

2026 NASEO Energy Policy Outlook Conference

Outlook on Surface Transportation Reauthorization and Federal Funding

Thursday, February 5, 2026

Susan Howard

Director of Policy and Government Relations
American Association of State Highway and Transportation Officials

What Is AASHTO?

- Nonprofit association
- Founded in 1914
- Members include:
 - Transportation departments of the 50 states, the District of Columbia, and Puerto Rico
 - 50+ Associate Members from federal, state, and local agencies and other countries
- Covers all modes: aviation, rail, highways, transit, water, and active transportation



Surface Transportation Acts

Federal Aid
Road Act of
1916 and
Federal
Highway Act
of 1921

ISTEA
1991

TEA-21
1998

SAFETEA-
LU
2005

MAP-21
2012

FAST Act
2015

IIJA
2021

Current Federal-Aid Apportionment (Formula) Programs

National Highway
Performance Program
MAP-21

Surface Transportation
Block Grant Program
ISTEA

Highway Safety
Improvement Program
SAFETEA-LU

Railway-Highway Grade
Crossing Program
FAST Act

Congestion Mitigation and
Air Quality Improvement
Program
ISTEA

Metropolitan Planning
Federal-aid Highway Act of
1976

National Highway Freight
Program
FAST Act

Carbon Reduction Program
IIJA

Promoting Resilient
Operations for
Transformative, Efficient,
and Cost-Saving
Transportation (PROTECT)
IIJA

Multiyear Appropriations Formula Programs

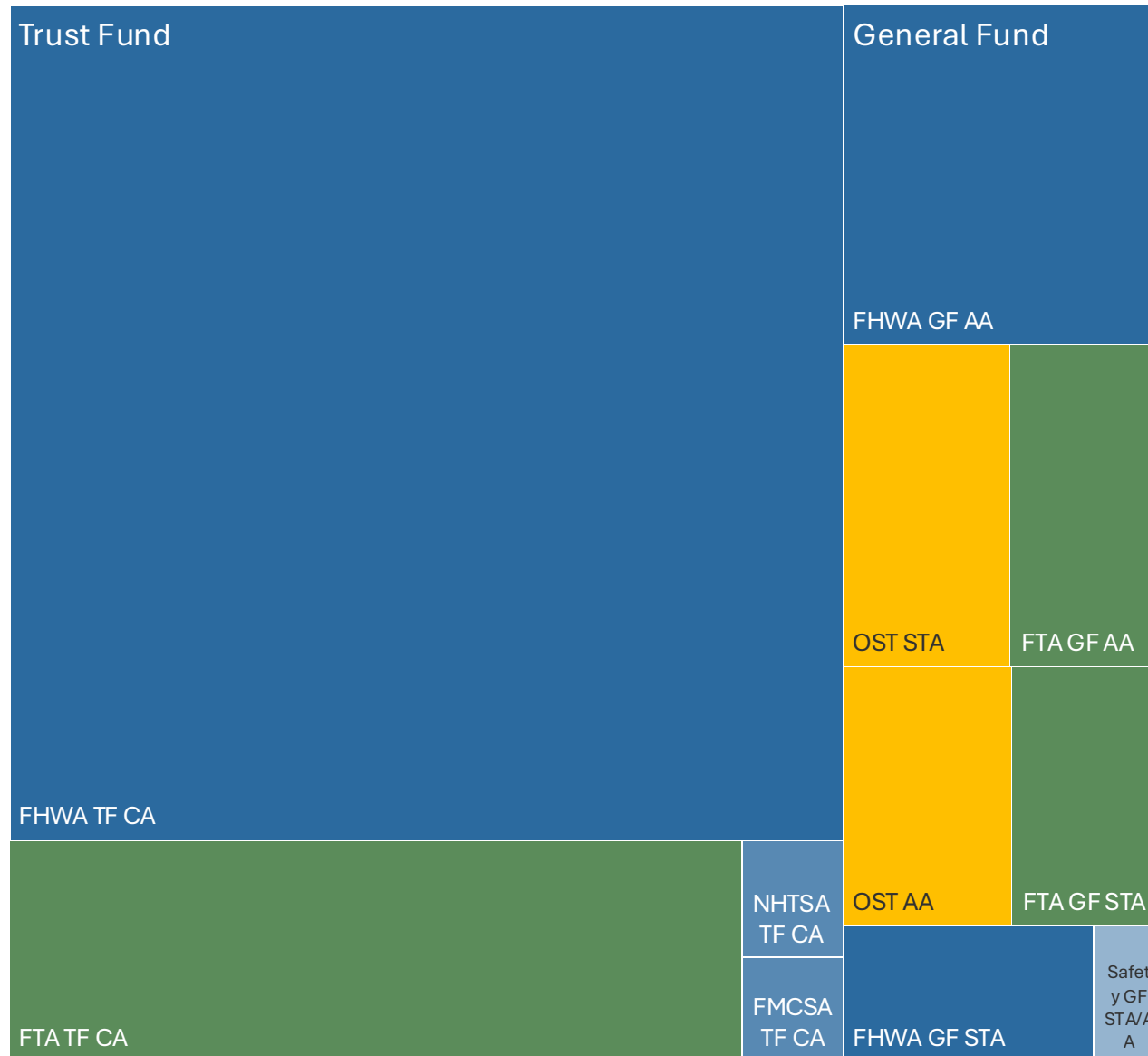
Bridge Replacement,
Rehabilitation,
Preservation, Protection,
and Construction Program
Division J, IIJA

National Electric Vehicle
Formula Program
Division J, IIJA

Infrastructure Investment and Jobs Act (IIJA)

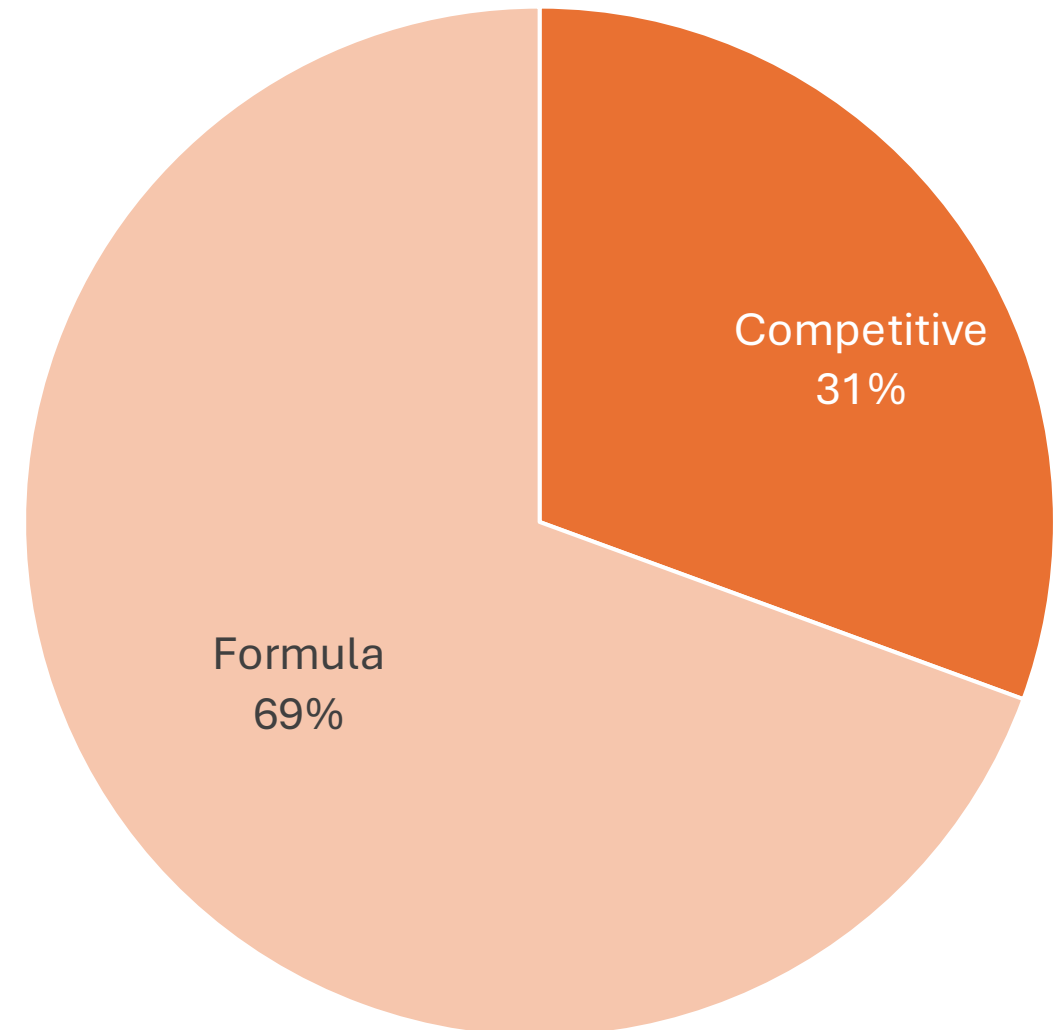
Funding Type, FFY 2022-2026					Amount			
Total HTF Contract Authority					\$383 billion			
Advance General Fund Appropriations					\$184.1 billion			
USDOT Total Budget Authority					\$567.1 billion			
AGENCY	In \$ billions (Contract Authority plus General Fund Advance Appropriations)							
	2021	2022	2023	2024	2025	2026	TOTAL	AVG
HIGHWAYS/FHWA	49.0	67.7	69.0	70.3	71.5	72.9	351.3	70.3
TRANSIT/FTA	12.8	17.6	17.9	18.2	18.5	18.9	91.2	18.2
RAIL/FRA	2.5	13.2	13.2	13.2	13.2	13.2	66.0	13.2
SAFETY/NHTSA	1.0	1.3	1.3	1.3	1.4	1.4	6.7	1.3
SAFETY/FMCSA	0.7	1.0	1.0	1.0	1.0	1.0	5.1	1.0

IIJA Funding Authorizations



- Highway Trust Fund contract authority (HTF CA)
- General funds subject to appropriations (GF STA)
- General fund advance appropriations (GF AA)

Share of Formula vs Discretionary Grant Dollars in IIJA



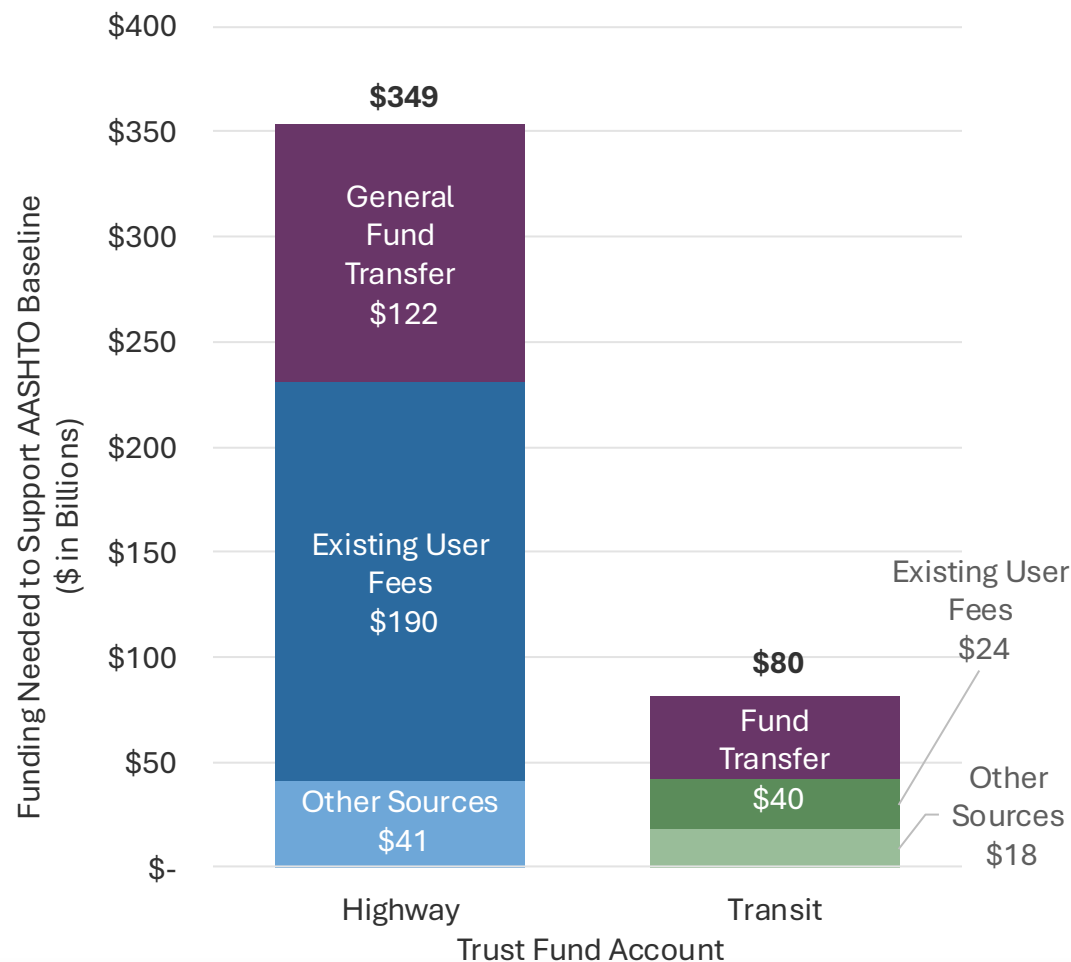
Federal Gas Tax Headwind: Loss of Purchasing Power

Sample of Nominal Price Changes Relative to Federal Gas Tax

Item	Description	1993	2024	Percent Change
College Tuition	Average Tuition & Fees at Public 4-year Universities	\$ 1,908	\$ 15,660	721%
Eggs	Average Price of One Dozen	\$.90	\$ 4.95	450%
House	Median New Home Price	\$ 118,000	\$ 419,200	255%
Gas	Per Gallon	\$ 1.08	\$ 3.52	226%
Beef	Per Pound of Ground Beef	\$ 1.97	\$ 5.21	164%
Income	National Median Household	\$ 31,241	\$ 80,610	158%
Bread	Per Pound of White Bread	\$ 0.75	\$ 2.02	169%
Healthcare	National Expenditure Per Capita	\$ 3,402	\$ 14,570	328%
Stamp	One First-Class Stamp	\$ 0.29	\$ 0.73	152%
Electricity	Per kWh	\$ 0.09	\$ 0.17	80%
Federal Gas Tax	Per Gallon	\$ 0.18	\$ 0.18	0%

Sources: Bureau of Labor Statistics, Centers for Medicare & Medicaid Services, College Board, Federal Reserve Bank of St. Louis, Oak Ridge National Laboratory, U.S. Census Bureau, U.S. Energy Information Agency, U.S. Postal Service

Estimated Baseline Funding Needs



Over \$160 billion of additional funding may be needed during the reauthorization period (2027-2031) to support baseline obligation levels.

Reauthorization Funding Options



Increase existing user
fees

✗ Not used since 1993



Transfers from
General Fund

✓ \$275 billion since 2008



Introduce new user
fees

? Recent proposals for
vehicle fees

Table 2. Transfers to the Highway Trust Fund
(in billions of dollars; reflects sequestration for FY2013 and FY2014)

Public Law	Effective Date	Highway Account	Mass Transit Account	Highway Trust Fund (HTF) Total
P.L. 110-318	Sept. 15, 2008	8.017	0	8.017
P.L. 111-46	Aug. 7, 2009	7.000	0	7.000
P.L. 111-147	Mar. 18, 2010	14.700	4.800	19.500
P.L. 112-141	July 6, 2012			
From LUST	For FY2012	2.400	0	2.400
From general fund	For FY2013	5.884	0	5.884
From general fund	For FY2014	9.651	2.042	11.693
P.L. 113-159	Aug. 8, 2014	7.765	2.000	9.765
From LUST	Aug. 8, 2014	1.000	0	1.000
P.L. 114-41	July 31, 2015	6.068	2.000	8.068
P.L. 114-94				
From general fund	Dec. 4, 2015	51.900	18.100	70.000
From LUST	Dec. 4, 2015	0.100	0	0.100
From LUST	Oct. 1, 2016	0.100	0	0.100
From LUST	Oct. 1, 2017	0.100	0	0.100
P.L. 116-159	Sept. 25, 2020	10.400	3.200	13.600
P.L. 117-58	Nov. 15, 2021	90.000	28.000	118.000
General fund total		211.385	60.142	271.527
LUST fund total		3.700	0	3.700
Total transfers		215.085	60.142	275.227

\$275.227 billion

Sources: Public laws as indicated. Sequestration amounts from the FHWA.

Notes: Transfers are from the Treasury's general fund unless otherwise indicated. LUST refers to the Leaking Underground Storage Tank Trust Fund administered by the Environmental Protection Agency.

Vehicle Registration Fees

Vehicles	Initial Fee Amount* (\$)	Start Year	Total 2027-2031 (\$ in billions)
Electric	\$250	2027	\$23
Plug-In Hybrid	\$100	2027	\$3
Regular Hybrid	\$100	2027	\$2
Conventional (ICE)	\$20	2031	\$5
Total Receipts from New Sources			\$32

* Fee amounts indexed to CPI

AASHTO's 2026 Vision and Core Policy Principles for REAUTHORIZATION

AASHTO's Vision for Surface Transportation Reauthorization calls for a world-class transportation system that supports and strengthens the nation's transportation infrastructure for a strong economy with improved safety and mobility.

Achieving this vision requires the following:

- **Federal funding stability:** Stable federal funding is necessary to keep the pipeline of planned investments in transportation improvements, maintenance, and operations moving forward; a disruption to this stability will translate into project delays that increase costs resulting in fewer projects per dollar.
- **Formula-based federal funding paired with state contributions:** This approach to federal funding reflects the proven federal-state commitment that ensures the flexibility necessary for each state to best meet its unique investment needs.
- **Current funding levels plus inflation must be the baseline:** The baseline for the next bill must grow from current levels and keep up with inflation to advance safety and mobility in a meaningful way.
- **User pay principles for all vehicles:** Congress should ensure all vehicle types pay their fair share to fund transportation and to sustain the Highway Trust Fund.



CORE POLICY PRINCIPLES

1 Prioritize Formula-Based Federal Funding to States

- Congress should prioritize formula funding for core federal highway and transit programs that optimally balance national goals with state and local decision making, including the National Highway Performance Program, Surface Transportation Block Grant Program, Highway Safety Improvement Program, National Highway Freight Program, Congestion Mitigation and Air Quality Improvement, and Bridge Formula Program.
- Congress should strengthen the federally-assisted state administered program by allowing maximum transferability among formula program categories, without federal approval, to ensure the right project can be funded at the right time.
- Congress should increase the formula-based program's share of the Federal-aid Highway Program to 95 percent to support faster and more effective delivery of projects that go through the state and local planning process.
- Congress should consolidate programs that have similar policy objectives and allow states and local governments flexibility to optimize delivery. Such

programs include Carbon Reduction, Transportation Alternatives Set-aside, PROTECT, and National Electric Vehicle Infrastructure formula programs.

- In addition to prioritizing formula funding, Congress should reserve discretionary grants only for projects of utmost federal interest.

2 Improve Project Delivery and Program Administration by Increasing Flexibility, Simplifying Environmental Regulations, and Reducing Program Burdens

- Congress should eliminate or reduce all federal regulatory and programmatic burdens that are not explicitly required in law including performance measures.
- Congress should support interested states who want to assume more federal responsibilities and the associated accountability.
- Congress should direct executive branch agencies to fully implement One Federal Decision to speed up the review timeline for projects and improve accountability for all parties involved in a project.
- Congress should modernize the NEPA process, rules, and definitions such as "major projects" and "federal actions"

to better align federal resource agencies' review and permitting actions that improve transportation and environmental outcomes while reducing delays.

- Congress should support grandfathering environmental documents under development from new environmental regulations or listings that occur during the existing review process, such as consideration of updated listing of new endangered species after all consultations were previously completed.

3 Create a More Safe, Resilient, and Efficient Future by Supporting State DOTs' Ability to Harness Innovation and Technology

- Congress should expand eligibility to fund technology and institute procurement flexibility across all modes with an emphasis on the safe and efficient movement of people and goods.
- Congress should sustain support for research, development, and technology transfer activities that drive innovation for state DOT programs across the country.
- Congress should call for collaborative industry consideration of governance frameworks and standards for seamless infrastructure and vehicle connectivity.

AASHTO Reauthorization Policy Resolutions

Approved by AASHTO Board of Directors on May 15, 2025

- Safety
- Funding, Finance, and Innovation
- Project Delivery
- Federal-aid Highway Program
- Public Transportation
- Rail Transportation

Congressional Outlook



- Goal for release of legislative text
Spring 2026 with markup to follow
- Total funding level is not public
- September 30, 2026 deadline

Thank You!

Susan Howard

Director of Policy and Government Relations
American Association of State Highway and Transportation Officials