Transportation for America

SUMMARY OF THE GROW AMERICA ACT
As Submitted to Congress on April 29, 2014

The U.S. Department of Transportation (USDOT) submitted the "Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America Act" (the GROW AMERICA Act), to Congress on April 29, 2014. The GROW AMERICA Act includes USDOT's policy recommendations for reauthorization of the federal surface transportation program. The current transportation law, MAP-21, expires on September 30, 2014, and Congress is expected to begin debate on MAP-21 reauthorization in the coming weeks. This memo provides an overview of the key provisions included in the GROW AMERICA Act, as well as funding levels for key programs **(see funding table on page 8)**.

I. Funding.

The GROW AMERICA Act is a 4-year $302 billion transportation authorization proposal. This represents an $87 billion increase over the current spending levels set by MAP-21. The funding would rely on gas tax receipts and $150 billion in corporate tax savings (although specific corporate tax proposals are not included) that would be transferred to the new Transportation Trust Fund (a proposed successor to the Highway Trust Fund). The proposal moves to reclassify all surface transportation outlays as mandatory (so they would not be subject to yearly cuts in the appropriations process), and also moves a number of current General Fund programs to the Trust Fund, including the Federal Transit Administration's (FTA) New Starts program and the Federal Railroad Administration's (FRA) rail programs.

Under the proposal the Transportation Trust Fund would keep both the Highway and Mass Transit Accounts and fund both accounts with the same portions of the highway fuel and nonfuel taxes, certain IRS penalties, and motor carrier fines and penalties currently going to each. The GROW AMERICA Act would create new accounts within the Transportation Trust Fund for rail and multimodal programs (TIGER and freight), titled the Rail Account and the Multimodal Account respectively. These accounts would be funded through revenues from corporate tax savings.

II. Multimodal Discretionary Grants

The GROW AMERICA Act would establish two new discretionary grant programs. One is modeled after the highly successful "TIGER" grant program created by Congress in 2009. The proposal provides $5 billion to support a competitive grant program to fund surface transportation projects, including highways, bridges, transit, passenger and freight rail, and port projects. Up to 10 percent of funds is available for planning and 10 percent to help grantees pay for TIFIA subsidy and administrative costs.

The other program – Fixing and Accelerating Surface Transportation, or FAST – is modeled after the Department of Education's Race to the Top program. In this program, $4 billion would support awards to states, tribes, or metropolitan planning organizations (MPOs) to incentivize the adoption of bold, innovative strategies and best practices in transportation that would have long-term impact on all projects across the transportation programs, such as allowing gas tax receipts to fund transit projects or allowing local governments to raise money locally. Awards would be no less than $50 million and could be used to fund any surface transportation project. One quarter of the funds made available under FAST would be set-aside as Metropolitan Mobility funds for high-performing MPOs (see discussion below under Planning and Performance Management). Whatever funds are not used by high-performing MPOs would be utilized for FAST grants.

III. Federal-Aid Highways

The GROW AMERICA Act would increase funding for the Federal Highway Administration from more than $40 billion this year to $51 billion in FY2018, with an average increase per year of 21% more than FY14 funding levels. This includes more than a 5% average increase per year over FY14 for the core highway programs (NHPP, STP, HSIP, CMAQ, Metropolitan Planning, and Transportation Alternatives Program (TAP)).

The GROW AMERICA Act would create two new highway programs: the Critical Immediate Investment Program and the Performance Management Data Support Program. The first program is targeted to the reconstruction, restoration, rehabilitation, preservation or safety improvement of existing highway and bridge assets on the Interstate, national highway system, and non-State owned highways. The proposal would fund this program at $4.85 billion in FY15, $3.85 billion in FY16, $2.85 billion in FY17, and $1.85 billion in FY18.

The Performance Management Data Support Program is focused on supporting MPOs and states in carrying out performance management requirements created in MAP-21 (Section 150) by providing national level comprehensive resources and analytical tools to support decision-making and system performance. The Administration proposes to fund this program at $10 million annually between FY15 and FY18.

The GROW AMERICA Act would establish a federal Complete Streets policy and makes it federal policy that every project that gets federal funding consider all modes. The proposal would also allow construction contracts to advertise for "local hiring" in limited circumstances (i.e., in areas with high unemployment areas or per capita income below the national average).

IV. Public Transportation

The GROW AMERICA Act increases funding for public transportation from $10.7 billion in FY14 to $13.9 billion in FY15, growing to $14.6 billion in FY18. Much of the increase is directed to state of good repair programs. The fixed guideway state of good repair program increases from $2.165 billion in FY14 to $5.719 billion in FY15, and the bus program increases from $422 million in FY14 to $1.939 billion in FY15. The proposal would also allow 30% of bus program funds to be awarded through competitive grants; under current law these funds are allocated by formula.

With regard to new transit projects, the proposal funds the New Starts/Small Starts program from the Transportation Trust Fund (currently it is funded with general revenues, putting it at risk each year in the appropriations process) and increases funding from $2.1 billion in FY14 to $2.5 billion in FY15. The proposal also creates a new grant program for bus rapid transit projects in areas experiencing rapid population growth, funded at $500 million in FY15, growing to $600 million in FY18. The proposal also supports transit-oriented development (TOD) by retaining the TOD Planning grant program from MAP-21, and specifying that transit agencies can use the revenue from value capture financing mechanisms as local matching funds for capital and operating costs.

The proposal creates a new workforce development program within the Federal Transit Administration (separate from the DOT-wide workforce development program discussed above) to fund job training and outreach, funded at $20 million, and allows transit agencies to use a portion of their formula funding for employee training. The proposal also strengthens Buy America requirements, and allows transit agencies to require local hiring for construction projects in high-unemployment or low-income areas.

V. Intercity Passenger Rail

The GROW AMERICA Act includes recommendations for reauthorization of intercity passenger rail programs. The previous rail law, the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), expired in 2013. The GROW AMERICA Act would bring passenger rail programs into the same legislative framework as other surface transportation programs. Under the proposal, Federal Railroad Administration resources total $19 billion over 4 years. Rail program funds would come from dedicated revenues in the new Rail Account of the Transportation Trust Fund.

Existing FRA grant programs would be consolidated into two new programs: Current Passenger Rail Service, and Rail Service Improvement Program. The Current Passenger Rail Service program would fund Amtrak's existing business lines: Northeast Corridor; state-supported routes; long-distance routes; Amtrak facilities, national assets, debt service, and PTC; and station ADA compliance. The Rail Service Improvement Program would fund new corridors and upgrades to existing corridors, local rail facilities and safety (such as rail relocations, grade crossings, and short line rail improvements), planning, workforce, and technology development, and commuter rail PTC-related costs. Local hire provisions would be allowed for rail projects, as they are proposed to be for transit and highway projects (see above). Under the proposal, USDOT would also have the authority to extend the deadline for positive train control implementation on a case-by-case basis.

FRA would create a National Rail Development Plan and facilitate development of Regional Rail Development Plans. Projects consistent with those plans would be eligible for a higher federal match. FRA could also designate Regional Rail Development Authorities, which would be eligible recipients of federal grants, to facilitate rail service improvements across state lines, including planning, corridor development, and financing activities.

VI. Freight

The GROW AMERICA Act includes two new multimodal freight programs to support infrastructure improvements that support freight movements on any mode: highway, rail, port or air. The first is the Multimodal Freight Incentive Program, a tiered incentive grant program that would provide up to $5 billion to states, the District of Columbia, and Puerto Rico over the life of the bill. While this program would provide the certainty of formula funding, states would not receive funding unless they first take steps to plan for better freight movement and coordinate with adjacent communities and stakeholders.

Tier I incentive grants would be made available to any state that has:

- Established a freight advisory committee;
- Created a state freight plan;
- Conducted a statewide freight analysis of freight needs and identified bottlenecks; and
- Demonstrated that it will fund the projects designated as the highest priority.

Tier II incentive grants would be provided to States that additionally:

- Conducted in cooperation with at least one other state an analysis of freight needs and bottlenecks;
- Cooperated with at least one other state or relevant entities in Canada or Mexico to develop a regional freight investment plan that focuses on the end-to-end investment needs; and

- Demonstrated that it will use the funding for the highest priority projects identified in the state freight plan.

The second is a $5 billion National Freight Infrastructure Program, a discretionary program that would distribute funding on a competitive basis to any governmental transportation authority. Project selection would be based on: the extent to which they reduce the cost of freight transportation, improve the safety of freight transportation, relieve bottlenecks in the freight transportation system, improve the state of good repair of the freight transportation system, and reduce the adverse environmental and community impacts of freight transportation. In addition to the $5 billion authorized for this program, any unused funding from the Multimodal Freight Incentive Program would be added to the program.

VII. Planning and Performance Management

The GROW AMERICA Act includes several provisions aimed at ensuring that planning addresses the needs of a metropolitan statistical area (MSA). First, the proposal would prevent new MPOs from being designated within MSAs already served by an existing MPO. Second, where multiple MPOs exist within one MSA, they would be required to develop a single Transportation Improvement Program (TIP), long range transportation plan and performance targets for the region. Third, governors would have to justify maintaining multiple MPOs within an MSA every 10 years. The GROW AMERICA Act would also give public ports a formal position on Metropolitan Transportation Planning and Statewide Transportation Planning processes, in order to ensure that first and last mile linkages between ports and the landside transportation system as well as community impacts of port infrastructure are fully considered in transportation planning.

The High Performing MPOs proposal allows the Secretary to designate MPOs representing areas with a population of over 200,000 as high performing based on whether it (1) has an equitable and performance-based approach to decision-making and (2) practices coordinated planning with other MPOs within its MSA. Once designated, those MPOs would receive a 50 percent increase in the STP and TAP funds suballocated to them. Additionally, funding for high-performing MPOs would be made available from the Metropolitan Mobility Program, a set-aside under a new competitive grant program. The Metropolitan Mobility program would distribute $1-3 million awards each year on the basis of population for high performing MPOs and could be used to fund any project eligible for funding under Title 23 or Chapter 53 of Title 49, or as the 20% local match requirement to other federal transportation funds.

Under the GROW AMERICA Act, the Secretary would receive the authority to establish two new performance measures: one that would measure how well the transportation system connects people to economic opportunities and a multimodal freight performance measure. The proposal also creates a pilot program to help up to ten MPOs analyze the degree the population is connected to opportunities through the transportation network and then develop performance measures and targets to improve access to opportunity for all residents. It also tightens the performance management system established under MAP-21 by requiring the TIP project selection process to use clear rankings of proposed projects according to their ability to help achieve performance targets. The proposal would also reduce the performance period allowed for MPOs and States to meet their performance measures for the National Highway Performance Program (NHPP) and Highway Safety Improvement Program (HSIP) targets from two reporting periods to just one.

VIII. Workforce Development.

The GROW AMERICA Act would enhance the current workforce development programs with three reforms. First, participating State DOTs must develop a workforce plan that identifies immediate and anticipated demographic and workforce gaps, collaborate with State agencies that manage education and labor programs, and measure program outcomes. Second, it establishes an incentive program to encourage States to use some of their NHPP or Surface Transportation Program (STP) funds for workforce development by providing up to twice the funding in an incentive match. Third, up to 20 states would also be eligible to receive incentive funding in support of its existing On-Job-Training/Supportive Services without the obligation of STP or NHPP funds, if the State demonstrates that it operates such a program in partnership with an institution or agency that has established skills training, recruitment, and placement resources and has demonstrated success in job placement.

IX. Innovative Finance and Tolling

The proposal makes several changes to TIFIA and RRIF to make the programs easier for small communities to access flexible financing. First, it broadens the definition of rural to mean any community outside of an urbanized area, which is the definition used in the TIGER program. It also would support smaller loans by allowing the TIFIA program to set aside up to $5 million to cover the fees typically collected from TIFIA borrowers to pay for independent financial analysis and outside counsel. Additionally, the RRIF program is authorized for funding to cover the cost of direct loans, as is available under TIFIA, which has been much better utilized than RRIF. The proposal also increases funding for support of Private Activities Bonds by $4 billion.

The GROW AMERICA Act also eliminates the long-standing prohibition on tolling existing free Interstate highways, subject to the approval of the Secretary, for purposes of reconstruction of that highway. States or public agencies could also impose variable tolls, or congestion pricing programs, on existing highways, bridges, or tunnels for purposes of congestion management, subject to the approval of the Secretary. And it makes clear that tolls collected for congestion management can be used for transit in the corridor. All new tolling facilities would have to use non-cash electronic technology for toll collection.

X. Environmental Provisions.

The GROW AMERICA Act includes a number of provisions designed to reduce duplicative environmental reviews and enable projects to move through the environmental review phase more quickly. Specifically, the GROW AMERICA Act would create an Infrastructure Permitting Improvement Center, which is designed to reduce project delivery timelines and improve outcomes for communities and the environment. The Center, housed within USDOT, will coordinate across agencies the implementation of priority reform action for federal agency permitting; support modernization efforts and interagency pilots; provide technical assistance and training to federal staff; identify, develop, and track metrics for timeliness and project outcomes; and administer the use of online transparency tools.

Additionally, the GROW AMERICA Act includes a number of provisions designed to streamline and expedite project review when more than one agency is involved in the review. Under the GROW AMERICA Act USDOT would:

- Develop a coordinated and concurrent environmental review process for transportation projects initiating an Environmental Impact Statement under the National Environmental Policy Act (NEPA);

- Develop, in coordination with other agencies of jurisdiction, an environmental checklist to help identify resources potentially impacted by a proposed project to spur greater cooperation between the agencies under NEPA; and
- Better align Federal reviews and report on the success of those efforts.

Currently, in considering a bridge project the Coast Guard, part of the Department of Homeland Security, must make a determination of whether a bridge will obstruct the flow of navigation within the waterway over which it is constructed. The GROW AMERICA Act would require the Department of Homeland Security to also consider the necessities of rail, aviation, transit and highway traffic, as well as the construction, maintenance and operation costs of the proposed bridge when making the determination.

To increase transparency during the environmental review of projects, the GROW AMERICA Act would require USDOT to create an online reporting system to make publicly available information related to progress and status of environmental reviews and permitting on projects requiring either an environmental impact statement or an environmental assessment.

The GROW AMERICA Act makes a number of changes to align the sections 4(f) and 106 processes. Section 4(f) is USDOT's guidelines surrounding the preservation of publicly owned public parks and recreation areas, waterfowl and wildlife refuges, and historic sites considered to have national, state or local significance. Section 106 of the National Historic Preservation Act requires federal agencies to take into account the effects of their undertaking on historic properties and allow the Advisory Council on Historic Preservation the opportunity to comment. The GROW AMERICA Act directs USDOT:

- In coordination with the Department of Interior and the Advisory Council on Historic Places to develop procedures to align reviews under 4(f) and 106 within 90 days with the goal of having the reviews required under each satisfy the other; and
- To remove the administrative steps of assessment and consideration under 4(f) for concrete and steel bridges and culverts constructed after 1945 that have been determined to be exempt from individual review under the National Historic Preservation Act. Also, exemptions from 4(f) analysis would be provided for improvements to, maintenance, rehabilitation or operation of railroad or rail transit lines, with the exception of stations, when those railroad or rail transit lines are in use or were historically used for transportation of goods or passengers.

The GROW AMERICA Act would make infrastructure vulnerability and resilience assessment part of long-range planning for the first time. It would also require States and MPOs to consider whether projects improve the resilience and reliability of the transportation system and whether they reduce stormwater runoff from surface transportation. Additionally, the proposal fixes a loophole in the Congestion Mitigation and Air Quality Improvement Program (CMAQ) that allows funding for projects that reduce any criteria pollutant, even if it increases another pollutant or harms an area's ability to come into attainment under the Clean Air Act. The GROW AMERICA Act tightens up CMAQ eligibility to ensure that CMAQ funds are spent on projects that contribute to attainment or maintenance of national ambient air quality standards. Finally, the proposal would allow states to permit electric vehicle charging stations and anti-idling facilities for commercial motor vehicles in rest areas along Interstate highways and charge a fee for using such facilities, if funds collected are used for surface transportation projects.

XI. Research

The GROW AMERICA Act would increase funding for the Research, Technology and Education programs (Highway Research and Development Program, Technology Innovation and Deployment Program, Training and Education, Intelligent Transportation Systems Program, University Transportation Centers, and the Bureau of Transportation Statistics) by, on average, 16% over FY14 funding levels to nearly $465 million. The proposal would enable additional funding for university transportation research by allowing State DOTs to provide matching funds from all Federal-aid sources, USDOT Operating Administrations to provide matching funds, and other Federal funding sources to match funds for University Transportation Center grants. The Research proposal would also authorize the Intermodal Transportation Data Program at the Bureau of Transportation Statistics. This program would task the Bureau of Transportation Statistics with creating and maintaining data sets and data analysis tools that focuses on use and value of the transportation system that is envisioned to inform MPOs and states in setting their performance measure targets.

	USDOT Appropriations FY14	GROW AMERICA Act Proposed FY15	GROW AMERICA Act Proposed FY16	GROW AMERICA Act Proposed FY17	GROW AMERICA Act Proposed FY18	GROW AMERICA Act Proposed FY15-18	Difference between FY14 and proposed FY15
Federal-Aid Highways	$40.26B	$48.062B	$48.881B	$49.716B	$50.568B	$197.227B	+$7.802B
Transit Formula Grants	$8.6B	$13.914B	$14.14B	$14.372B	$14.61B	$57.063B	+$5.314B
Transit 'New Starts'	$2.13B	$2.5B	$2.625B	$2.756B	$2.894B	$10.775B	+$370M
TIGER	$600M	$1.25B	$1.25B	$1.25B	$1.25B	$5.00B	+$650M
High Speed Rail/High Performance Passenger Rail	$0	0*	-	-	-	-	-
Amtrak Capital	$1.05B	0*	-	-	-	-	-
Amtrak Operating	$340M	0*	-	-	-	-	-
Current Passenger Rail Service	-	$2.45B	$2.4B	$2.35B	$2.3B	$9.5B	+$1.06B**
Rail Service Improvement Program	-	$2.325B	$2.405B	$2.37B	$2.45B	$9.55B	+$2.325B
Freight Program	-	$1.0B	$2.0B	$3.0B	$4.0B	$10.0B	+$1.0B
Critical Immediate Investments	-	$4.85B	$3.85B	$2.85B	$1.85B	$13.4B	+$4.85B
Fixing and Accelerating Surface Transportation (FAST)	-	$1.0B	$1.0B	$1.0B	$1.0B	$4.0B	+$0.5B
Rapid Growth Area Transit Program	-	$500M	$525M	$550M	$600M	$2.175B	+$500M

**The FY15 Budget consolidates existing rail programs into 2 new programs.*
***Compared to FY14 Appropriations for Amtrak Capital and Operations*