

# Vermont Agency of Transportation

## Federal Transportation Reauthorization

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COSTA PAPPIS, FEDERAL POLICY DIRECTOR

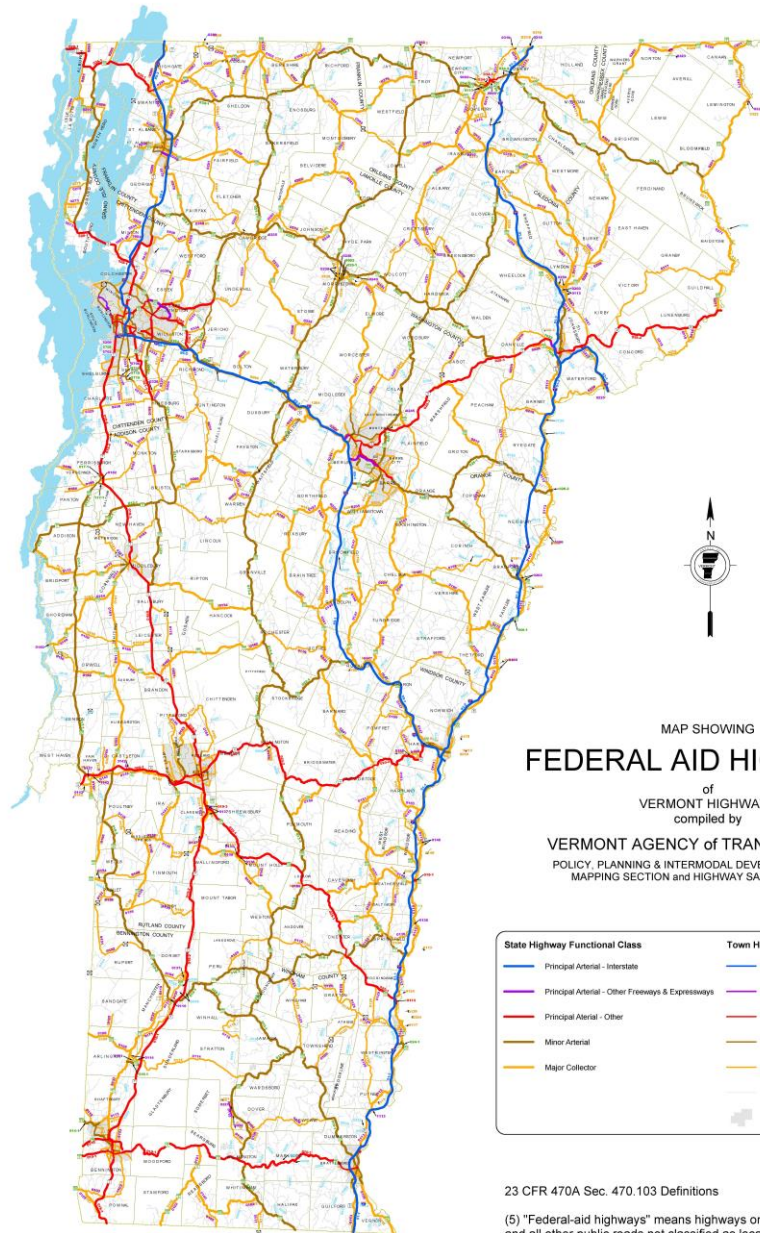
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PRESENTATION TO THE HOUSE COMMITTEE ON TRANSPORTATION



# The Role of Federal Transportation Funding in Vermont

- **Federal transportation funds account for approximately 55% of the state transportation budget, depending on competitive grant funding and disaster recovery funding. Federal funds are used to:**
  - Cover 80%-90% of costs associated with highway and bridge projects along the federal-aid highway system (in some cases, the federal share can increase to 95% or more). Formula-based.
    - Includes bike and pedestrian facilities, park and rides.
    - Includes all bridges, including town bridges of 20ft or longer, regardless of whether they are on the federal-aid system.
  - Cover 50%-80% of costs for public transit operating and capital assistance to Vermont's transit providers. Formula-based.
  - Covers 90% of costs for capital improvements at state-owned airports. Competitive grants-based.
  - Covers 80% of costs for capital improvements for state-owned railroads, and Amtrak services. Competitive grants-based.



MAP SHOWING  
**FEDERAL AID HIGHWAYS**  
 of  
 VERMONT HIGHWAYS  
 compiled by  
 VERMONT AGENCY of TRANSPORTATION  
 POLICY, PLANNING & INTERMODAL DEVELOPMENT DIVISION  
 MAPPING SECTION and HIGHWAY SAFETY DATA UNIT

State Highway Functional Class	Town Highway Functional Class
Principal Arterial - Interstate	Principal Arterial - Interstate
Principal Arterial - Other Freeways & Expressways	Principal Arterial - Other Freeways & Expressways
Principal Arterial - Other	Principal Arterial - Other
Minor Arterial	Minor Arterial
Major Collector	Major Collector
	Non-Federal Aid Highways - Local Roads & Rural Collectors
	FEDERAL AID HIGHWAYS

23 CFR 470A Sec. 470.103 Definitions

(5) "Federal-aid highways" means highways on the Federal-aid highway systems and all other public roads not classified as local roads or rural minor collectors.

This map does not include any proposed highways that may carry functional class.



Vermont's federal-aid highway system includes 3,940 miles from the state's 14,331 total miles.

# The Role of Federal Transportation Funding in Vermont

The type of federal transportation funds varies by program

Dedicated  
formula  
funds

Highways  
80%-90%  
formula funds

Transit  
50%-80%  
formula funds

Aviation  
10% formula  
funds

Rail  
0% formula funds  
(except Amtrak)

Competitive  
Grants



# How Federal-Aid Highway Funding Works

- Every 5 years (generally) Congress approves a multi-year transportation authorizing law which provides funding to states (the transportation bill).
- The current transportation bill is the Infrastructure Investment and Jobs Act (IIJA) and it expires in September 2026).
- The transportation bill is financed through the Highway Trust Fund (HTF) - a federal account that collects revenue principally through transportation-related excise taxes, primarily federal taxes on gasoline (18.4 cents per gallon) and diesel fuel (24.4 cents per gallon) + General Funds which average approximately 20% of all funds distributed to states.
- The federal gas tax has not been increased since 1993, and General Funds makes up the gap between authorized funding in the transportation bill and actual receipts of the HTF.
- Federal-aid funds come to Vermont in several buckets and are for specific types of transportation projects.

# Federal-Aid Highway Funding Buckets

- National Highway Performance Program – Highways and bridge work along the National Highway System (Interstate highways and other major defense / freight corridors).
- Surface Transportation Block Grant Program – Other state highways, town bridges (20ft+), Transportation Alternatives, Recreational Trails.
- Highway Safety Improvement Program – Safety projects along the federal-aid system.
- Railway-Highway Crossings Program – Grade crossing improvements.
- Congestion Mitigation and Air Quality Program – Air quality projects and services.
- Metropolitan Planning – For the Chittenden County RPC to undertake planning.
- National Highway Freight Program – Highway and freight rail projects.
- Carbon Reduction Program – Projects and services resulting in carbon reduction.
- PROTECT Resilience Program – Projects to render the transportation system for resilient.

# Federal-Aid Highway Funding Buckets under the IIJA

<b>Highway Formula Funds</b>			
<b>Core Formula Program</b>	<b>IIJA (FFY22-26)</b>	<b>FAST Act (FFY16-20)</b>	<b>Difference</b>
National Highway Performance Program	\$756,858,447	\$602,560,063	\$154,298,384
Surface Transportation Block Grant Program	\$368,201,406	\$301,662,088	\$66,539,318
Highway Safety Improvement Program	\$79,699,166	\$60,181,283	\$19,517,883
Rail-Highway Grade Crossing Program	\$6,125,000	\$5,875,000	\$250,000
Congestion Mitigation & Air Quality Program	\$67,169,526	\$61,440,092	\$5,729,434
Metropolitan Planning	\$14,391,711	\$10,886,721	\$3,504,990
National Highway Freight Program	\$36,628,901	\$32,310,882	\$4,318,019
Carbon Reduction Program	\$32,831,293	\$0	\$32,831,293
PROTECT Program	\$37,331,531	\$0	\$37,331,531
<i>Subtotal Core</i>	<i>\$1,399,236,981</i>	<i>\$1,074,916,129</i>	<i>\$324,320,852</i>
<b>General Fund Supplementals</b>			
GF Bridge Program	\$225,000,000	\$0	\$225,000,000
GF Electric Vehicle Program	\$21,215,761	\$0	\$21,215,761
<i>Subtotal GF</i>	<i>\$246,215,761</i>	<i>\$0</i>	<i>\$246,215,761</i>
<b>Grand Total</b>	<b>\$1,645,452,742</b>	<b>\$1,074,916,129</b>	<b>\$570,536,613</b>

# IIJA Reauthorization

- Uncertainty over what comes after September 2026 when the IIJA needs to be reauthorized.
- The IIJA was a unique piece of legislation in that it combined elements of the 5-year transportation authorization + economic stimulus components through significant General Funds and 20 new competitive grant programs totaling approximately \$100 billion.
- Economic stimulus components were incorporated to mitigate the economic impacts associated with COVID-19.
- We don't have a crystal ball to predict the future. Two historic examples to draw from:
  - 2008 Financial Crisis – Vermont received approximately \$300 million in American Recovery and Reinvestment Act of 2009 transportation funding to stimulate the economy. This funding was expended and was not continued in the next 5-year transportation bill.
  - The Federal Aviation Administration (FAA) Reauthorization Act of 2024 was recently passed and included a 20% increase in Airport Improvement Program funding in year 1 and level funding in subsequent years. Not only were IIJA stimulus components phased-out but funding levels are insufficient to account for recent and anticipated inflation levels.



# IIJA Reauthorization for Vermont

- Vermont is highly dependent on federal funds to maintain transportation infrastructure and is very sensitive to fluctuations in funding.
- Inflation has created unprecedented cost-pressures for projects and services. Providing more funding to deal with inflation provides short-term relief but also contributes to sustaining high prices. It's a dilemma which became obvious during the FAA Reauthorization process.
- With a new Administration in Washington, DC policy priorities may change. Its unclear what will happen with formula funds for programs such as Carbon Reduction, PROTECT Resilience, and with General Fund programs such the National Electric Vehicle Infrastructure (NEVI).

# Questions / Comments?

**Costa Pappis, CPM, AICP CTP** | Federal Policy Director  
Policy, Planning & Intermodal Development Division  
Vermont Agency of Transportation  
219 North Main Street | Barre, VT 05641  
802-793-5049 | [Costa.Pappis@vermont.gov](mailto:Costa.Pappis@vermont.gov)  
<http://vtrans.vermont.gov>