



Overview of Federal Legislation Related to TAM

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Overview

- COVID-19 Impact
- Senate Bill
- House Bill
- Asset Management Impact
- AASHTO Scorecard
- Path Forward





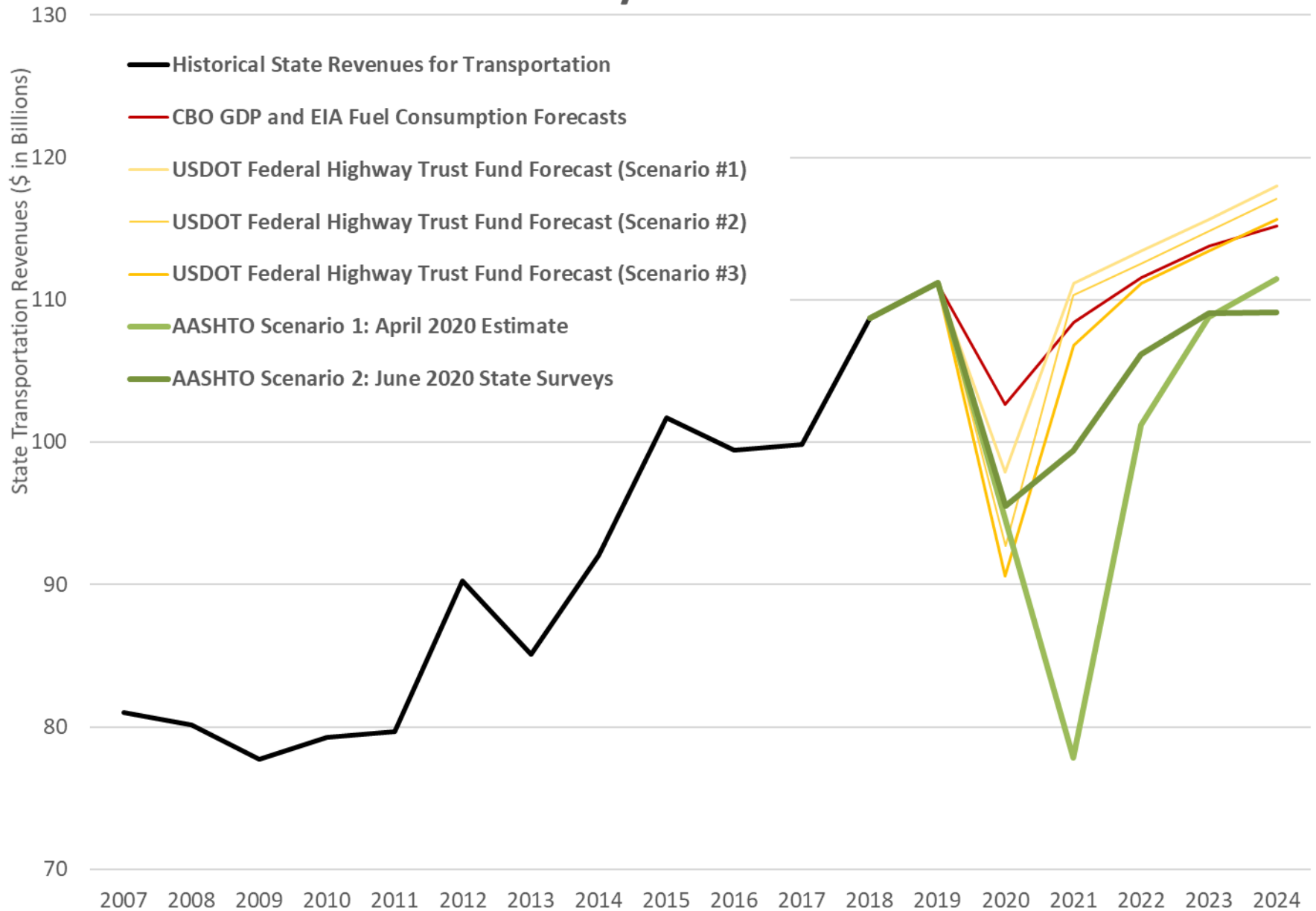
AASHTO REQUEST TO CONGRESS FOR COVID-19 RELIEF TO STATE DOTs

Scenarios of State Transportation Revenue Estimates

July 10, 2020



Summary of Scenarios



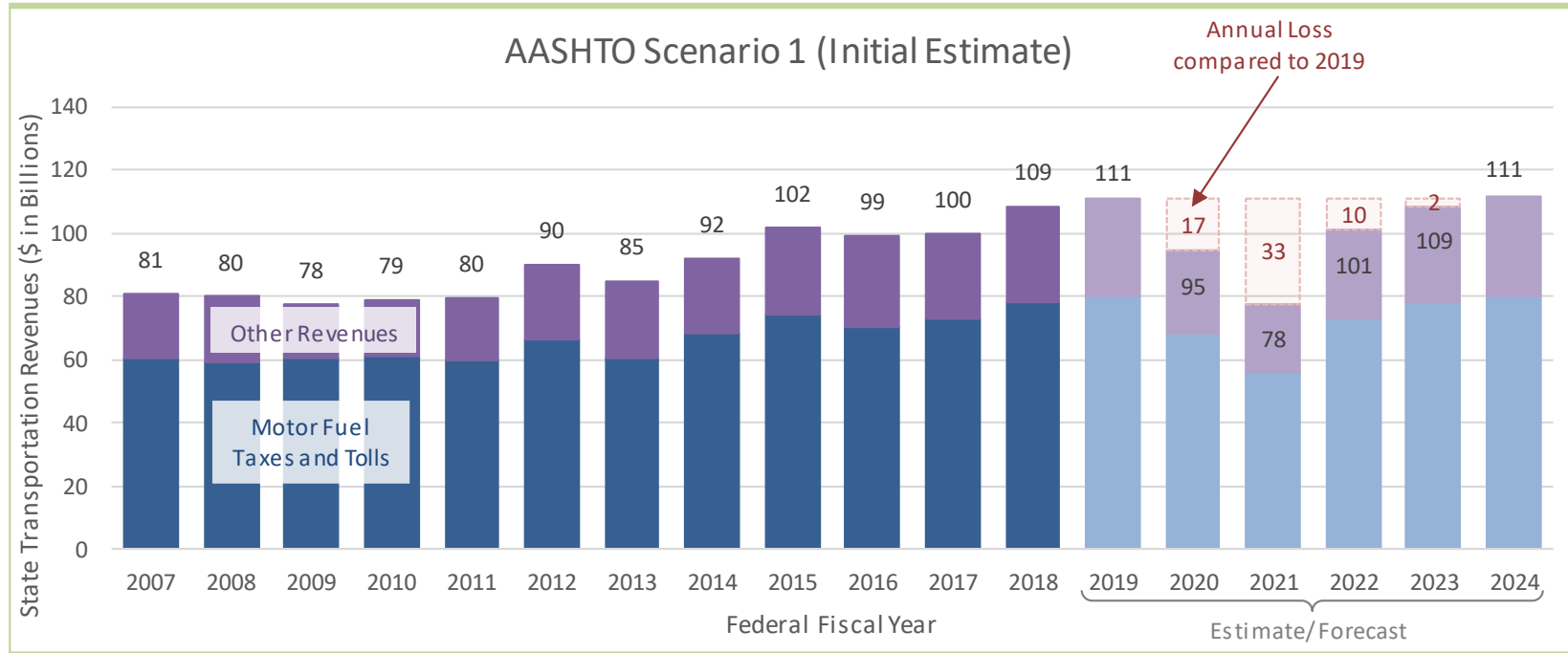
KEY ASSUMPTIONS/ RESULTS

% Change from 2019 Revenues	2019	2020	2021	2022	2023	2024
AASHTO Scenario 1: April 2020 Estimate	0%	-15%	-30%	-9%	-2%	0%
AASHTO Scenario 2: June 2020 State Survey	0%	-14%	-11%	-5%	-2%	-2%
USDOT Federal Highway Trust Fund Forecast (Scenario #1)	0%	-12%	0%	2%	4%	6%
USDOT Federal Highway Trust Fund Forecast (Scenario #2)	0%	-17%	-1%	1%	3%	5%
USDOT Federal Highway Trust Fund Forecast (Scenario #3)	0%	-18%	-4%	0%	2%	4%
CBO GDP and EIA Fuel Consumption Forecasts	0%	-8%	-3%	0%	2%	4%

\$ Change from 2019 Revenues (\$ in Billions)	2019	2020	2021	2022	2023	2024	Total Revenue Loss	Recovery Period
AASHTO Scenario 1 (Initial Estimate)	-	-\$17	-\$33	-\$10	-\$2	-	-\$62	4 years
AASHTO Scenario 2 (State Surveys)	-	-\$16	-\$12	-\$5	-\$2	-\$2	-\$37	5 years
USDOT Federal Highway Trust Fund Forecast (Scenario #1)	-	-\$13	-	-	-	-	-\$13	1 year
USDOT Federal Highway Trust Fund Forecast (Scenario #2)	-	-\$18	-\$1	-	-	-	-\$19	2 years
USDOT Federal Highway Trust Fund Forecast (Scenario #3)	-	-\$21	-\$4	-	-	-	-\$25	2 years
CBO GDP and EIA Fuel Consumption Forecasts	-	-\$9	-\$3	-	-	-	-\$11	2 years

Note: Using 2019 revenues as the basis for revenue loss calculations provides a conservative estimate of losses. The actual receipts compared to forecast revenues would produce larger loss amounts.

AASHTO SCENARIO 1: APRIL 2020 ESTIMATE



Revenue Loss (\$B)
-62

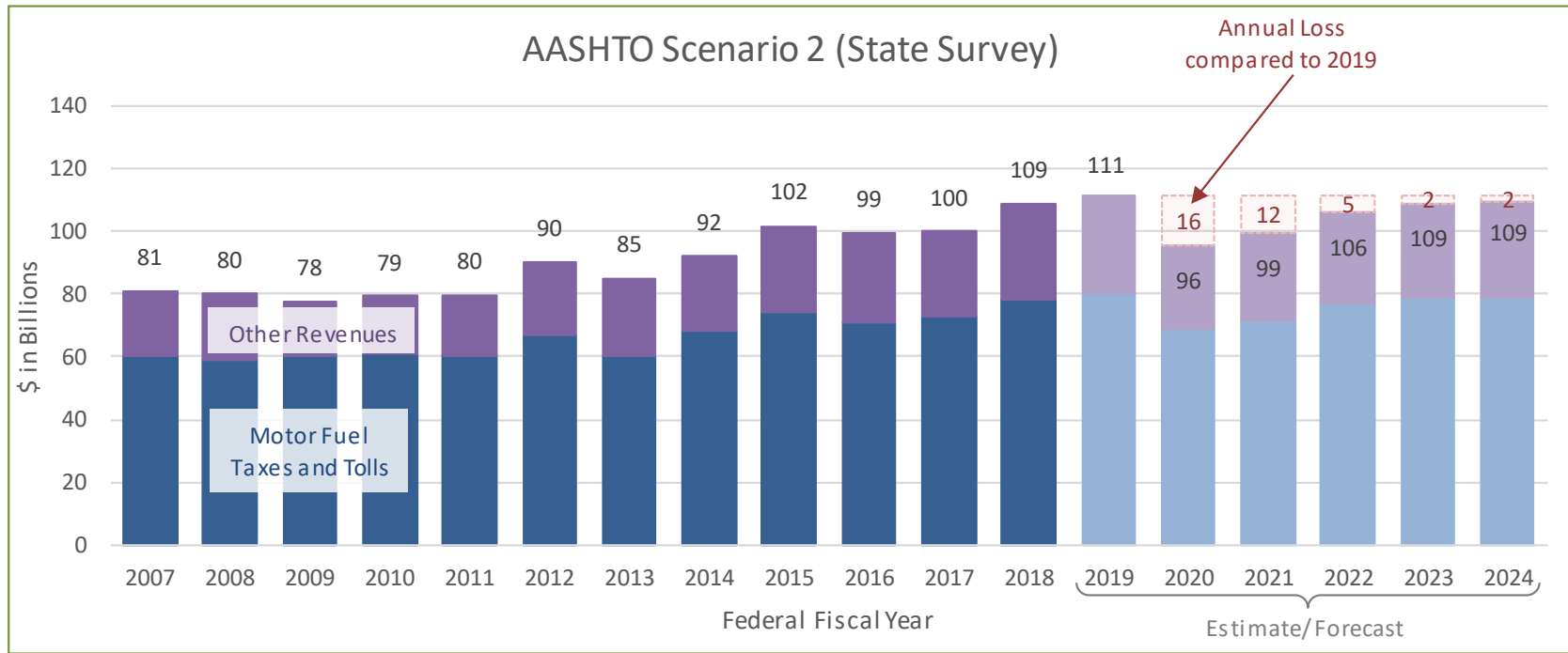
Recovery Period
4 years

Assumption:

- More significant losses estimated in FFY 2021 compared to FFY 2020.



AASHTO SCENARIO 2: JUNE 2020 STATE SURVEY



Revenue Loss (\$B)
-37

Recovery Period
5 years

Assumptions:

- Average of state estimated percent losses compared to 2019, weighted by each state's 2018 non-federal transportation revenues.
- Less significant losses in FFY 2021 compared to FFY 2020.



LIMITATIONS AND CONSIDERATIONS

Timing of data and general uncertainty

- Conditions are changing daily so there are limitations of all data in their ability to capture new developments.
- Given that the trajectory of the pandemic is unknown, transportation revenue forecasts—particularly longer-term forecasts—necessarily rely on many assumptions.

Timing of tax receipts

- Receipt of tax revenues are typically delayed by weeks or months following economic activity.
- As the delay varies widely by state and tax type, these estimates do not attempt to account for the delay in receipts.
- This may result in losses being shifted earlier (for example, the impact of a downturn in activity in late summer might be felt until FFY2021).



LIMITATIONS AND CONSIDERATIONS

Seasonality of revenues

- These estimates do not attempt to account for the seasonal variability of tax receipts.

Comparison to 2019 revenues

- The methodology of state revenue forecasting and the timing of forecast releases vary widely, in order to be as consistent as possible these analyses compare expected revenues to FFY2019 rather than to annual forecasts.
- Since most state forecasts expect increasing revenues our methodology understates the losses states will experience.



SENATE BILL (S 2302)

- America's Transportation Infrastructure Act
- \$287 billion for highways from 2021 to 2025
- Passed Environment and Public Works Committee unanimously in July 2019, but missing titles from:
 - Banking Committee: Transit
 - Commerce Committee: Safety, Rail, general USDOT
 - Finance Committee: Pay-for



SENATE BILL (S 2302)

- Increases Highway Trust Fund funding by 17 percent in Year 1.
- All core formula programs continue to serve as foundation of federal program.
- Resiliency eligibility is expanded for NHPP, STBGP, ER; HSIP is more flexible.
- Reduced burdens, improvement Stewardship & Oversight agreement, and no new performance measures are added.



SENATE BILL (S 2302)

- Program and project delivery is improved through allowance for sharing of Categorical Exclusions, flexibility in the operational right-of-way, and efforts to expedite project review and delivery
- Safety, resiliency, and alternative fueling are emphasized through expanded eligibility and small number of new programs



HOUSE BILL (HR 2)

- Moving Forward Act
- \$1.5 trillion from 2021 to 2025 for surface transportation and schools, housing, hospitals, water, broadband, and USPS.
- Passed by the House in July 2020.
- Provides \$320 billion for highways, \$105 billion for transit, \$10 billion for highway safety, and \$60 billion for rail.



HOUSE BILL (HR 2)

To assist with COVID-19 relief, the bill provides:

- A clean one-year extension for the first year to defer programmatic changes.
- Provides an additional \$14.7 billion for highways and \$5.8 billion for transit with extremely flexible eligibilities including operations and administrative expenses.
- Increases federal share to 100 percent for all highway, transit, and highway safety programs.



HOUSE BILL (HR 2)

- Increases Highway Trust Fund funding by 36 percent in Year 1.
- All core formula programs are retained.
- Resiliency eligibility is expanded for NHPP, STBGP, ER; HSIP is more flexible.
- Preserves state and local authority concerning operational safety and establishment and enforcement of traffic laws.



HOUSE BILL (HR 2)

Substantial amount of new formula and discretionary grant programs and associated requirements are created including but not limited to:

- Establishing new national bridge improvement goals and setting a new requirement that each state must obligate no less than 20 percent of its cumulative annual NHPP and STP apportionment
- Reduction of flexibility on capacity projects under NHPP
- New performance measure on greenhouse gas emission with penalties, even if state DOTs cannot directly influence the measure



HOUSE BILL (HR 2)

Policy outcomes that can be better met through flexibility provided to states are instead generally designed to be addressed directly through prescriptive federal mandates including:

- Limitations on transferability between core formula programs
- Large number of newly permanent and one-time discretionary grant programs created from from the Highway Trust Fund, taking away dollars from core formula programs and increasing administrative bottleneck at USDOT



HOUSE BILL (HR 2)

Requirements and burdens to state DOTs are greatly increased including:

- Restricting state DOTs ability to set performance targets
- Increases suballocation from 55% in 2020 to 60% in 2025
- The federal-state fund swap which accelerates local projects and allows for efficient use of federal dollars is restricted
- New restrictions on tolling are introduced
- Creates “dig once” policy for broadband infrastructure deployment, with new program burdens
- Materials flexibility may be reduced with a focus on green materials



Asset Management Impacts

- Risk and Resilience Planning and Mitigation
 - New requirements for vulnerability assessments
 - Covered Events and Critical Assets
- Bridge Investment
 - Minimum bridge investment requirements
 - ↓ Bridges in poor condition or bridges in fair condition at risk of falling into poor.
 - Person-miles traveled
- Adjusting focus: State Asset and Performance Management



AASHTO SCORECARD

AASHTO CORE POLICY PRINCIPLE	SENATE BILL (S 2302)	HOUSE BILL (HR 2)
1. Ensure timely reauthorization of a long-term federal surface transportation bill.	INCLUDED	INCLUDED
2. Enact a long-term, sustainable revenue solution for the Highway Trust Fund.	NOT IN JURISDICTION	NOT INCLUDED
3. Increase and prioritize formula-based federal funding provided to states.	INCLUDED	NOT INCLUDED
4. Increase flexibility, reduce program burdens, and improve project delivery.	INCLUDED	NOT INCLUDED
5. Support and ensure state DOT's ability to harness innovation and technology.	INCLUDED	INCLUDED

THE PATH FORWARD

- There is no consensus on how to pay for next reauthorization.
 - House bill transfers \$145 billion from General Fund to Highway Trust Fund
 - Senate bill is currently silent
- COVID relief remains most pressing priority for state DOTs.
 - Intended to prevent cancellations and delays of projects & job losses both at state DOTs and private sector.





THANK YOU

