



MEMORANDUM

TO: Southwest Washington Regional Transportation Council Board of Directors
FROM: Matt Ransom, Executive Director 
DATE: March 29, 2016
SUBJECT: FAST Act Funding

AT A GLANCE – DISCUSSION

The purpose of this memorandum is to provide background information on the federal FAST Act funding programs and implications for future funding allocations.

BACKGROUND

On December 4, 2015, President Obama signed into law the Fixing America’s Surface Transportation (FAST) Act. The FAST Act provides \$305 billion nationally over five years for various highway, transit, and safety programs. It is estimated that Washington State will receive approximately \$3.5 billion in core Federal Highway Administration (FHWA) funds over the life of the bill. This funding level represents a 6.3% increase in previous funding to Washington State under the Moving Ahead for Progress in the 21st Century (MAP-21) Act.

RTC GRANT PROGRAMS

With the FAST Act and federal commitment to funding the federal aid programs, RTC’s grant offerings are forecast to receive a slight increase in funding for the STP and CMAQ programs. However, the full scope of the funding allocations is not known at this time. In the interim, the grant programs committed to the RTC region remain unchanged until the Governor’s funding formula committee reaches their conclusion.

RTC’s existing grant program allocation estimates for YR 2020 grant programming are as follows:

RTC Funding Program	Estimated Allocation (YR 2020 Program)
STP (urban / rural)	\$5,100,000
CMAQ	\$2,980,000
TAP*	\$516,000
Total	\$8,596,000

*TAP funding available for 3-county RTC region.

FAST Act FUNDING FORMULA

Since the passage of the Intermodal Surface Transportation Efficiency (ISTEA) Act in 1991, FHWA funds in Washington State have been distributed as follows: 66% to the State and 34% to local agencies and Metropolitan Planning Organizations (MPOs). This funding distribution exceeds federal requirements for the amount of funds that are to be sub-allocated to local agencies. The “Local” agency funding is provided through an array of programs and distributed by direct allocations and through competitive allocations by MPOs and state agencies.

The original 66%-34% funding formula was established by a committee of stakeholders (commonly referred to as the “Gang of Eight”) convened by the Governor and the Office of Financial Management (OFM). The Committee has historically included representatives from the Governor’s Office, OFM, the chairs of the Senate and House Transportation Committees, cities, counties, ports, tribal governments, MPOs, and the Washington State Department of Transportation (WSDOT). This committee most recently met in 2012 to review the funding formula distribution following the passage of MAP-21. At that time, it was decided to leave the formula at 66%-34%. The allocation of Federal Transit Administration (FTA) funds is not impacted by this agreement.

Some decisions have already been made about the short-term plan for allocating FAST Act funding. Specifically, the Legislature allocated FAST Act funds for their purpose through the remainder of the 2015-17 biennium. In programming those funds, the Legislature retained the current 66%-state and 34%-local split for the core FHWA programs with the exception of the new freight program formula funds.

On February 10th, the statewide Regional Transportation Planning Organization (RTPO) Coordinating Committee received notification that the Governor’s Office and OFM will convene a federal funding formula committee (Committee) later this spring to review the current funding formula in light of enactment of the FAST Act. Representing the RTPO’s on the Committee are two delegates drawn from the Puget Sound Regional Council and the Yakima Valley Council of Governments. It is expected that the Committee will recommend a formula agreement to the Governor and Legislature, and any new agreement would apply to funds in the 2017-19 biennium and through the remainder of the FAST Act.

Conversations have already begun on the implications of a new federal funding formula agreement. Implications of revision to the funding formula are many, and are not fully known given the multi-dimensional nature of the overall federal funding program and how the transportation system would be maintained/improved in a given scenario. Attachment One provides a summary of issues from one perspective, as identified jointly by the Association of Washington Cities (AWC), the Washington State Association of Counties (WSAC), and the Puget Sound Regional Council (PSRC).

POLICY IMPLICATIONS

As noted above, the federal funding formula agreement will direct approximately \$3.5 billion in FHWA funds in Washington State over the next five years. Later this year, the federal

funding Committee will recommend a formula for the distribution of FHWA funding for the 2017-19 biennium and the remainder of the FAST Act. The RTC region and member agencies funding allocation may be adjusted (increase or decrease), dependent upon the update to the formula agreement.

Implications related to the RTC's Regional Transportation Plan (2014) and member agency project implementation (ex: total funding available, timeliness, etc.) will likely result.

NEXT STEPS

RTC will monitor the Committee process, and provide timely updates to the RTC Board regarding regional and local agency implications. Should the RTC Board desire more direct RTC staff engagement and outreach, this guidance should be provided.

Attachment

The FAST Act in Washington: Let's fix the state's transportation mismatch

The Fixing America's Surface Transportation Act enacted late last year secures federal highway and transit programs for the next five years. State leaders now have the opportunity to decide how to divide a large share of these federal transportation funds.

The state can expect to receive almost \$3.6 billion in Federal Highway Administration funds via the FAST-Act, starting with \$687 million in 2016 and growing each year to \$750 million by 2020 – more funding than the state had previously anticipated.



Decisions on how best to use these funds are likely to start within the supplemental transportation budget developed by the Governor and state legislature in 2016.

In the past, 66% of these funds have been invested in state

highways, 34% have been used for local transportation: Including bridges, city streets, county roads, ferries, transit systems, bike and pedestrian improvements and trails.

This lopsided split between state highways and local transportation is an old policy designed when cities and counties could count on about 50% of the state fuel tax to cover the basics. Now cities and counties can only count on less than 30% of the state fuel tax.

Today 69% of all public road miles in the state are city streets and county roads. Cities and counties maintain nearly 55% of the state's 7,300 plus bridges. 58% of the bridges in the state rated "structurally deficient" are local bridges.

A new state policy is needed to match the realities of the state's transportation system with the federal funds designed to keep the whole system running. Decisions on how to divide funds within five major programs administered by the state can correct the current mismatch.

1. National Highway Performance Program - \$388 million in 2016

The largest FHWA program is focused on preserving state and local pavements and bridges on the National Highway System. In Washington state 23% of eligible roads (3,340 miles) are local, yet under the state's old policy, local roads get just 6% of these funds.

2. Surface Transportation Block Grant Program - \$177 million in 2016

This is the most flexible program, and includes broad eligibility for roadway, transit, freight and non-motorized investment. Providing more STP funding for local projects would help match the diversity of local needs and ensure transparent - merit based competition - to select the best projects.

3. Highway Safety Improvement Program - \$38 million in 2016

The HSIP requires a data-driven strategic approach to improving highway safety on all public roads and is focused on performance.

4. Congestion Mitigation and Air Quality - \$37 million in 2016

CMAQ funds can only be used for projects that produce an air quality benefit and provide congestion relief. In Washington State, they have been distributed through competitive processes via eligible entities like the PSRC.

5. National Freight Program - \$20 million in 2016

This new federal program is tailor made for Washington and is designed to improve the movement of freight on the national Highway Freight Network, which includes state and local roads and bridges, including grade crossings to speed access to ports.

Next Steps

Decisions made by the Governor and state leaders will set the policy for the next five years. They need to hear from people across the state to better understand the opportunity to correct the current mismatch. The door is open for a better local share.

