



MEMORANDUM

To: MPO Policy Committee

From: CMAP Staff

Date: June 4, 2015

Re: Federal Transportation Reauthorization Updates

The current federal transportation authorization, Moving Ahead for Progress in the 21st Century (MAP-21), was scheduled to expire on May 31, 2015. A short-term patch extending the current regulation and authorizing surface transportation programs to continue through July 31 passed Congress and was signed into law by the President on May 29.

The CMAP Board adopted their [2015 Federal Agenda](#) on March 11, 2015. The Federal Agenda calls for the next transportation bill to provide sustainable transportation revenues, implement performance-based funding, streamline project reviews, create a robust freight program, and give MPOs tools to support the transportation system. CMAP staff traveled to D.C. in April to meet with our Congressional Delegation and Committee Staff to discuss our priorities and ways to incorporate them into MAP-21 reauthorization.

MAP-21 Reauthorization and Highway Trust Fund Revenue Needs

Congress must act to reauthorize or extend MAP-21 by July 31 to avoid a shutdown of federal highway and transit programs. Additionally, the Congressional Budget Office (CBO) estimates the Highway Trust Fund (HTF) will face insolvency sometime this August if additional revenues are not deposited into both the highway and mass transit accounts of the HTF. CBO estimates an extension of MAP-21 until the end of the fiscal year will require \$3 billion in new revenues. An extension through the end of the calendar year will require approximately \$8 billion in new revenue.

Table 1: Estimated Revenue Shortfall in the Highway Trust Fund if Spending Authority Was Extended to Certain Dates

Extend Spending Authority Until	Estimated Revenue Shortfall in the Highway Trust Fund ¹
September 30, 2015	\$3 billion
December 31, 2015	\$8 billion
May 31, 2021	\$85 billion to \$90 billion

1. Estimates incorporate the assumption that DOT needs a minimum cash balance of \$5 billion to pay obligations in a timely manner.

Source: [Congressional Budget Office, May 28, 2015 letter to Rep. Sander Levin](#)

If the HTF does not have enough revenue to pay incoming bills, DOT would be required to implement a cash management system to slow down payments to state and local governments for ongoing construction work. To date, there has been no discussion of what revenue offsets will be used to raise the billions necessary for an extension or long-term bill beyond August.

The transportation authorization Committees in Congress will step-up their activities by holding additional hearings, releasing legislative text, and holding mark-ups of a long-term reauthorization bill this summer and fall. For example, the Chairman and Ranking Member of the Senate Environment and Public Works (EPW) Committee **announced** they will mark-up a bi-partisan six-year bill on June 24th. The revenue Committees have been slower and will likely move cautiously as they address the main obstacle to a new, long-term transportation bill: new revenue.

CBO estimates a six year bill funded at current spending levels will require nearly \$85-\$90 billion in new revenues just to support current spending levels. Congress has struggled with the imbalance in revenue coming into the HTF and the spending levels authorized in law since 2008. In the past eight years, Congress has supplemented the HTF with \$65 billion in general funds. With more than 20 percent of funds coming into the HTF from the general fund over this period, Congress continues to move away from the user-fee approach that began in the first Federal-Aid Highway Act of 1956.

MAP-21 Reauthorization: New Federal Freight Program

MAP-21 laid the groundwork for a new national freight program. The law directed DOT to develop a national freight policy, identify a national priority network for investment, and create incentives for states to prepare their own freight plans. However, MAP-21 missed opportunities

to make these early initiatives comprehensively address freight network challenges by limiting this preliminary work to highways and not dedicating funding to a federal freight program.

The House Transportation Committee, the Senate Commerce Committee, and the Senate EPW Committee have shown strong interest in building on this earlier work and creating a new stand-alone freight program that is funded through the HTF. Given the outsized role the CMAP region plays in the movement of freight, CMAP has joined other major MPOs in calling on Congress to dedicate \$2 billion/year to a new freight program. Many of these major MPOs, including CMAP, have also joined the Coalition of America's Gateways and Trade Corridors (CAGTC), a national organization of state DOTs, MPOs, ports, and engineering firms that have come together to improve national freight policy. CMAP is represented on the Board of CAGTC.

The Senate Environment and Public Works (EPW) and House Transportation Committees have begun negotiations and drafting of the next transportation bill and each Committee has communicated a strong interest in funding a new freight program. The CMAP Board has made this new program a major component of its Federal Agenda, specifically CMAP Staff has promoted:

- **Dedicating Funding to the Freight Program**
A freight program should be funded with contract authority at a level of at least \$2 billion/year.
- **Multi-modal or Mode-neutral Funding Eligibility**
A freight program should allow states, local communities, and regional planning organizations to fund projects that help move goods and people in the most efficient and safe way, regardless of whether they are road, rail, or port projects.
- **Major Metropolitan Area Focus**
Major metropolitan areas play a critical role in managing goods movement. These regions, like the Chicago region are key transportation hubs where bottlenecks can impact the entire country. A freight program should provide a key role for Metropolitan Planning Organizations (MPOs) in prioritizing and selecting freight projects. This role should include eligibility to apply for new national competitive grants and should ensure MPOs are involved in the planning and programming of funds in these regions.
- **Formula Funding and Chicago Region**
If a freight program includes a formula component, the metrics used to distribute those funds should recognize the outsized role Chicago plays in our national freight system. Chicago is the nation's freight network, where we transfer shipments between modes, have the physical capacity to handle large freight volumes, extensive warehousing and logistics centers, and the appropriate skilled workforce to coordinate and manage goods movement.

- **Competitive Grant Funding Program**

A freight program should include a competitive grant program that is also funded with contract authority and include wide-eligibility for projects of all modes, not just highways. MPOs should be eligible applicants for these grant funds.

CMAP Staff will continue working with implementers and local governments in our region to promote this federal freight program through research, analysis, and outreach.

ACTION REQUESTED: Discussion

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