- Funds 3 FAST Act rail programs that previously received less than authorized:
  - Consolidated grant program (\$593 million) to support PTC installation
  - Federal-state partnership state of good repair program (\$250 million)
  - Restoration and enhancement grants (\$20 million).

**Automated Vehicle Research:** \$100 million for study grants, study program

**Exhibit 7.**

**Public Spending on Transportation and Water Infrastructure, by Level of Government, 1956 to 2014**

Billions of 2014 Dollars



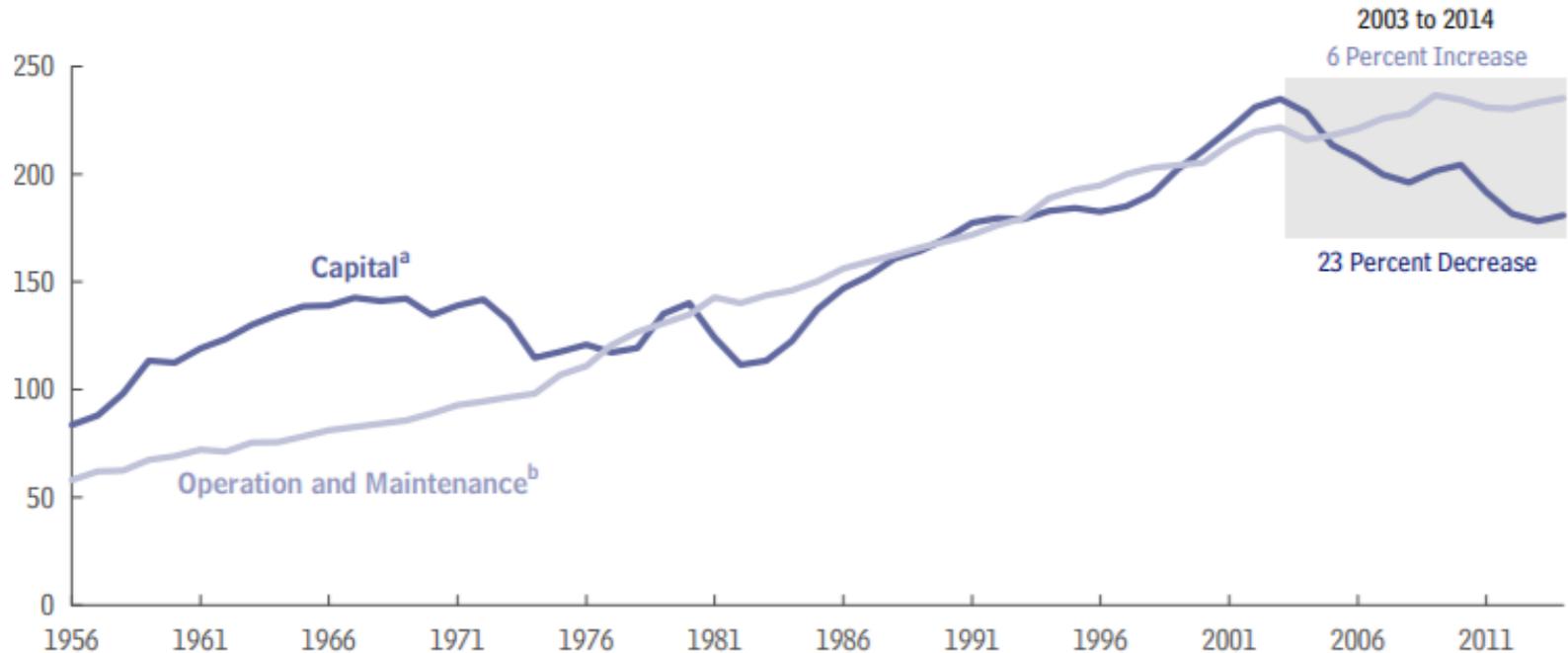
Source: Congressional Budget Office based on data from the Office of Management and Budget, the Census Bureau, and the Bureau of Economic Analysis.

Note: Dollar amounts are adjusted to remove the effects of inflation using price indexes for government spending that measure the prices of materials and other inputs used to build, operate, and maintain transportation and water infrastructure.

## Exhibit 5.

# Public Spending on Transportation and Water Infrastructure, by Category of Spending, 1956 to 2014

Billions of 2014 Dollars



Source: Congressional Budget Office based on data from the Office of Management and Budget, the Census Bureau, and the Bureau of Economic Analysis.

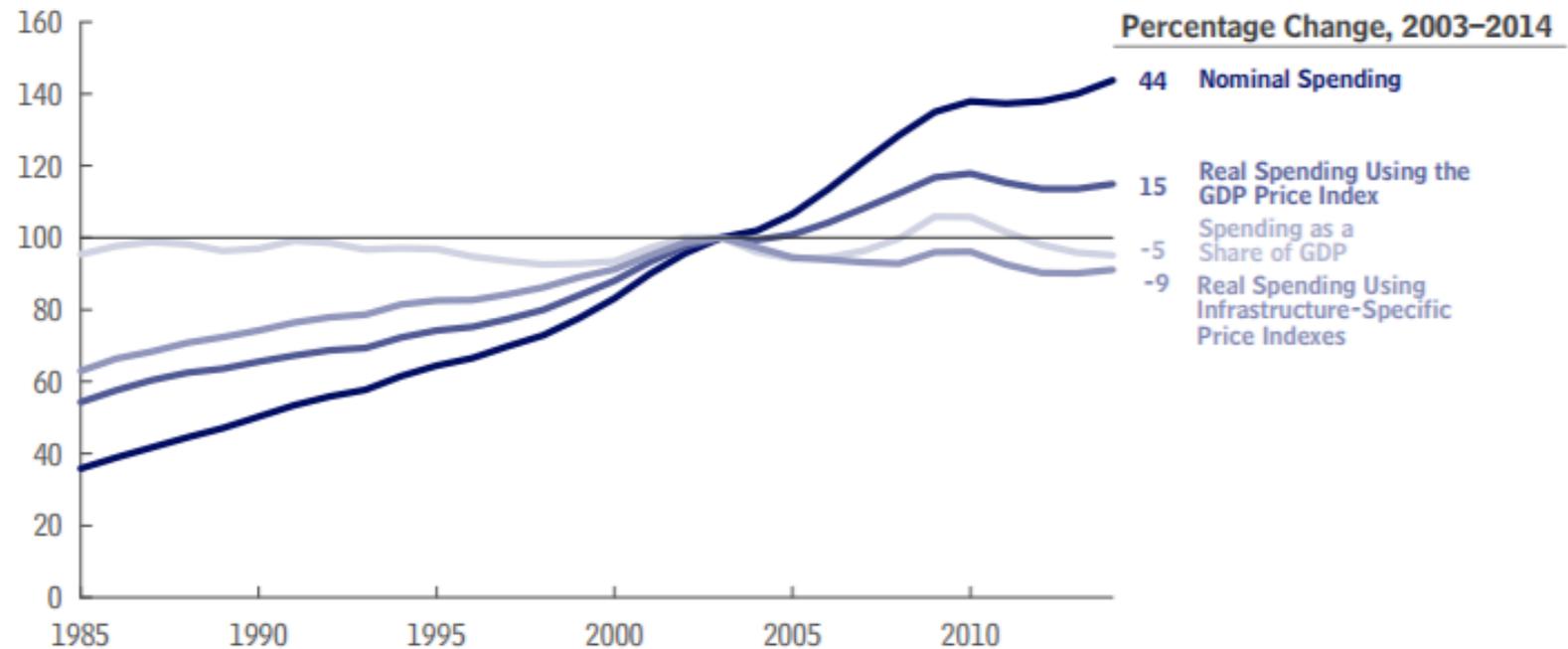
- Dollar amounts are adjusted to remove the effects of inflation using price indexes for government spending that measure the prices of materials and other inputs used to build transportation and water infrastructure.
- Dollar amounts are adjusted to remove the effects of inflation using price indexes for government spending that measure the prices of goods and services consumed by governments, including materials and other inputs used to operate and maintain transportation and water infrastructure.

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## Various Measures of Public Spending on Transportation and Water Infrastructure, 1985 to 2014

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Index, 2003 = 100



Source: Congressional Budget Office.

Note: GDP = gross domestic product.

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# Administration's Infrastructure Package

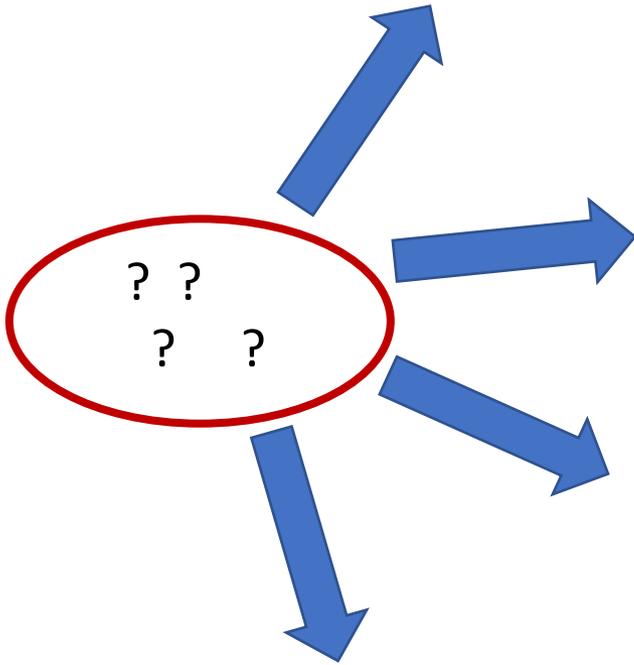
- \$200 billion
  - ...not \$1.5 trillion
  - Remainder is result of leveraging
    - State/local (flips 80/20)
    - Private (financing)
- Devolution, of a type
- Broad application
- No HTF component
- Paid for with proposed cuts to New Starts, TIGER, Amtrak
- Streamlining

\$ 1.5 Trillion

# Infrastructure Package

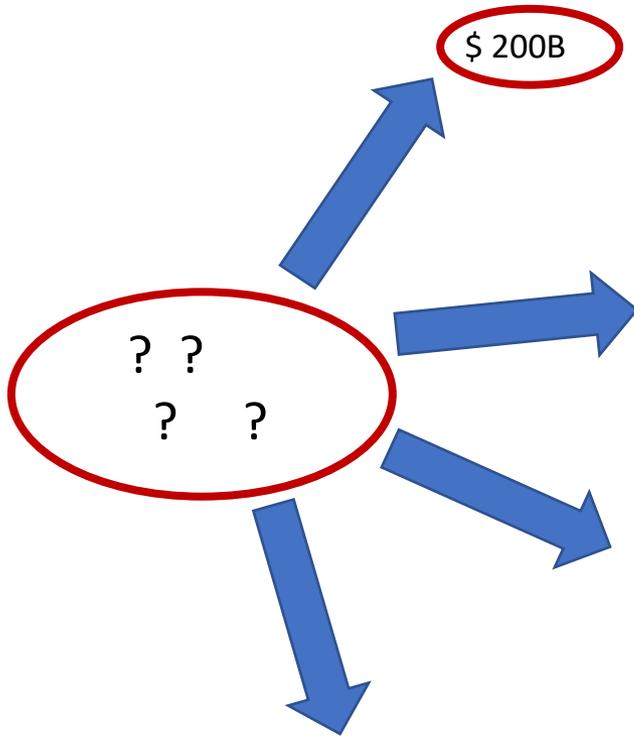
- A Trillion Bucks Ain't What It Used to Be
- Administration's Proposal Funds:
  - Airports, bridges, highways and roads, public transit, broadband, passenger rail, maritime and inland waterway ports, waterways, flood control, dams, levees, water, wastewater, and stormwater facilities, hydropower, electricity generation, transmission, and distribution, private space flight, Brownfield and Superfund sites
- Leveraged investment: \$1.5 trillion
  - Greater state/local contribution
  - P3s & "asset recycling"
  - Streamlining

# Infrastructure Package



# Infrastructure Package

- Challenging to pass (pay for, political reality)
- Assume no chance of gas tax increase



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\$ 200B

- Budget agreement provided this
- Additional focus on deregulation, streamlining

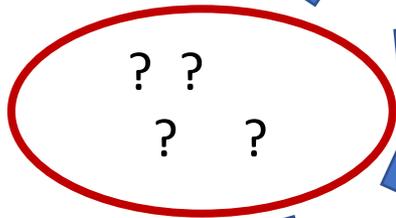
\$ 20-25B

? ?  
? ?

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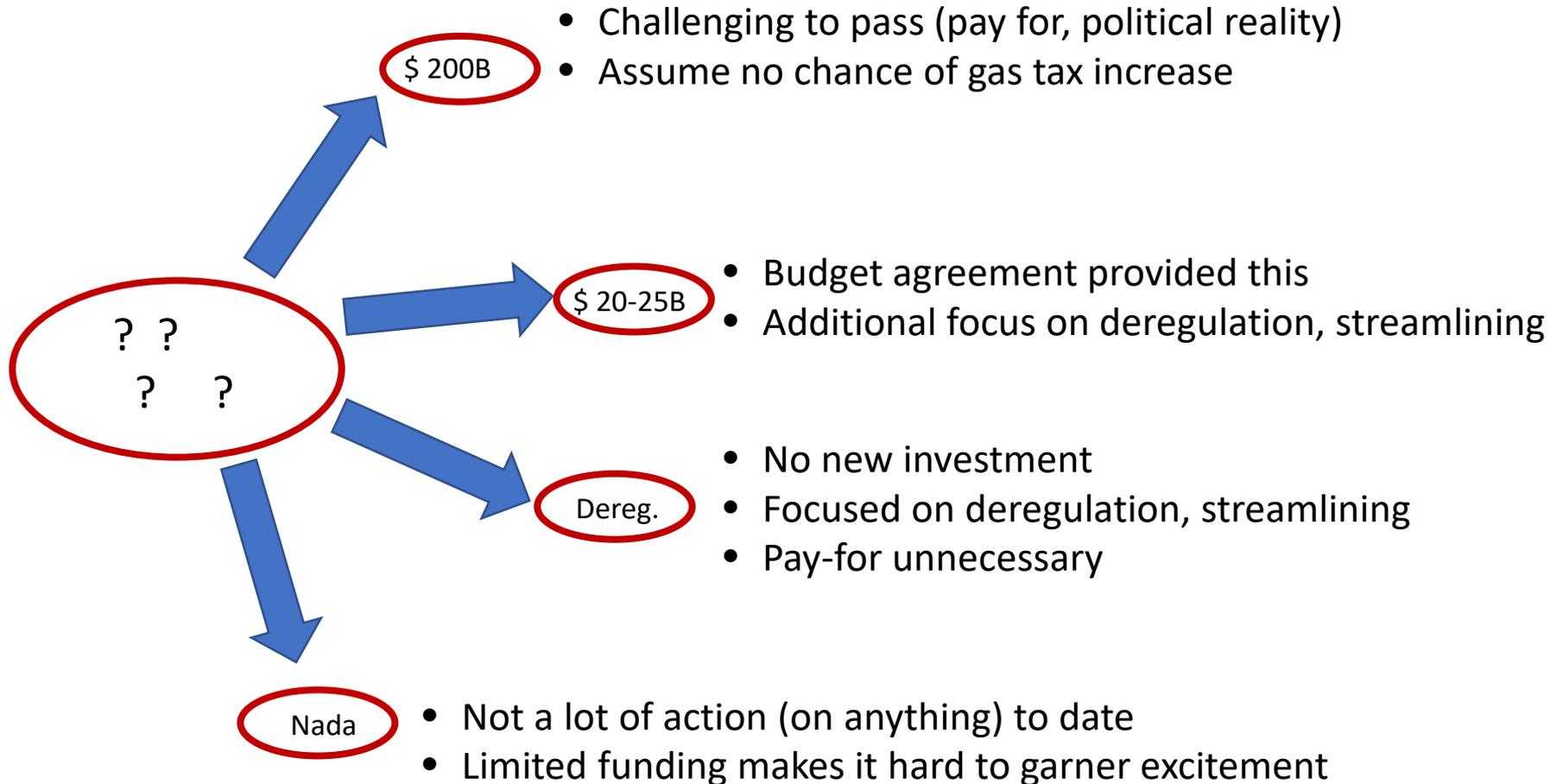
\$ 20-25B

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Dereg.

- No new investment
- Focused on deregulation, streamlining
- Pay-for unnecessary

# Infrastructure Package



# Senate Democrat's Infrastructure Package

## How to Spend \$1 Trillion

Changing Priorities in \$1 Trillion Infrastructure Bills  
(Billions of dollars)

Type of Program	2015	2017	2018
	<u>Sanders</u>	<u>Sen. D's</u>	<u>Sen. D's</u>
Highway Trust Fund	600.0	0.0	140.0
Non-HTF Highways	0.0	100.0	146.0
Non-HTF Mass Transit	0.0	130.0	131.0
Housing/"Main Street"	0.0	100.0	62.0
TIGER Grants	25.0	10.0	10.0
Intercity Rail	75.0	50.0	50.0
TIFIA/WIFIA/I-Bank	45.0	10.0	20.0
Airport/Airway	30.0	30.0	40.0
Water/Sewer/Dams/Levees	120.0	110.0	115.0
Ports and Waterways	15.0	10.0	30.0
Electrical Grid	50.0	100.0	80.0
Broadband	25.0	20.0	40.0
Parks/Fed. Lands/Tribes	15.0	20.0	25.0
Veterans Facilities	0.0	10.0	10.0
EDA Public Works	0.0	0.0	8.0
Climate Change Resiliency	0.0	25.0	25.0
Rebuild Public Schools	0.0	75.0	50.0
Megaprojects	0.0	200.0	40.0
<b>TOTAL FUNDING</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,022.0</b>

- \$1T in spending
- HTF component
- Broad application
- Tax bill pay for

Source: Eno Transportation Weekly

# Highway Trust Fund

- **\$142 BILLION**

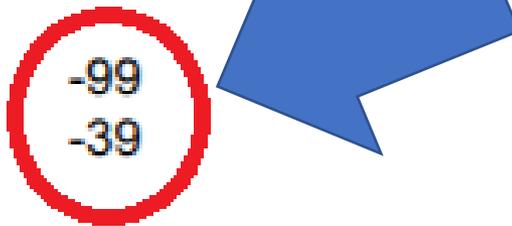
- **\$138 BILLION**

# Federal Funding Picture

Projections of Highway Trust Fund Accounts – CBO's June 2017 Baseline  
(Billions of dollars, by fiscal year)

	ACTUAL											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	<b>Highway Account</b>											
Start-of-Year Balance	9	51	42	32	21	10	a	a	a	a	a	a
Revenues and Interest <sup>b</sup>	36	36	37	37	36	36	35	35	35	35	35	35
Intragovernmental Transfers	52	0	0	0	0	0	0	0	0	0	0	0
Outlays	44	44	44	45	46	46	47	48	49	50	50	51
End-of-Year Balance	51	42	32	21	10	a	a	a	a	a	a	a
	<b>Transit Account</b>											
Start-of-Year Balance	3	18	15	11	7	3	a	a	a	a	a	a
Revenues and Interest <sup>b</sup>	5	5	5	5	5	5	5	5	5	5	5	5
Intragovernmental Transfers	18	0	0	0	0	0	0	0	0	0	0	0
Outlays	8	10	10	10	11	11	11	11	12	12	12	12
End-of-Year Balance	18	15	11	7	3	a	a	a	a	a	a	a
<b>Memorandum:</b>												
Cumulative Shortfall <sup>a</sup>												
Highway Account	n.a.	n.a.	n.a.	n.a.	n.a.	-3	-16	-31	-46	-63	-80	-99
Transit Account	n.a.	n.a.	n.a.	n.a.	n.a.	-2	-8	-13	-19	-25	-32	-39

Source: Congressional Budget Office

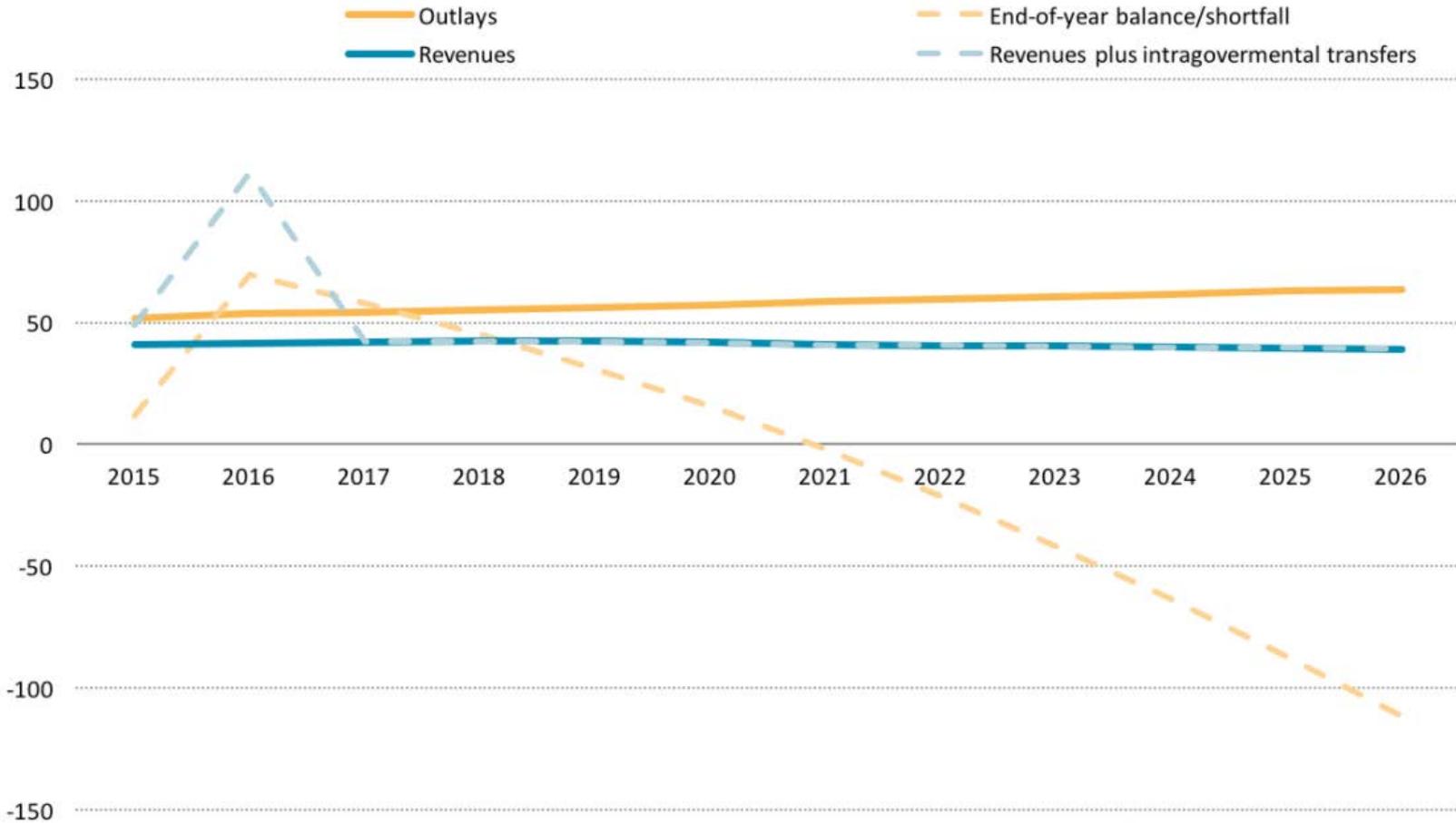


- FAST Act transferred \$71 billion; \$52 billion to HA, \$18 billion to TA; total transfers more than \$140B
- CBO expects HTF to become insolvent by Spring 2021
- Cumulative shortfall: \$138 billion by 2027

FIGURE 2

# Highway Trust Fund Account Projections, 2015-2016

Billions of dollars



Source: Congressional Budget Office. 2016. *An Update to the Budget and Economic Outlook: 2016 to 2026*.

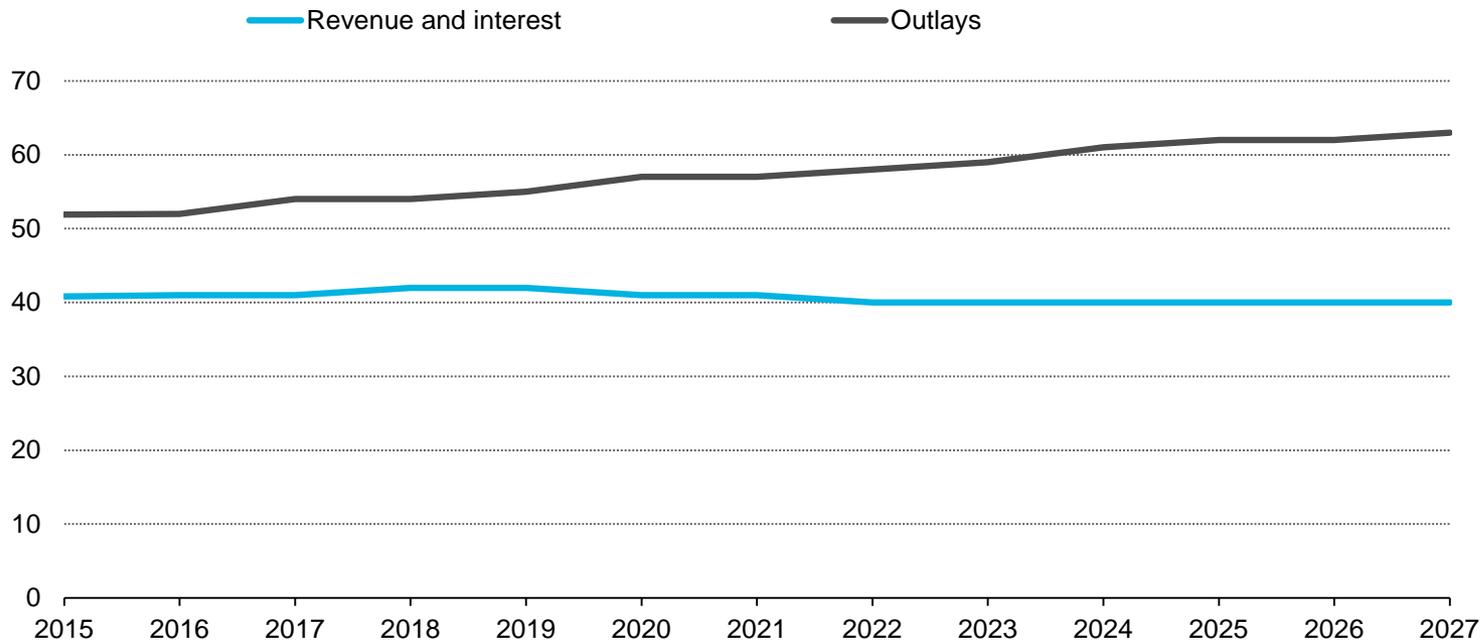
Notes: Revenues include a small amount of interest on trust fund reserves. Under current law, the Highway Trust Fund cannot incur negative balances.

# Highway trust fund revenue falls short

- » Congress has transferred more than \$140 billion from the general fund since 2008 to account for the shortfall
- » In addition to the motor fuels tax, the fund receives revenue from several other motorist fees

## Highway Trust Fund Gap

In billions, by fiscal year



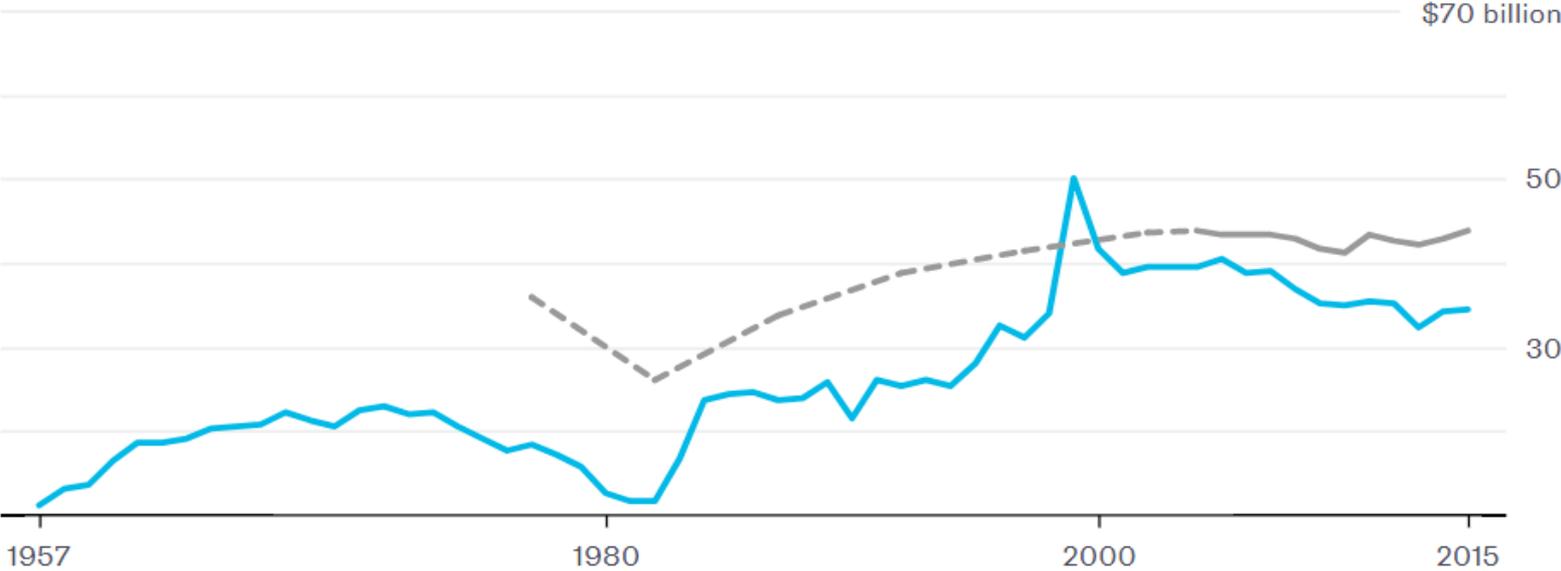
Notes: Includes combined data from highway and transit accounts. Fiscal 2015 and 2016 data are actual. Other years are projections  
Source: Data for [2015](#) and [2016-2027](#) from the Congressional Budget Office

Source: Bloomberg

# Gas Tax Revenue Isn't What It Used to Be

Motor fuel tax revenue, in 2015 dollars

Federal State and local



Sources: Federal Highway Administration, Tax Policy Center, Bureau of Labor Statistics

Federal numbers are motor fuel revenues to the Highway Trust Fund; dotted line represents years with no data.

# Where Does This Leave Us Now?

## Real

- FAST Act and reauthorization
  - Expires in 2020
- HTF deficit starting in 2021
- Budget Deal
  - Covers FY2019 also
  - Another big bump in appropriations
- FAA, WRDA Reauthorizations
- Tax Bill
- Mid-term elections

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- Infrastructure Package(s)
- Gas Tax Increase
  - Shuster, Trump support, but significant opposition

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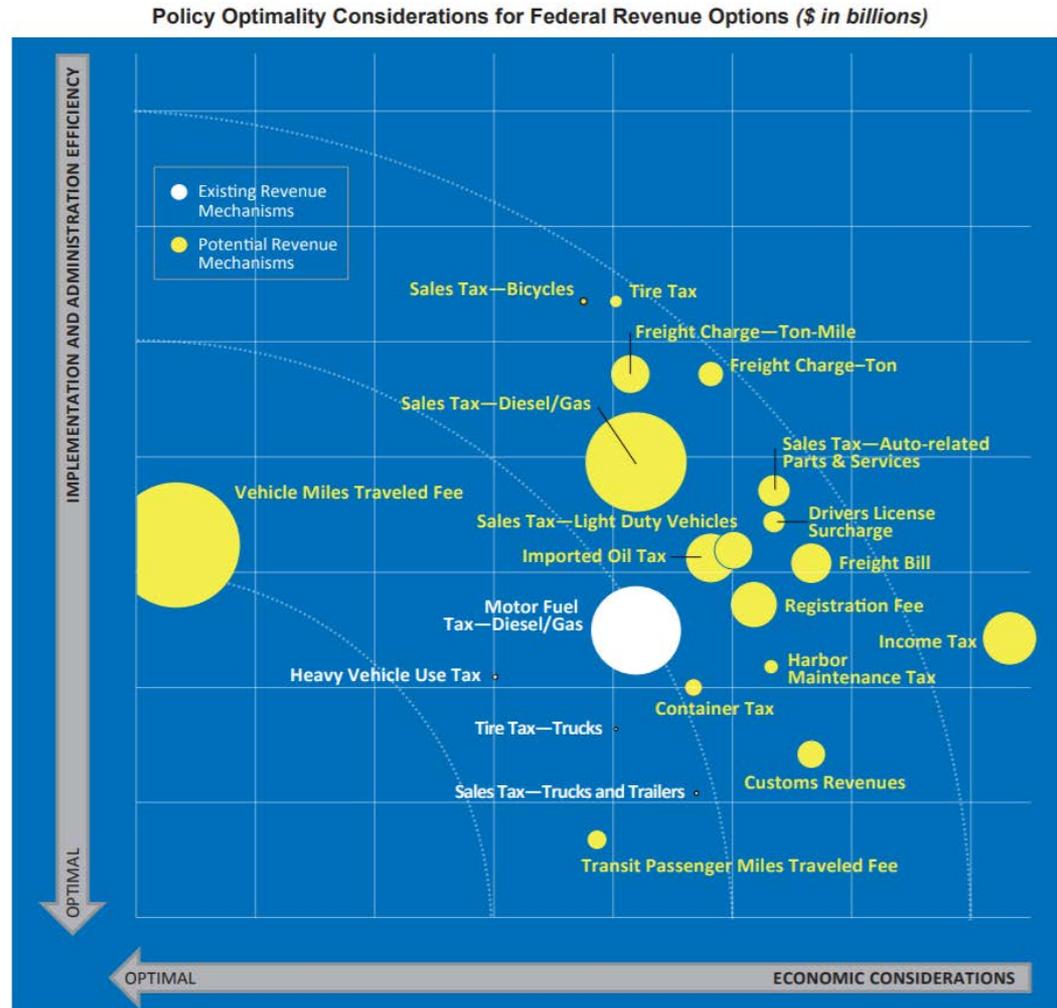
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## What's Possible/Likely?

- Increased budget deal spending levels, possibly a reauthorization bill (FAA, WRDA), maybe a set of streamlining provisions
  - Paul Ryan has already indicated this may be the most likely way forward
  - Pence, other WH officials have confirmed in last couple of days
- Gas Tax Increase? Lame Duck Deal?
- Attention turning to reauthorization

# Funding Going Forward

- Gas Tax Increase
  - Indexing
- Vehicle Miles Traveled Fee (Mileage Based User Fee)
- Other Options Do Exist
  - Automated Vehicles
    - No constituency
    - Centralized
  - Waybill Fee
  - All General Fund
- Tolling, higher (all?) local share, P3s, get creative



# Thank you!



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