



MEMORANDUM

**TO:** Southwest Washington Regional Transportation Council Board of Directors  
**FROM:** Matt Ransom, Executive Director *MR*  
**DATE:** May 27, 2014  
**SUBJECT:** **MAP-21 and Highway Trust Fund Status**

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**AT A GLANCE - INFORMATION**

*The Federal transportation funding program is facing two major issues in the summer of 2014. The issues are: expiration of funding for MAP-21; and, the projected insolvency of the Highway Trust Fund. Without appropriations of new funds to address those issues, the State and regional transportation funding programs and select projects may be at risk for delay or cuts in funding.*

**Current Federal Transportation Law: MAP-21**

Enacted in the summer of 2012, the federal surface transportation law Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21), provided an updated framework for transportation investment and was funded only through September 2014. The two-year bill made significant changes to transportation policy and funding, beginning with the consolidation of several funding programs and the advancement of performance based planning and system management at the state and MPO levels.

**MAP-21 and Funding Status:**

Two issues confront Congress and the President in the summer of 2014: 1) expiration of MAP-21 funding appropriations; and, 2) the impending insolvency of the Highway Trust Fund. Each of these issues, taken separately, pose risks to the State and MPO transportation funding programs. Given the potential consequences that could result, both Congress and the President are working on separate proposals to address contraction of the federal transportation funding program.

Proposals in development by both Congress and the President would provide a combination of both short and long-term subsidy to delay the decline of the Highway Trust Fund, and each also presents a variety of policy and program reforms and initiatives. Given the dynamic nature of ongoing deliberations within Congress, it is premature to formulate any definitive opinions regarding the merits of a specific proposal. Further information will be presented once a consensus Bill is advanced within each chamber.

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### **Effects on State and Regional Projects**

In the absence of additional appropriations under MAP-21 (or successor bill), and reconciliation of the Highway Trust Fund shortfalls, funding for current projects at both state and the regional levels are at risk.

- **State Projects:** WSDOT Highways and Local Programs division has prepared a preliminary analysis of the likely effects of federal funding reductions at the state level. In a scenario where the Highway Trust Fund becomes insolvent, beginning summer 2014, they assume that the Federal Highway Administration (FHWA) will begin to reduce the reimbursement rates for projects currently under construction and would prohibit (in the near term) further commitment (obligation) of federal funds to new project starts.
- **Regional Projects:** The RTC has programmed federal funds for local agency and WSDOT projects through year 2017. However, programming does not mean funding commitment, and local agencies are continually gaining final commitment of funds through their Local Agency Agreement contracts with FHWA. What this means is that like the State projects, local agency projects may be at risk for reduced grant reimbursements on existing contracts, and no further funding commitments on new projects.

### **Next Steps**

RTC staff will continue to monitor the situation through the summer and will provide updates to local agencies through the RTAC process. RTC will conduct a grant funding selection process for year 2018, and will assume programming of forecast federal funds by year end. However, given the dynamic nature of the ongoing Congressional review, should our assumptions need to be altered which affect the proposed year 2018 grant selection process and programming, then further updates will be presented to the Board.