

# Future of the Federal-aid Highway Program

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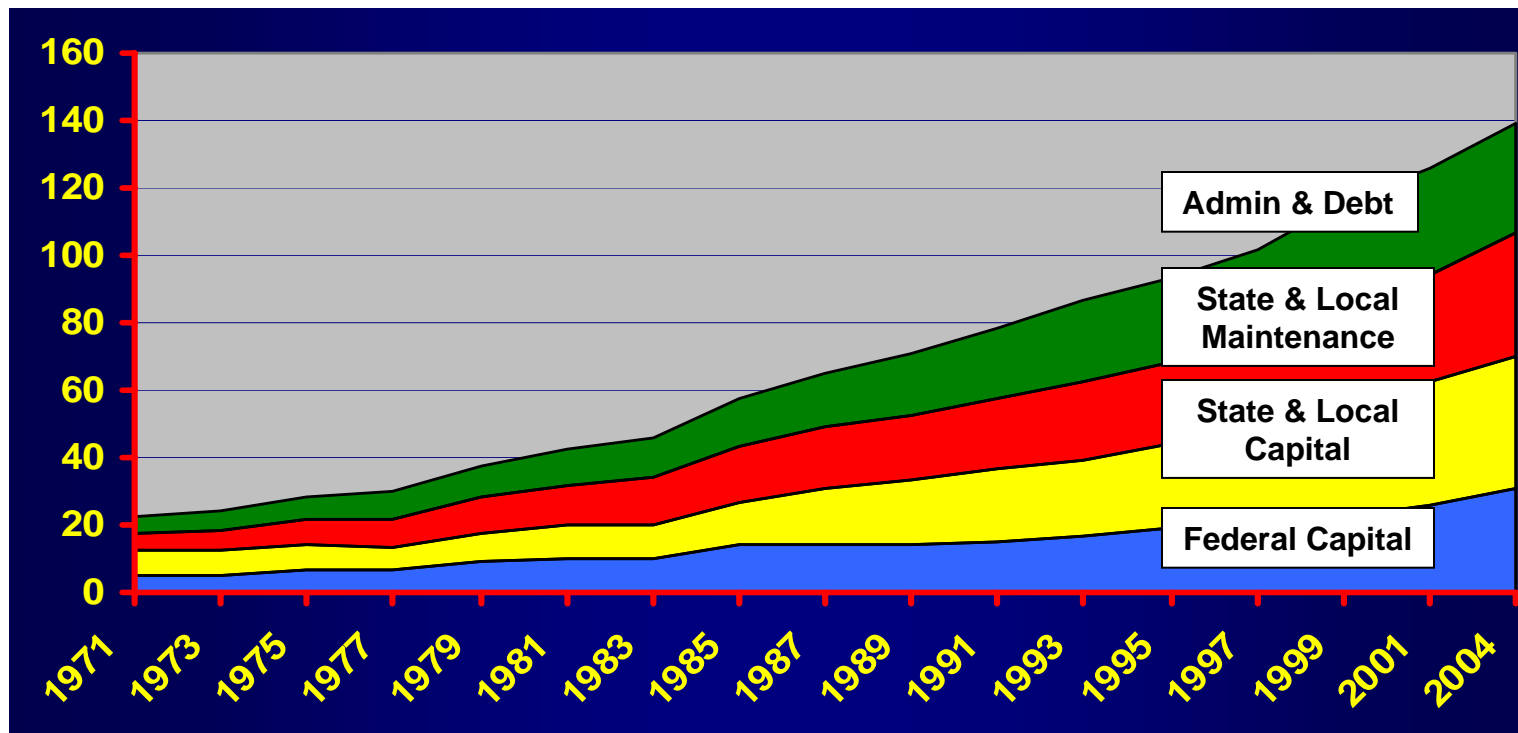
NCSITE Annual Meeting,

November 9, 2006

# Outline

- Capital funding needs
- Status of the Federal-aid Highway program
- Bridging the Gap
- Long-term Outlook

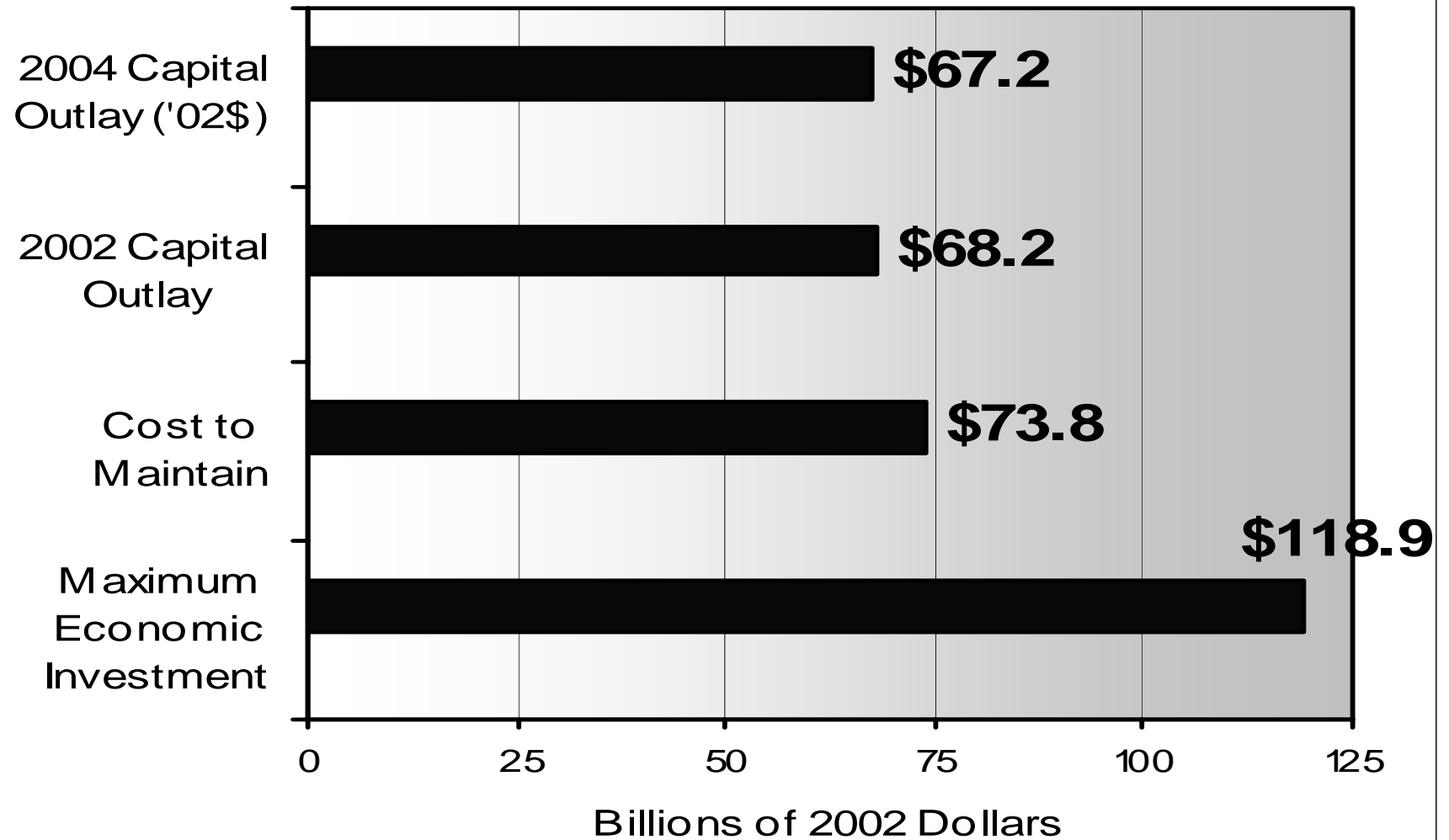
# Total U.S. Highway Spending Federal, State and Local Governments



Projected

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

## Capital Outlay vs. Highway and Bridge Investment Requirements

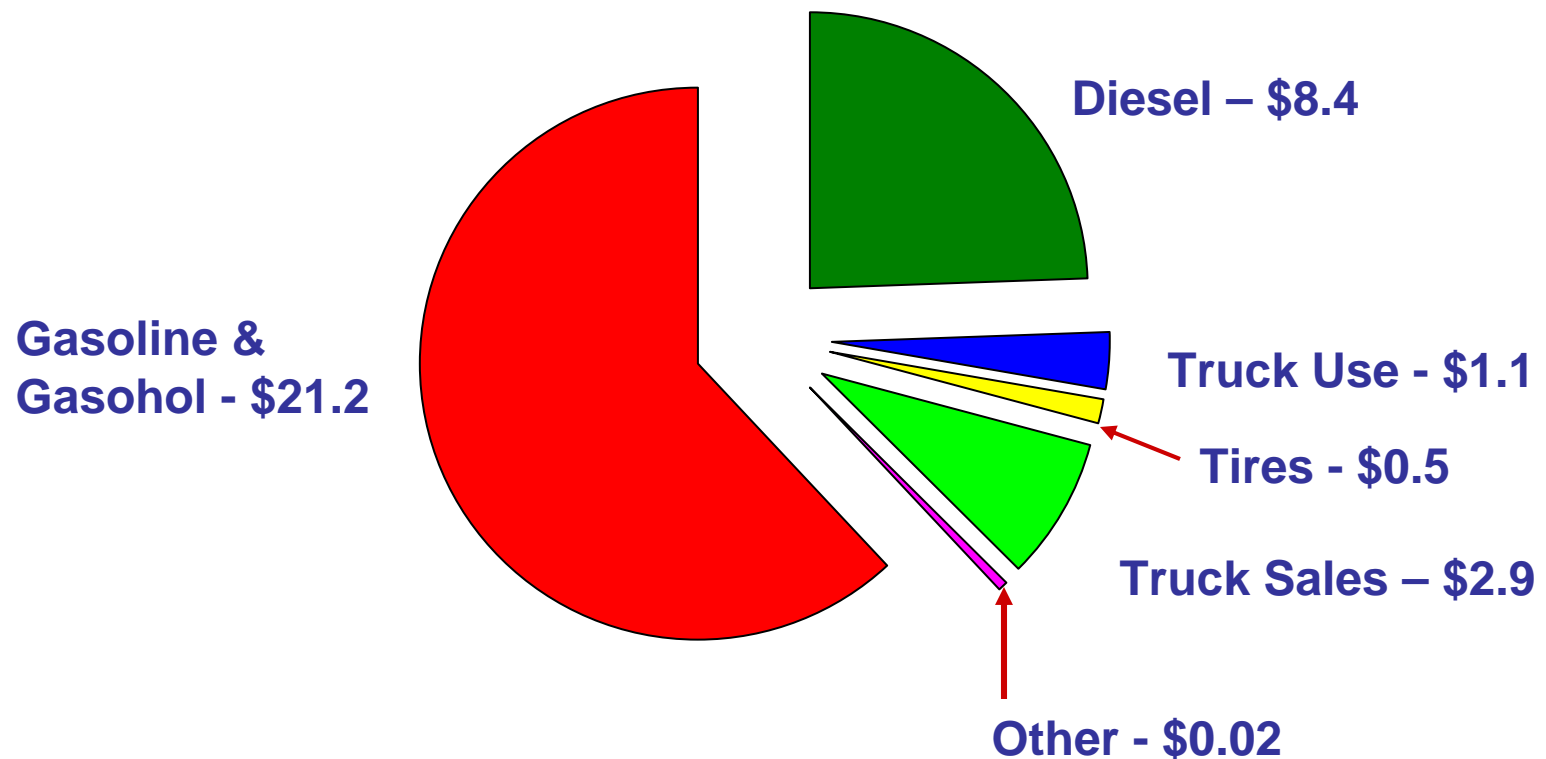


# The Status of the Federal-aid Highway Program

# Highway Trust Fund Income\*

## Highway Account – FY 2005

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**Total = \$34.1 Billion**

\*Prior to transfers & refunds

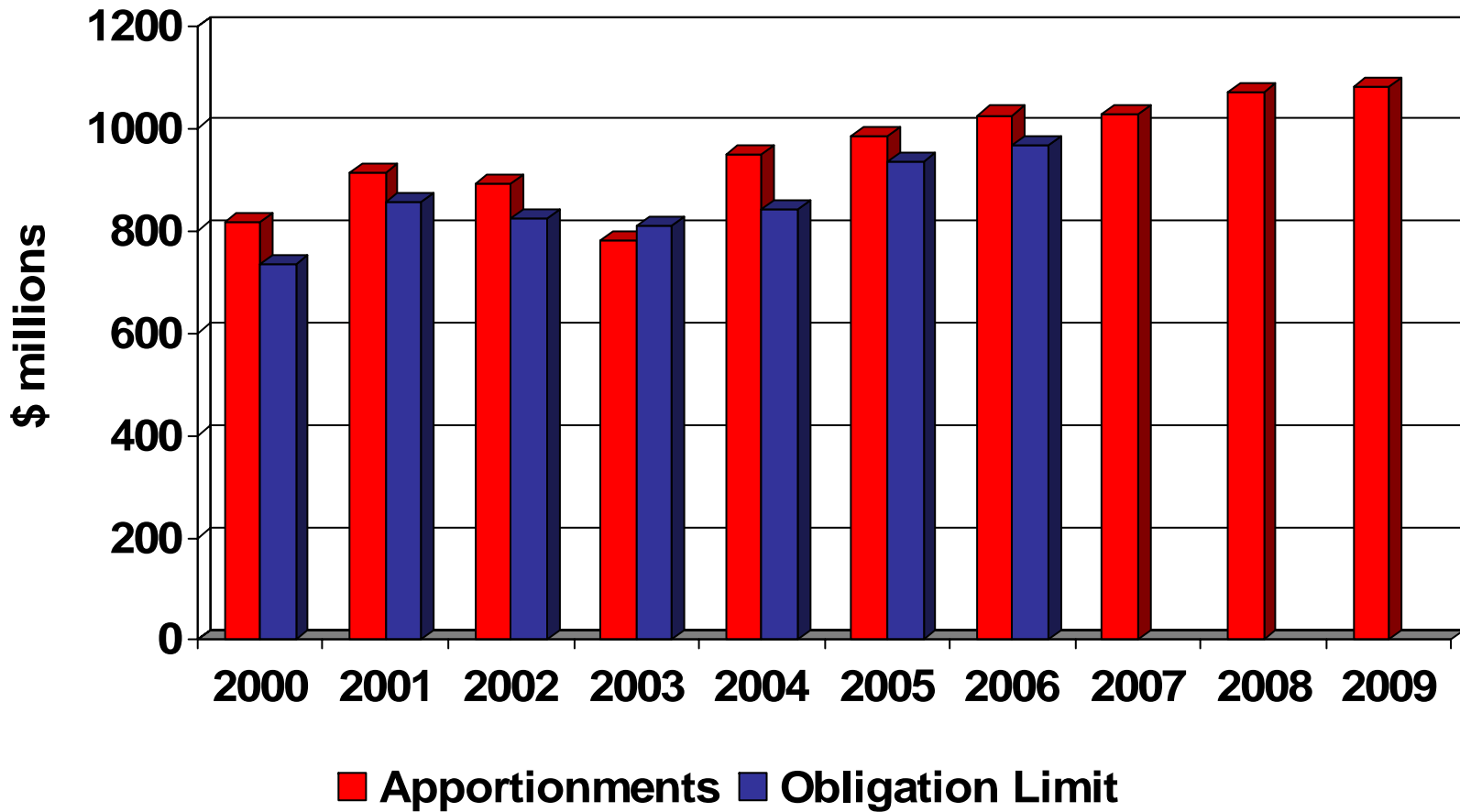
# SAFETEA-LU Total Funding

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|   | <b>FY 2005-2009</b> | <b>FY 2004-2009</b> |
|---|---------------------|---------------------|
| <b>Federal-aid<br/>Highways</b>               | <b>\$193.0 B</b>    | <b>\$227.4 B</b>    |
| <b>Public<br/>Transportation</b>              | <b>\$ 45.2 B</b>    | <b>\$ 52.6 B</b>    |
| <b>Highway &amp; Motor<br/>Vehicle Safety</b> | <b>\$ 5.8 B</b>     | <b>\$ 6.5 B</b>     |
| <b>Totals</b>                                 | <b>\$244.1 B</b>    | <b>\$286.4 B</b>    |

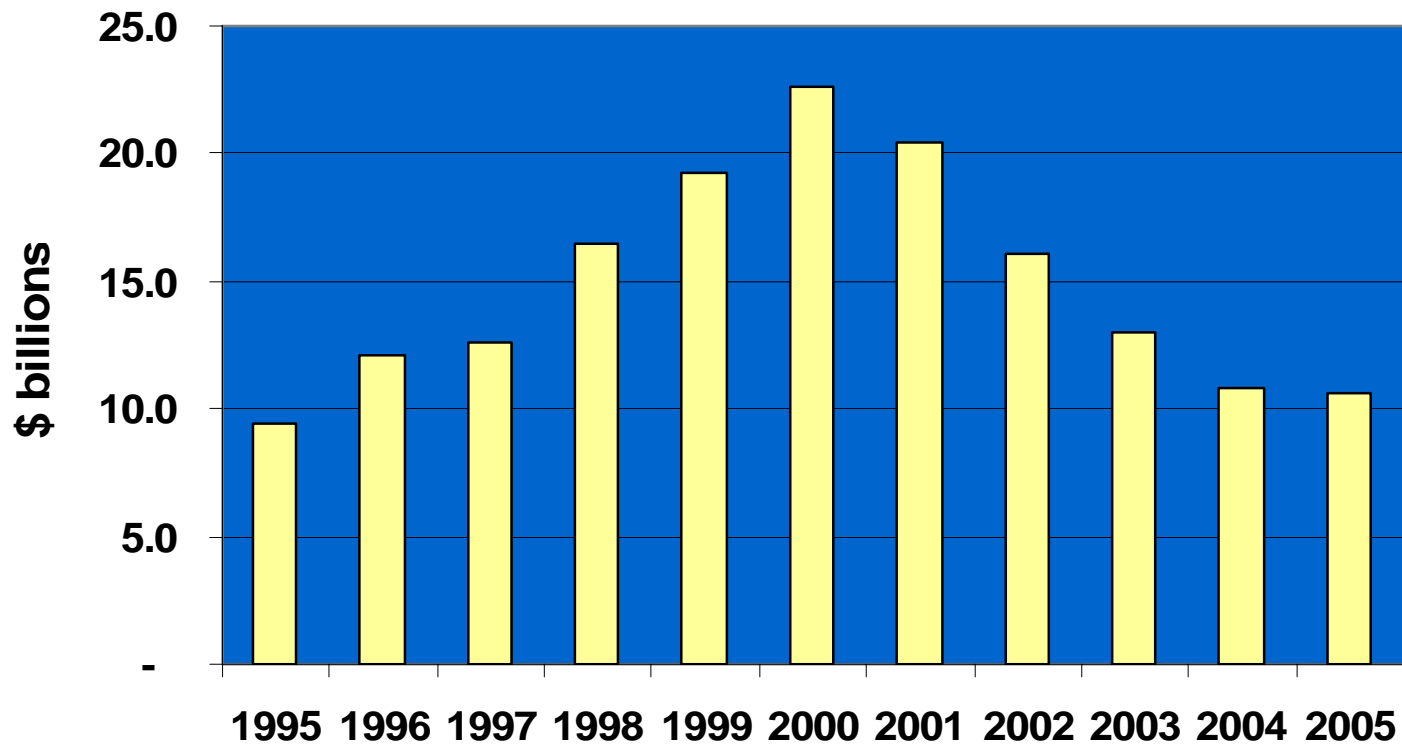
# North Carolina

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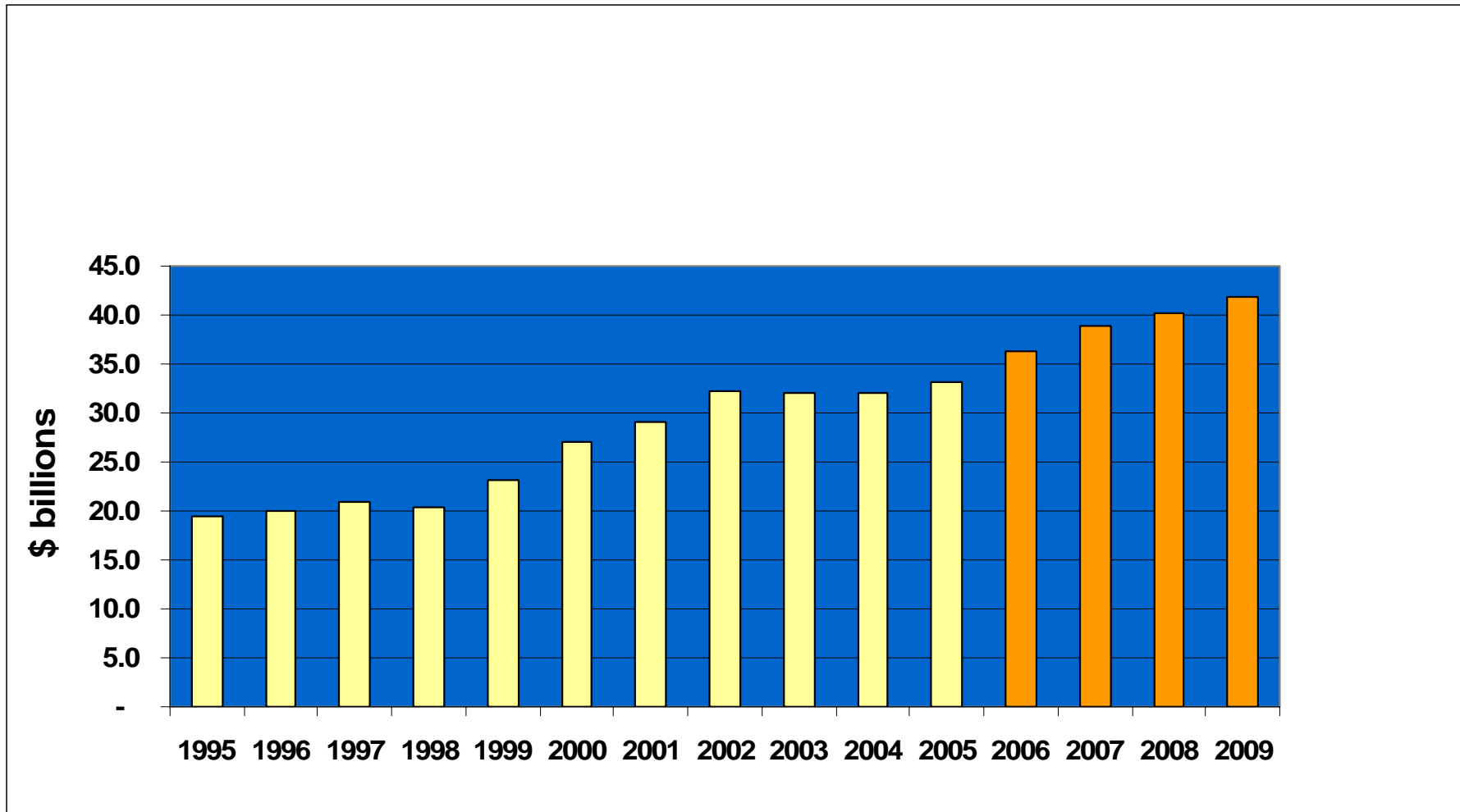


# Highway Trust Fund - Highway Account Balance

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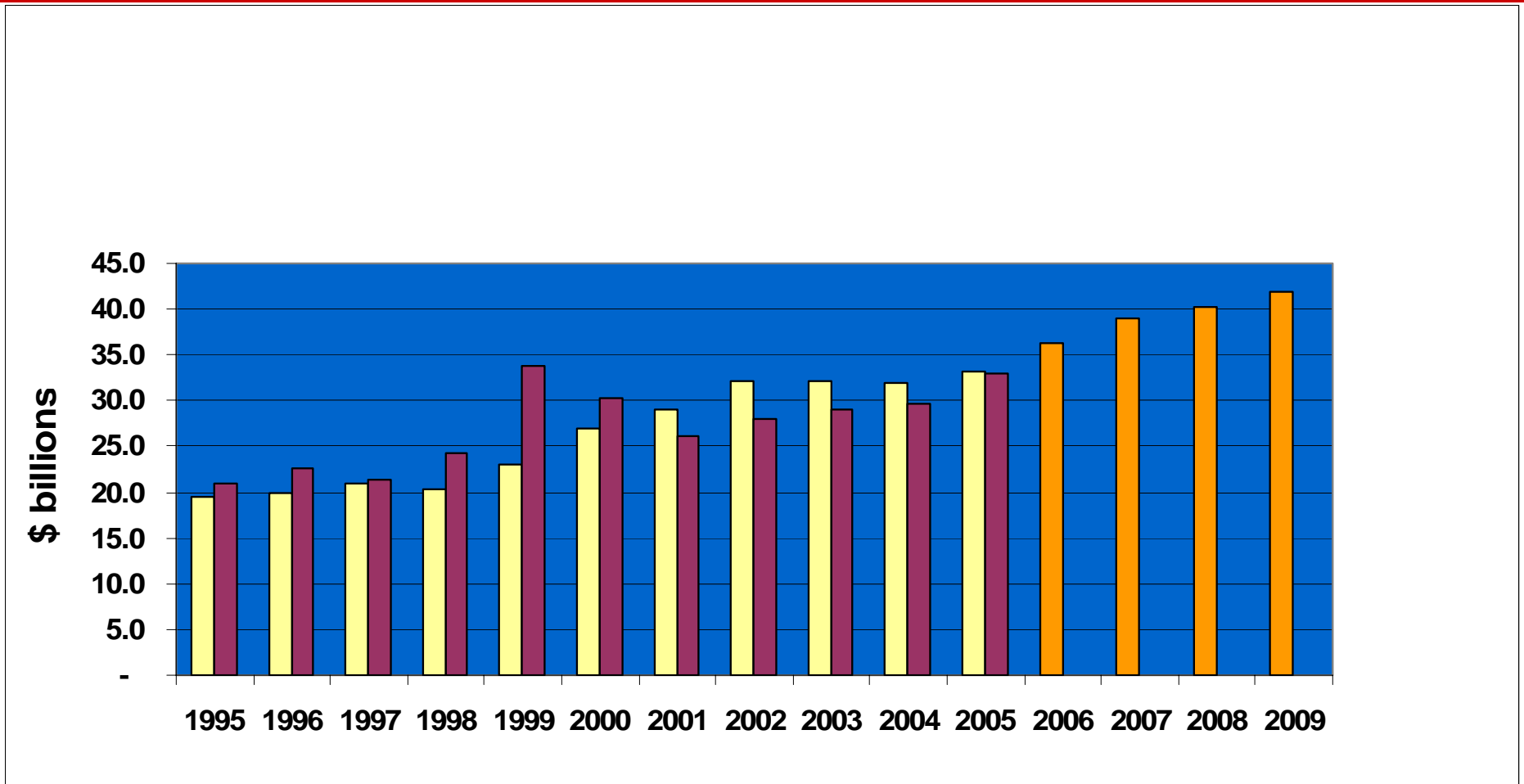


# Highway Trust Fund – Highway Account



Expenditures      Obligation Limit

# Highway Trust Fund – Highway Account



Expenditures



Obligation Limit



Receipts

# Why are the Cash Balances Expected to Decline?

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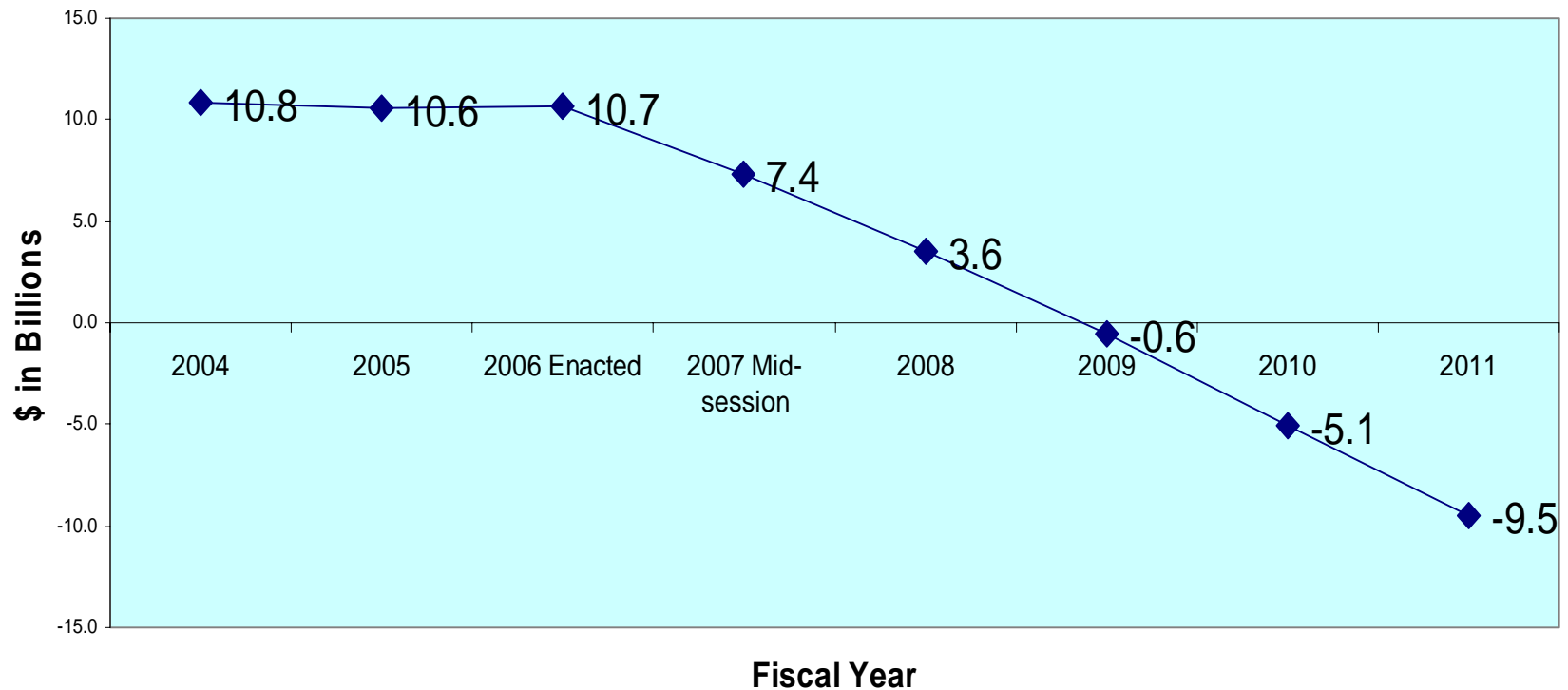
We are spending more than we take in:

- Between 2001- 2004, outlays exceeded receipts by \$2-4 billion each year
- Estimated outlays for FY 2007 – FY 2009 exceed estimated receipts by more than \$3 billion each year.
- FY 2005 and FY 2006 outlays are level with receipts
- The funding levels set by SAFETEA-LU were set with the intention of “spending down” the balance in the Highway Account.

# Estimated Cash Balances: Highway Account of the HTF

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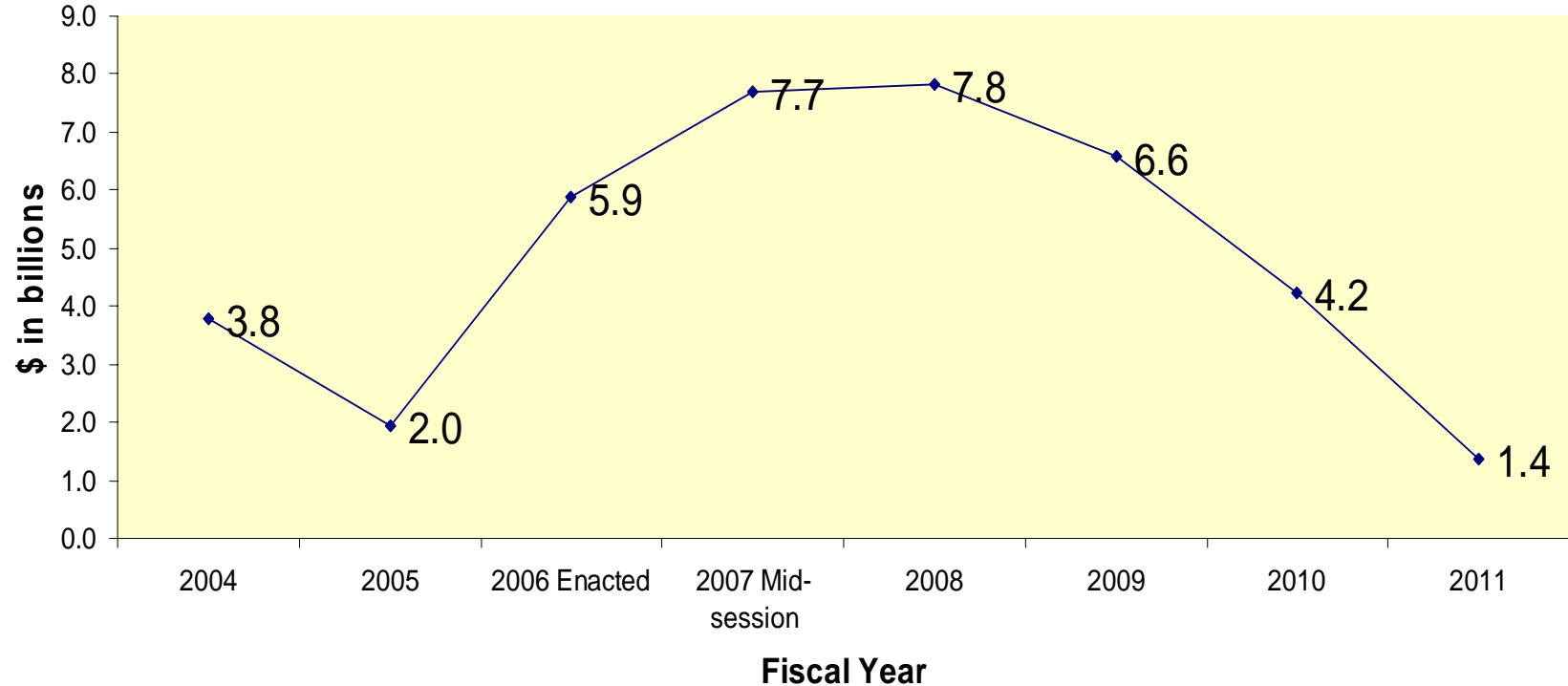
Highway Account of the Highway Trust Fund  
Cash Balance



# Estimated Cash Balances: Mass Transit Account of the HTF

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Mass Transit Account of the Highway Trust Fund  
Cash Balance



# How Accurate is this Estimate?

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## What we know:

- Highway Trust Fund cash balances will go negative within the next few years under current conditions.
- We do not expect that out-year highway spending could be maintained at SAFETEA-LU levels, given predicted revenue trends.
- The declining trend in the Mass Transit Account indicates that it is at risk as well.

## What is less certain:

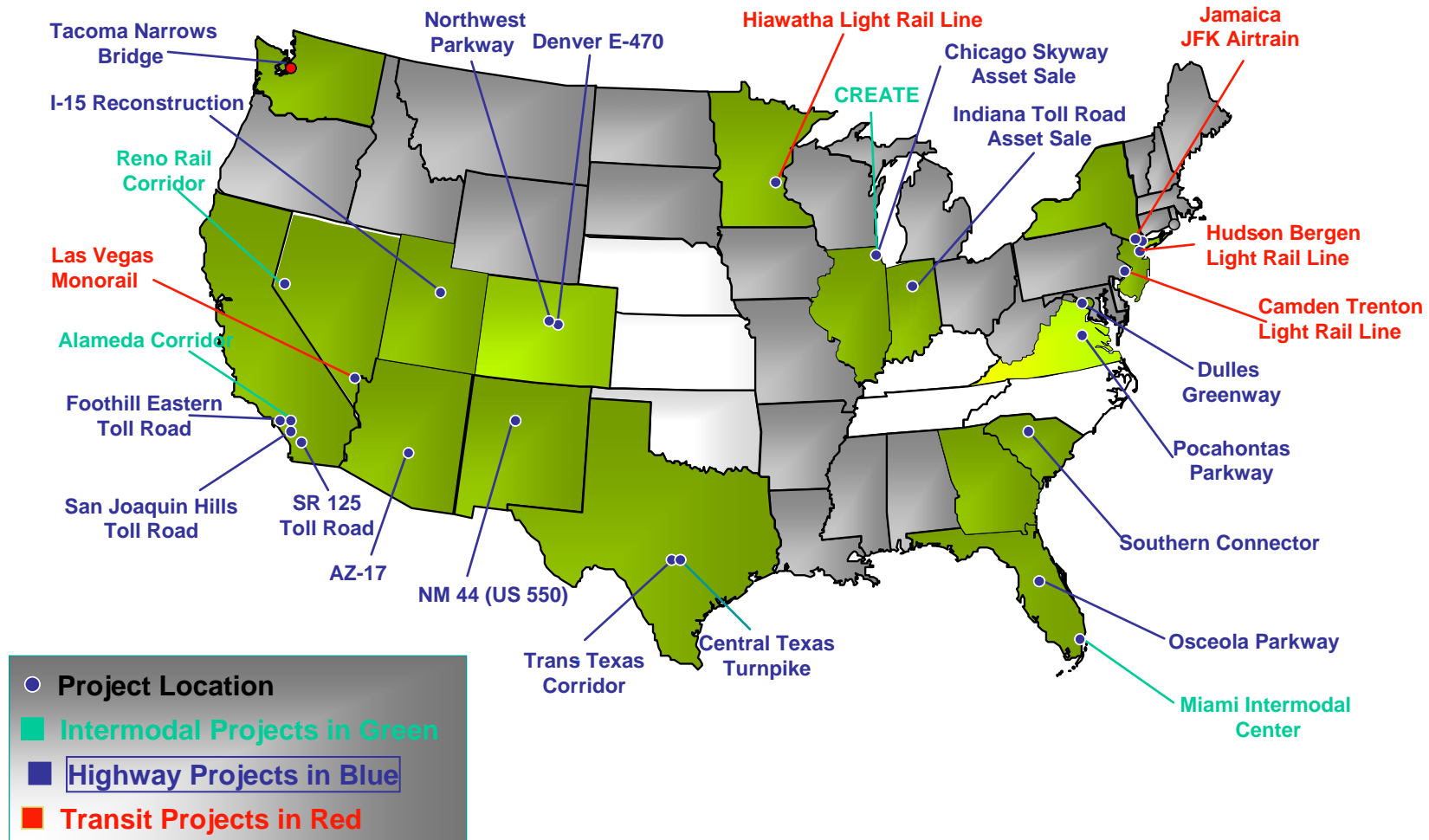
- When this will happen.
- Fluctuations in revenues and/or spending patterns will impact timing.
- Estimates can vary from actual results by more than \$1 billion.

# Federal Initiatives to Bridge the Gap

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- Credit Assistance
- Debt Financing
- Private Activity Bonds
- Public Private Partnerships
- Tolling

# Recent Public Private Partnerships States Using PPPs to Help Address Transportation Capital Needs



Partial List of Financed Projects; Source: Public Works Financing.



# Value Pricing Program (VPP)

- Converting High-Occupancy (HOV) Lanes to High-Occupancy Toll (HOT) Lanes
- Cordon Tolls
- Fair Lanes
- Pricing on Toll Facilities
- "Cash-Out" Strategies
- Regional Pricing Initiatives
- Truck Only Toll Lanes
- Use Based Mileage Charges

**ROAD USER FEE**

*Task Force*



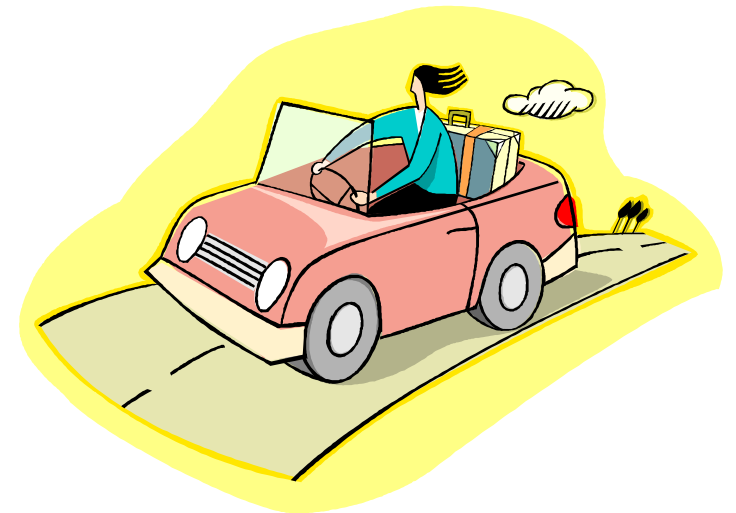
**(RUFTF)**

A

TEA-21 VALUE PRICING PROJECT

IN

OREGON



# The Concept

A per-mile charge based on miles driven within Oregon by zone.

**Zone 1** = in state

**Zone 2** = out of state

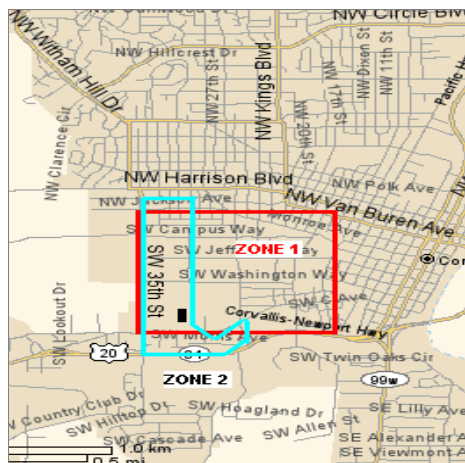
Optional

**Zone 3** = congested times / sites



# Oregon's Pilot Program

|                          |   |
|--------------------------|---|
| <u>Time Line:</u>        | November 2005 – November 2006   |
| <u>Pre-Pilot:</u>        | 20-vehicle preliminary control start  |
| <u>Full Pilot:</u>       | 280 vehicles from one community paying mileage fee in lieu of gas tax; service stations with integrated point-of-sale systems |
| <u>Rush Hour Pricing</u> | Some pilot volunteers participating in Rush Hour Group  |



# How it Works

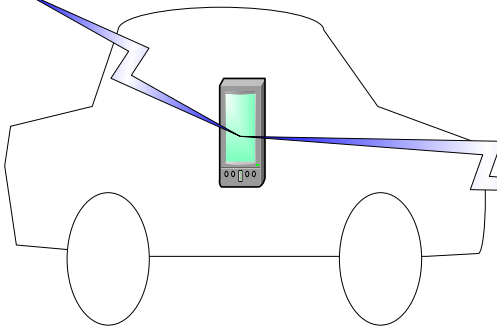
1

One way signal received by car to switch mileage counter between in-state and out-of-state zones.



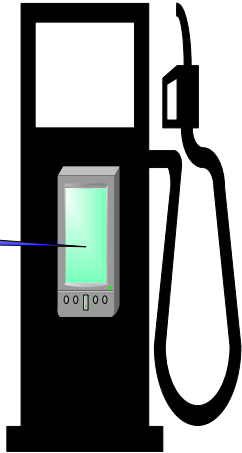
2

Mileage totals counted for in-state and out-of-state. No location information is recorded.



3

Mileage read wirelessly at fueling stations.



4

Gas tax deducted from gas purchase price (24 cents/gallon) and mileage fee added.



|                        |        |
|------------------------|--------|
| Gas to Go              |        |
| Commercial Rd., OR     |        |
| May 15, 2006 - 8:00 AM |        |
| 13.5gal @ 205.5        | 27.74  |
| State tax disc.        | (3.24) |
| Net fuel               | 24.50  |
| Mileage fee            |        |
| 243.3 @ 1.22           | 2.96   |
| Total Due              | 27.46  |
| FLEET XXXX3024         | 27.46  |
| THANK YOU              |        |

# How it Works

- Fuel tax maintained for non-equipped vehicles
- Mileage fee integrates with fuel tax collection system



- Oregon's weight-mile tax retained for heavy trucks
- Also testing "rush hour" pricing

What's the Future?

# Surface Transportation Commission

Conduct a comprehensive study of

- Current condition & future needs of surface transportation
- Current revenues flowing into the HTF
- Whether the amount of current revenues is likely to increase, decrease or remain constant
- Short-term sources of Highway Trust Fund Revenue

# Commission Study Con't.

- long-term alternatives to replace or supplement the fuel tax as the principal revenue source to support the Highway Trust Fund, including new or alternate sources of revenue
- revenue sources to fund the needs of the surface transportation system over at least the 30-year period beginning on the date of enactment of this Act, including new or alternate sources of revenue

