

**Metropolitan Transportation Commission and Association of Bay Area Governments  
Joint MTC ABAG Legislation Committee**

June 11, 2021

Agenda Item 4a

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**Update on Surface Transportation Reauthorization**

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**Subject:** Status update regarding the reauthorization of the federal surface transportation law, including an overview of the five-year bill passed by the Senate Environment and Public Works Committee.

**Overview:** The Fixing America’s Surface Transportation (FAST) Act – the law that guides federal transportation policy and spending priorities – is set to expire on September 30, 2021. Last month, Congress jumpstarted FAST Act reauthorization discussions with the release of the Senate’s highway proposal, which is summarized below and in Attachment A. On Friday, June 4, the day this memo was finalized, the House Transportation & Infrastructure (T&I) Committee unveiled their bill, with committee markup planned to begin on Wednesday, June 9<sup>th</sup>. Staff will provide an update at your committee meeting. The T&I Committee’s fact sheet on the bill is included as Attachment B. Staff will provide further details on the House bill at your committee meeting.

***Senate Highway Reauthorization Proposal Introduced***

On May 26, the Senate Environment and Public Works (EPW) Committee passed the Surface Transportation Reauthorization Act of 2021 (STRA), a five-year, \$304 billion highway transportation reauthorization proposal. We are encouraged that the bill reflects many of MTC’s federal transportation advocacy priorities. Importantly, STRA retains the pieces of the existing FAST Act program structure that we know work and increases funding by more than 30 percent over five years. This funding growth reflects the large-scale state of good repair, safety, bridge, and active transportation needs in the Bay Area and throughout the country. As advocated by MTC, the bill includes a new focus on climate change, explicitly making resilience activities eligible within core highway programs and creating new resilience and carbon reduction programs. In addition, we are encouraged that the bill’s proposed new bridge program would direct resources to those larger, nationally and regionally significant bridges with state of good repair and resilience needs.

STRA also takes steps to support regional funding, planning and decision-making, including through directing a modest amount of new climate funding to metros, creating a new congestion reduction program, and through increasing metropolitan planning funding. With regards to active transportation and removing artificial barriers imposed by highways when they were first built, the bill significantly grows the federal bike/ped program and creates a new Reconnecting Communities grant program to remove or retrofit highways for the purpose of revitalizing communities.

Though we believe STRA is a great starting point overall, the bill could be improved by shifting more of the federal resources toward the Bay Area and other population and job centers. Specifically, we would like to see a more proportionate increase in funding for flexible, multimodal highway programs that come directly to MTC for programming, increased funding for the new metro-focused carbon reduction and congestion reduction programs, and increased suballocation of formula funding to large metro areas. These changes would support the Bay Area in making progress on the host of climate, resilience, and seamless transit, and equity-oriented investment priorities identified in Plan Bay Area 2050.

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We look forward to an engaging discussion with the Commission and our partners as the reauthorization process unfolds.

### *Next Steps and Timing*

As is standard practice, the Senate's transit policy, rail policy and revenue measures—which are still under development—will be merged later with the highway proposal into one Senate bill. The House will also develop their own comprehensive surface transportation package, which is expected to be unveiled before your committee meeting. The two chambers will then resolve any differences through a conference committee.

Lawmakers are aiming to have a long-term reauthorization (i.e. a five- or six-year bill) approved in advance of the September 2021 FAST Act expiration, though that timeline is ambitious. It is encouraging that the Senate and House authorizing committees have begun to take action on their respective bills and we expect that both chambers will be busy unveiling new policy and refining proposals through the summer. However, paying for a transportation bill is typically the most challenging aspect of delivering a multi-year authorization, and that again is expected to be a challenge. Congress will need to identify approximately **\$70 billion** in new revenue just to cover the cost of maintaining *baseline* federal transportation program spending for five years. This is because of the gap between transportation spending and the Highway Trust Fund (HTF) revenues generated by the federal gas tax and other user fees. Expanding the transportation program to meaningfully address pressing subjects like climate change, for instance, would require significantly more resources.

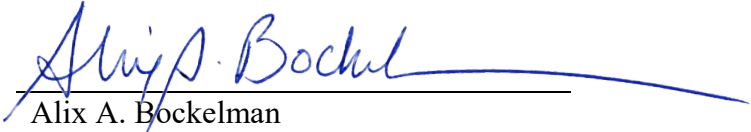
### *Surface Transportation Reauthorization and an Infrastructure Bill*

The President and Congress are continuing to negotiate an infrastructure package, which would almost certainly include transportation as a central component. How or if a multi-year transportation bill would fit into an infrastructure package has yet to be determined. The most likely scenarios are either that a multi-year surface transportation reauthorization serves as a major “transportation investment” component of an infrastructure bill or an infrastructure bill provides a large scale, one-time influx of funding for multimodal transportation priorities—along the lines of what was proposed in the American Jobs Plan— wholly separate from a multi-year reauthorization. It is unlikely that Congress this year funds both a multi-year transportation bill and a large influx of one-time funding for roads, bridges, transit, rail, complete streets, and other surface transportation projects.

### **Attachments:**

Attachment A: MTC Staff Summary of the Surface Transportation Reauthorization Act of 2021

Attachment B: House T&I Committee Fact Sheet on the INVEST in America Act

  
Alix A. Bockelman

# FEDERAL SURFACE TRANSPORTATION BILL

*SENATE PROPOSAL AND NEXT STEPS*



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# STATUS UPDATE

Washington, D.C. is serious about infrastructure. Two legislative vehicles for transportation investment are being discussed in tandem:

## 1. Infrastructure Bill

\$1 trillion + investment in infrastructure, including transportation; One time influx of funding

No statutory deadline; negotiations ongoing

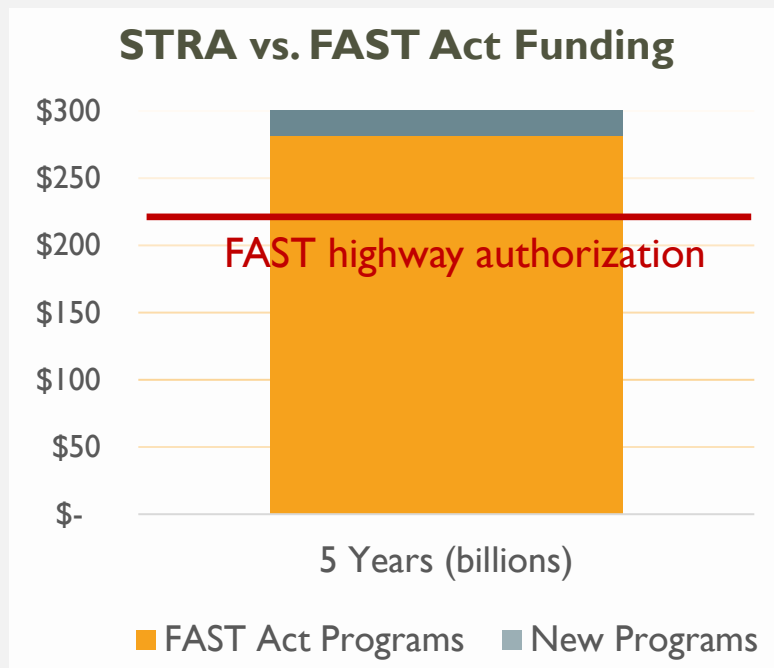
## 2. FAST Act Reauthorization

Multi-year transportation bill; policy and funding updates; re-set baseline transportation spending levels

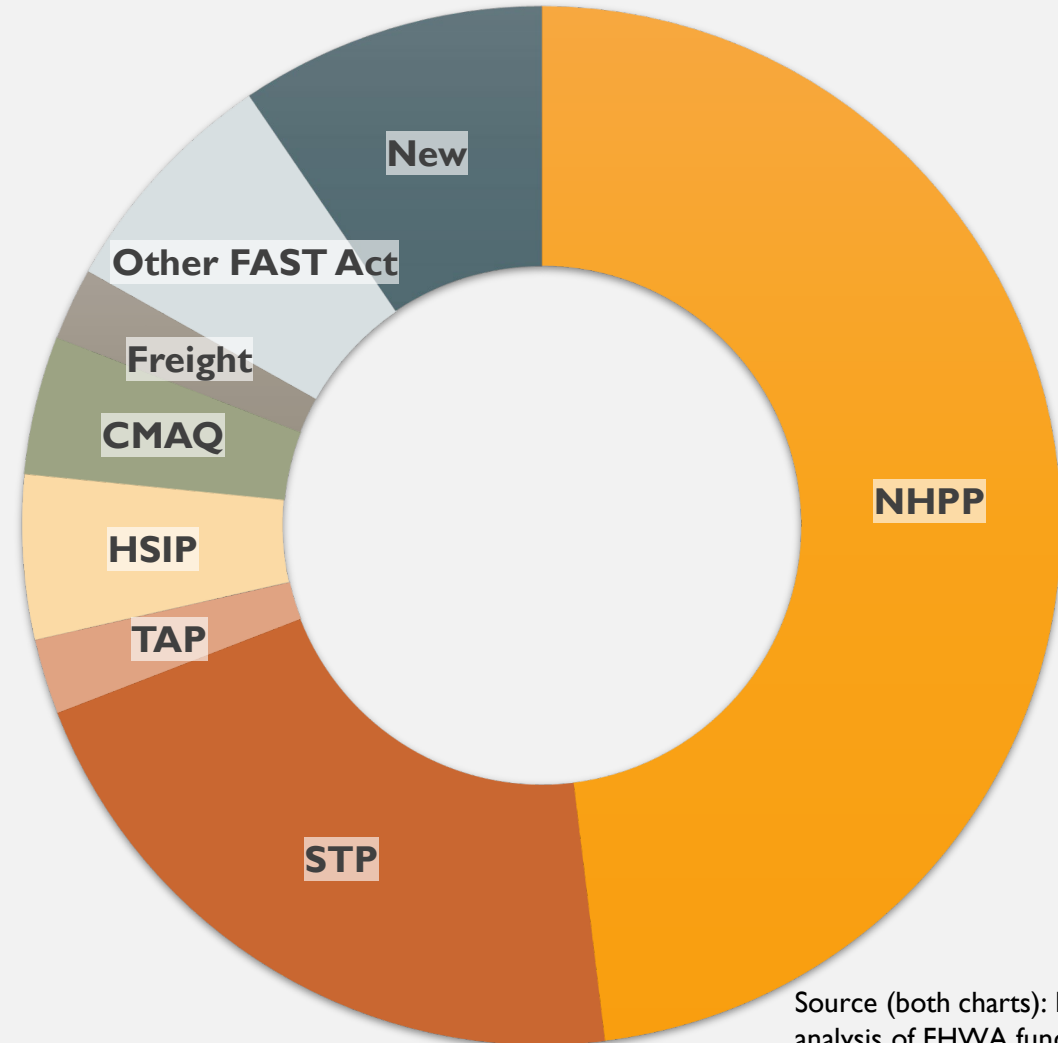
FAST Act **expires September 30, 2021**; Senate kicked off negotiations in May with highway proposal: Surface Transportation Reauthorization Act of 2020 (STRA)

# SURFACE TRANSPORTATION REAUTHORIZATION ACT OF 2021 (STRA)

- \$305 billion for highway programs over 5 years
- FAST Act framework
- New programs: Climate change, bridges, pilots



## STRA Funding Distribution



# STATE OF GOOD REPAIR

## National Highway Performance Program

- \$28 billion in FY 2022 (17% growth)
  - CA: \$2.5 billion for highway maintenance, bridge repair, etc.
- Up to 15% funds may fund resilience improvements

## Bridge Investment Program (New)

- \$1.2 billion in FY 2022 (50% subject to appropriations)
- Discretionary grants may fund bridge maintenance, rehabilitation, replacement and protection
- 50% reserved for large projects (>\$100 million; \$50 million minimum grant award)

## Resilience: What's Eligible?

Bridge and culvert upgrades

Elevating and relocating roadways

Stabilizing slopes & slide areas

Seismic retrofits

Installing riprap, and other hydraulic countermeasures

Natural infrastructure (e.g. improving a marsh adjacent to a roadway)

Other mitigation features



# SURFACE TRANSPORTATION BLOCK GRANT (STP)

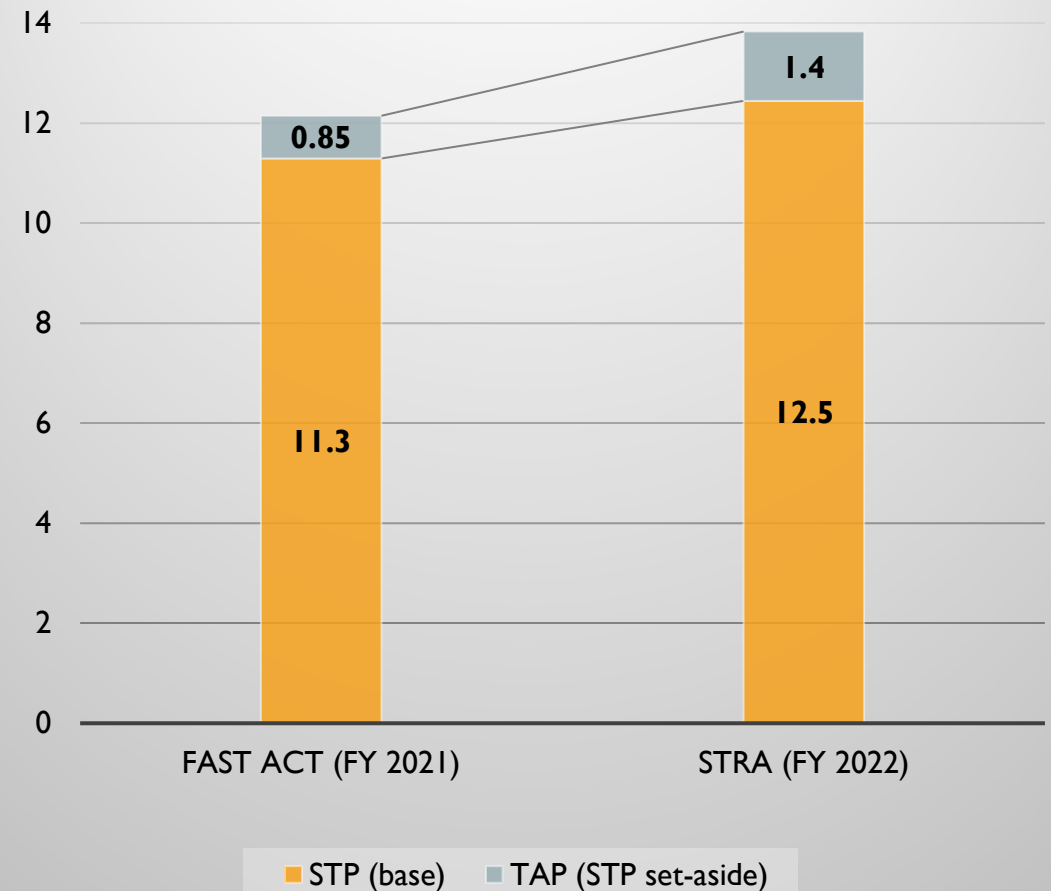
## Funding

- National program \$12.5 billion in FY 2022
  - California: \$1.1 billion
  - Bay Area: \$116 million (estimate)
- Base STP only grew 10%; Growth primarily directed to transportation alternatives (TAP)

## Policy

- Suballocation constant (55%)
- Expands flexibility: resilience, privately owned ferries, other

## Distribution of Funding Increase (\$ in Billions)



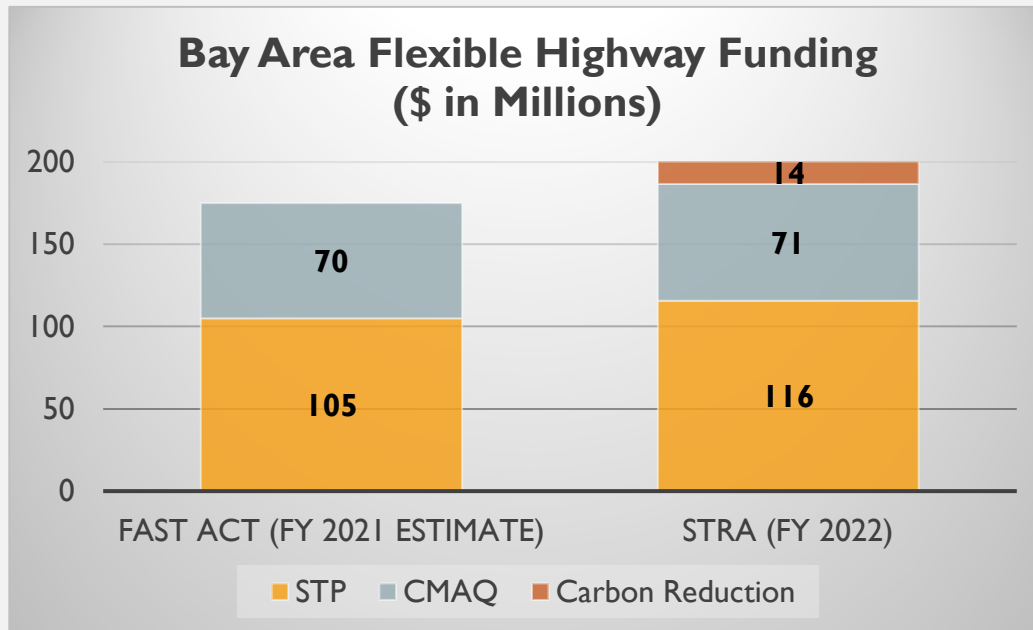
Source: MTC analysis of FHWA fund estimates



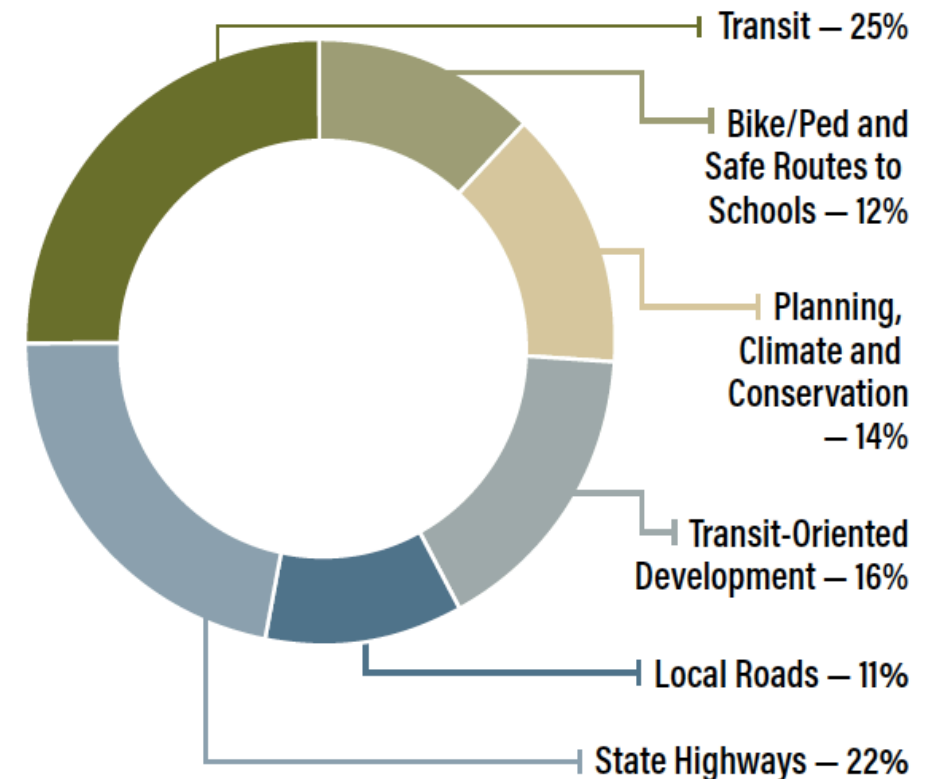


# CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT (CMAQ)

- \$2.5 billion national program in FY 2022 (inflation)
- California retains 20% share
- Complemented by new carbon reduction program (\$1.2 b annually) and congestion relief program (\$50 m annually)



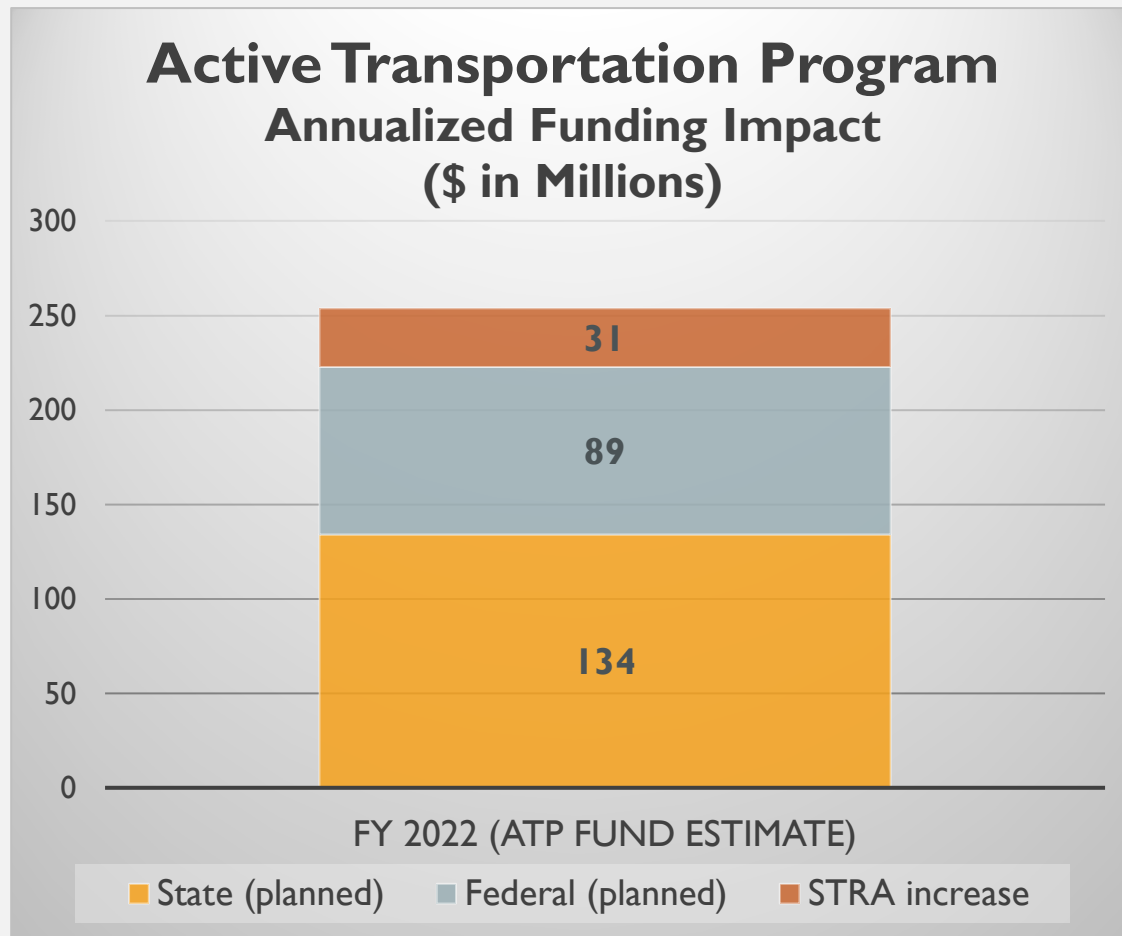
## STBG and CMAQ in the Bay Area (2013–2017 programming by use)



Sources: MTC analysis of FHWA fund estimates (left); MTC 2017 Report to Congress (OBAG Cycle I awards)



# BIKE/PED & COMMUNITY CONNECTIONS



## Transportation Alternatives Program\*

- Grows by 63% in FY 2022 to \$1.4 billion; Regional share of TAP increases to 59%
- Policies to address low obligation rates

Safe Routes to School expanded to include high school

Reconnecting Communities Pilot: \$500 million over 5 years

\*As shown on chart, TAP helps fund California's ATP.



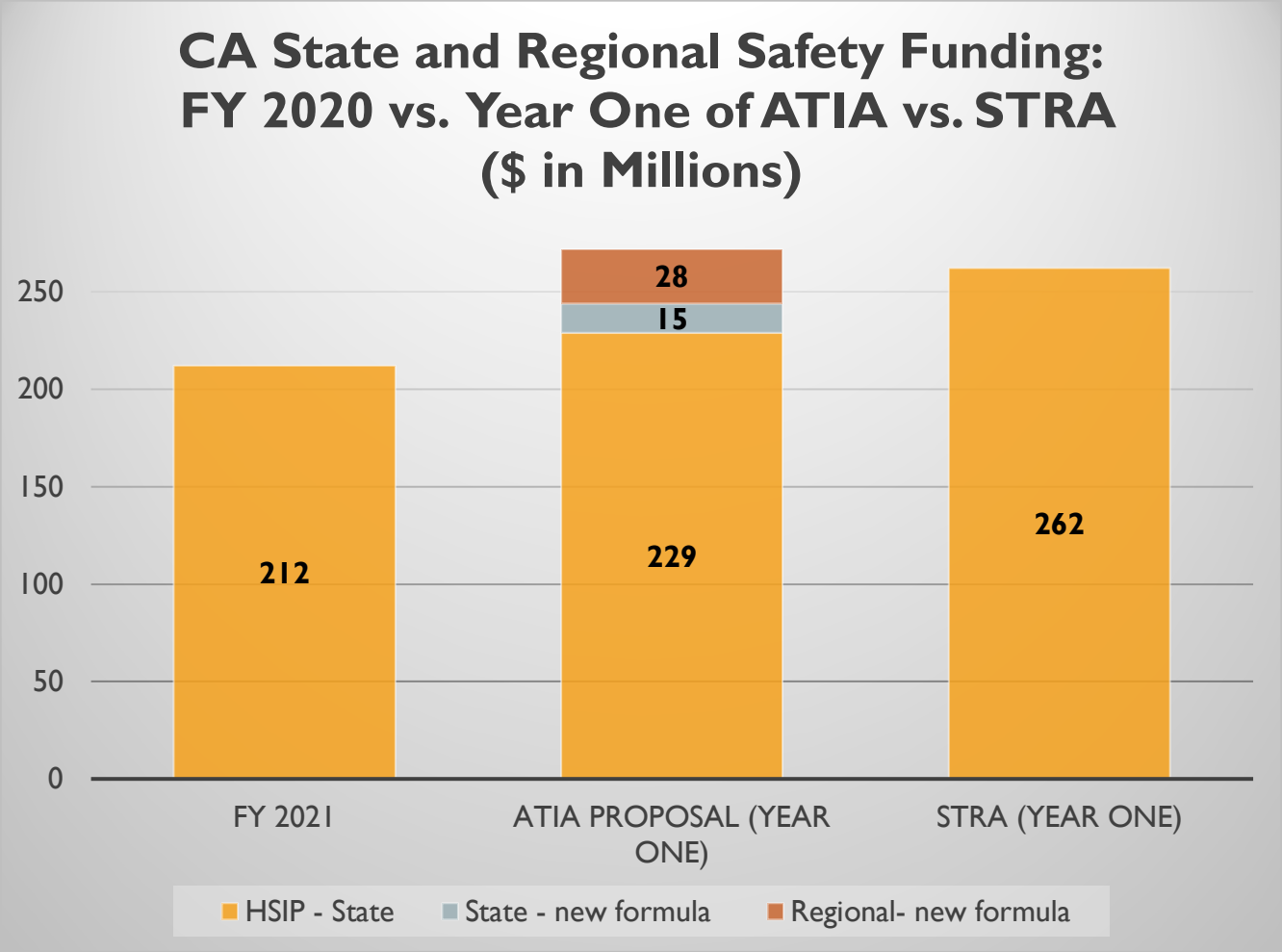
# SAFETY

## Highway Safety Improvement Program

- \$3.2 billion national program in FY 2022; \$262 million for CA
- Shifts funding from ATIA-proposed bike/ped-focused safety program into HSIP (see chart)

## Rail-Highway Grade Crossing Set-Aside

- Remains at \$245 million annually



Source: MTC analysis of FHWA fund estimates

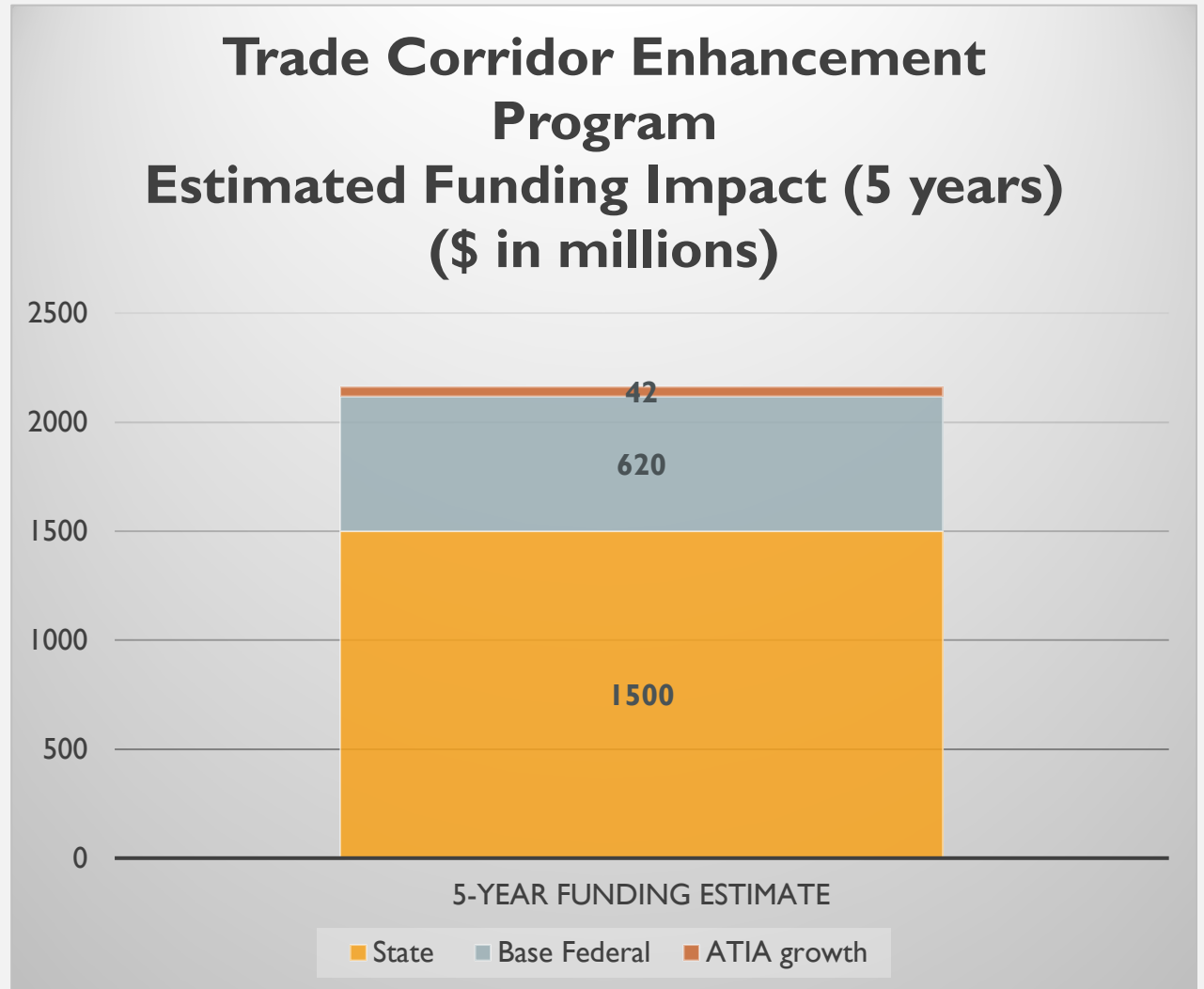
# GOODS MOVEMENT

## National Highway Freight Program

- \$1.5 billion/year (average) vs. \$1.25 billion/year FAST Act (average)
- Reduction in FY 2022

## INFRA

- Funded at \$1.05 billion in FY 2021
- Enhanced multimodal eligibility

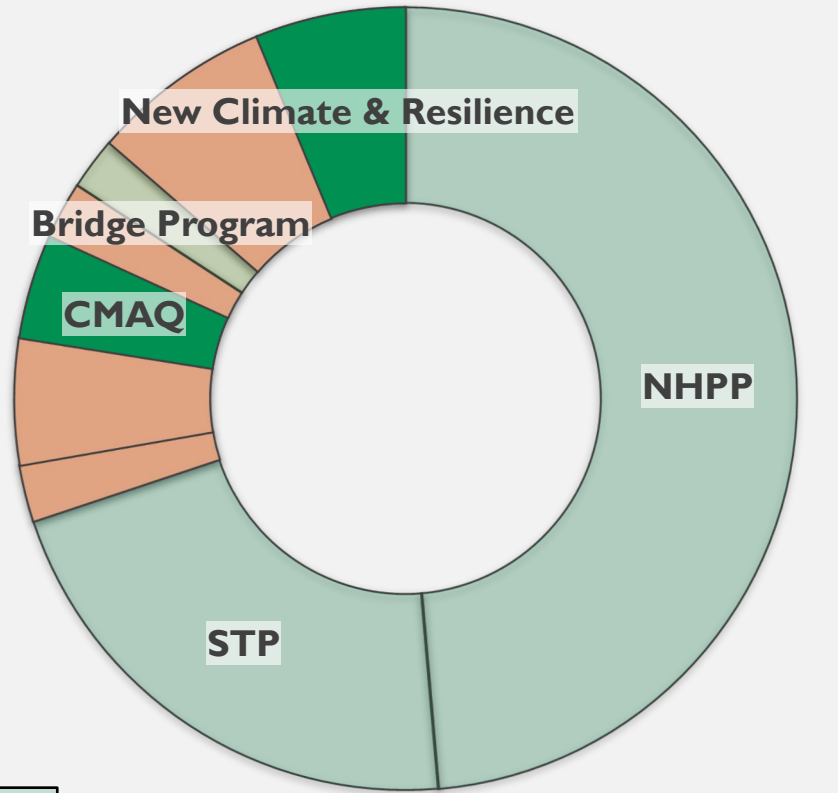


Source: MTC analysis of CTC and FHWA data: FAST provided approximately \$124 m in FY 2020



# CLIMATE CHANGE

**STRA Funding for Climate & Resilience**



New Dedicated Climate & Resilience Funds	FY 2022 Funding (in millions)
Formula Programs	
PROTECT (100% to States)	\$1,402 nationwide; \$ 121 California
Carbon Reduction (65% suballocated to regions)	\$1,234 nationwide; \$. 107 California
Discretionary Programs	
PROTECT (competitive)	\$250
Charging and Fueling Infrastructure Grants	\$500
Clean Ports	\$50
Transportation Resilience and Adaptation Centers of Excellence	\$100

Source (both charts): MTC analysis of FHWA fund estimates

## MTC PRIORITIES & STRA

### STRA Reflects Many of MTC's Priorities

- ✓ Long-term (5-year) bill
- ✓ Grows core transportation programs, including flexible highway programs (STP and CMAQ)
- ✓ Stronger federal leadership on climate and resiliency
- ✓ Large projects: New funding for nationally and regionally significant bridges; expanded multimodal eligibility for freight grants
- ✓ Tolling and planning – retains flexibility; planning funding increases

### Metro Funding: Progress but Room for Improvement

- ✓ Only a modest increase in resources directed to the Bay Area and other metropolitan areas





## RECOMMENDATIONS

- Increase funding for STP and CMAQ—the federal programs that come directly to MTC for programming—so that those programs grow at least as much as the NHPP program
- Increase funding for the new metro-focused carbon reduction and congestion reduction programs
- Increase suballocation of formula funding to large metro areas

# NEXT STEPS

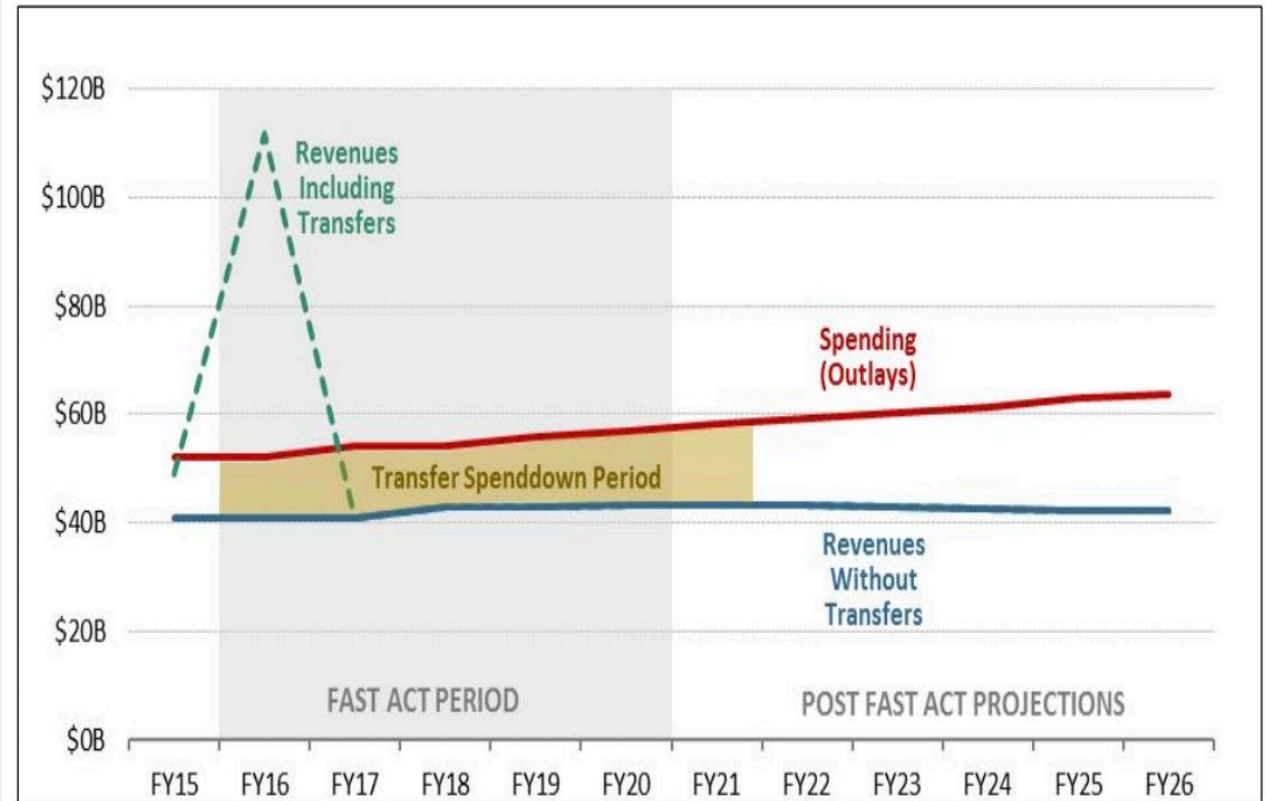
## FAST ACT REAUTHORIZATION

- Policy committees – Senate action expected May – July; House action in June
- Funding – Pay fors will be needed; Typically, last piece of the puzzle
- Deadline: Highway Trust Fund solvent thorough **summer 2022**

## INFRASTRUCTURE BILL

How these will impact each other is an open question

## Highway Trust Fund Revenue Gap



Source: CRS, based on CBO, *Highway Trust Fund Projections: March 6, 2020 HTF Baseline 2019-2030*. FY2016-FY2019 revenues and outlays are actual.







# INVEST IN AMERICA ACT

## Fact Sheet

**The INVEST in America Act is the House Committee on Transportation and Infrastructure's five-year, \$547 billion surface transportation reauthorization bill** that will create good-paying jobs to rebuild and re-imagine America's surface transportation infrastructure. This package helps meet the president's vision— as laid out in the American Jobs Plan—by investing in American workers and communities of all sizes, while tackling the climate crisis head-on.

### **Roads, Bridges, and Safety: \$343 billion**

- Delivers better roads and bridges faster by increasing investment by 54 percent, with an emphasis on fixing existing infrastructure.
- Dedicates \$32 billion for bridge funding to ensure bridges in communities of all sizes are safer, more reliable, and more resilient.
- Invests \$4 billion in electric vehicle charging infrastructure, helping the U.S. shift to the next generation of clean vehicles.
- Dedicates \$8.3 billion for activities targeted to reduce carbon pollution and provides \$6.2 billion for mitigation and resiliency improvements; also advances the development and utilization of green construction materials.
- Makes our roads safer with a significant boost to roadway safety programs, record levels of investment in walking and cycling infrastructure, complete streets planning and smarter road design, and safe routes to schools.
- Focuses transportation planning to promote mobility and facilitate access to jobs and other essential services; and reconnects communities that were divided by highways with a new \$3 billion program to correct planning mistakes of the past.
- Targets investments to areas of persistent poverty, rural communities, Tribes, and other continually disadvantaged areas.
- Helps elevate state and local priorities by funding Member Designated Projects.

### **Transit: \$109 billion**

- Makes record investments in transit to increase routes, reduce the transit maintenance backlog, and provide more frequent service, resulting in better options for riders, improved environmental outcomes, and increased access to jobs and essential destinations.
- Scales up investment in zero-emission transit vehicles, supporting fleet conversion to reduce local air pollution and related health impacts. These investments are paired with strong Buy America requirements and provisions for workforce training to ensure America can compete in the clean energy economy.

- Funds and incentivizes transit-oriented development to make transit more convenient to where people live and work and build sustainable, walkable communities.
- Increases funding for rural transit by more than 50 percent in the first year and sets aside \$50 million a year for rural persistent poverty communities. Creates a pilot to improve flexibility in paratransit trips, allowing for brief stops such as childcare pick-ups and drop-offs, and short trips to the grocery store, pharmacy, or bank.
- Creates a new reduced-fare pilot program to improve access for low-income riders. Doubles the set aside for urban areas formula dollars based on low-income population and deep poverty census tracts, and directs transit agencies to serve these populations.
- Streamlines the Capital Investment Grant program to improve project delivery, reduce red tape, and achieve cost savings for transit agencies.
- Creates new programs to address several pressing transit challenges—improving compliance with the Americans with Disabilities Act, and addressing transit deserts by providing expanded transit service to unserved and underserved communities.

### **Passenger and Freight Rail: \$95 billion**

- Triples funding for Amtrak to \$32 billion, allowing for enhanced service, ADA upgrades, and investments to renew and support service on the Northeast Corridor and long-distance and state-supported routes.
- Provides funding for corridor planning and development of high-speed rail projects, reducing traffic congestion and shortening travel times.
- Improves rail safety by addressing highway-rail grade crossings needs, requiring additional rail safety inspectors, addressing trespasser and suicide fatalities, and eliminating gaps in railroad safety.
- Creates a federal blocked crossing program to collect data and enforce a 10-minute blocked crossing limit.