



# Federal Rate of Return

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FY 2021 Update

Texas Department of Transportation, Federal Affairs

## Texas Highway Trust Fund Highway Account Rate of Return

Texas has historically been, and continues to be, the biggest donor to other states when it comes to federal highway funding. Texas contributes more than any state and gets back proportionately less than every state. Even in an era where Congress is supplementing the federal Highway Trust Fund Highway Account (HTF) with general fund revenue, in FY 2020 Texas is one of only three states that fails to at least receive a full return from the HTF of the motor fuel tax dollars that are sent to Washington.

Why does this happen? Funding formulas for the federal-aid highway program were historically based on performance and equity-related metrics and data that were updated on a yearly basis. Those metrics included:

- Total lane miles per state.
- Vehicle miles travelled on federal-aid highways.
- Number of fatalities on federal-aid highways.
- A state's contribution to the HTF.
- Population data.

However, since the passage of the Moving Ahead for Progress Act (MAP-21), changes were put into place and continued under the current authorization legislation, the Fixing America's Surface Transportation Act (FAST Act) that ceased annual updates to the inputs for funding formula metrics. Per the current FAST Act, the base calculation for a state's apportionment is "the share for each State, which shall be equal to the proportion that— (I) the amount of apportionments that the State received for FY 2015." While the year is set at 2015, funding is tied to the amount states received in 2009, the last year the Federal Highway Administration (FHWA) used formulas set out in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Act. In addition to the base amount being set from 2015 funding amounts, the Metropolitan Planning and CMAQ set-asides are determined by multiplying the amount of the base apportionment remaining for the State by the proportion that was apportioned to the State for FY 2009.<sup>1</sup>

Additionally, SAFETEA-LU contained \$4.4 billion in "above the line" earmarked funds for some states and these earmarks are used to compute the share each state continues to receive. Instead of the earmarks being given one time under SAFETEA-LU, the proportional share of federal highway funding that each state has received each year since 2009 is adjusted to reflect the impact from these old earmarks.

Starting in 2008, Congress authorized transfers of general fund revenue to the HTF to allow the HTF to remain solvent. With the passage of the FAST Act, Congress authorized a transfer of \$52 billion in FY 2016 to allow the fund to remain solvent through the life of the legislation.

To summarize, the current formula distribution is over \$43 billion dollars in annual transportation

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<sup>1</sup> 23 U.S. Code § 104

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funding apportionments to states are derived from formula data that was frozen in 2009 and continues to reflect additional funding levels that states received from congressional earmarks in 2009 as well.

How does this impact Texas in FY 2020?

- Texas Will Give: \$4.24B of fuel taxes + a proportional amount of the general fund taxes transferred to the HTF.
- Texas Will Receive Back from the HTF : \$4.03B in HTF fuel tax revenue + \$0 in general fund revenue.
- FHWA will use billions of general fund revenue to support the HTF apportionments. Texas will effectively receive none of these funds.
- Our proportional rate of return is just under 82%. This is the lowest of every state.

Unless Congress elects to use current data inputs when calculating highway formula funding and discontinues the payouts for old earmarks that have existed since 2009, the issue and impact on Texas will be further compounded. As Congress considers transportation funding measures in 2019 and beyond, including reauthorization of the Federal Highway Program that will expire in 2020, Texans can help inform our Congressional members understand the impact this has to our state's transportation system.

Attached are a set of tables for FY 2020 that show the impact of rate of return (ROR) on states.

Table one shows the ROR for HTF payments and receipts, dollar for dollar.

Table two attempts to account for the impact of general fund transfers by comparing the percentage of total payments into the HTF versus percentage of total apportionments received. Under this comparison half the states receive a ROR greater than 1.0 and half the states receive a ROR less than 1.0.

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Table One: FY 2020 Rate of Return Dollar In vs. Dollar Out				
State	Most Recent Available HTF Deposits	Total FY 2020 Apportionment	Difference Between Dollars Contributed and Dollars Apportioned	Rate of Return For FY 2020
Texas	\$4,243,664,000	\$4,031,150,868	-\$212,513,132	95%
Colorado	\$595,740,000	\$589,072,823	-\$6,667,177	99%
South Carolina	\$744,120,000	\$737,667,142	-\$6,452,858	99%
North Carolina	\$1,142,356,000	\$1,148,928,308	\$6,572,308	101%
Mississippi	\$512,458,000	\$532,790,130	\$20,332,130	104%
Minnesota	\$690,097,000	\$718,341,491	\$28,244,491	104%
Nebraska	\$304,613,000	\$318,412,580	\$13,799,580	105%
Tennessee	\$888,762,000	\$930,899,296	\$42,137,296	105%
Utah	\$365,133,000	\$382,525,114	\$17,392,114	105%
Florida	\$1,978,180,000	\$2,087,186,638	\$109,006,638	106%
Georgia	\$1,335,082,000	\$1,422,408,300	\$87,326,300	107%
Arizona	\$754,706,000	\$806,010,109	\$51,304,109	107%
Ohio	\$1,381,393,000	\$1,476,626,048	\$95,233,048	107%
Maryland	\$614,604,000	\$662,000,198	\$47,396,198	108%
Washington	\$690,895,000	\$746,798,588	\$55,903,588	108%
Iowa	\$495,207,000	\$541,397,851	\$46,190,851	109%
Oklahoma	\$636,860,000	\$698,656,538	\$61,796,538	110%
Michigan	\$1,050,507,000	\$1,159,861,954	\$109,354,954	110%
Virginia	\$1,014,133,000	\$1,121,022,241	\$106,889,241	111%
Indiana	\$944,814,000	\$1,049,673,875	\$104,859,875	111%
Maine	\$182,620,000	\$203,351,344	\$20,731,344	111%
New Mexico	\$361,413,000	\$404,542,676	\$43,129,676	112%
Massachusetts	\$592,150,000	\$669,060,028	\$76,910,028	113%
California	\$3,564,036,000	\$4,043,264,681	\$479,228,681	113%
Alabama	\$732,543,000	\$835,773,498	\$103,230,498	114%
Kentucky	\$634,971,000	\$731,943,941	\$96,972,941	115%
Kansas	\$353,437,000	\$416,296,079	\$62,859,079	118%
Illinois	\$1,328,639,000	\$1,566,215,656	\$237,576,656	118%
New Jersey	\$920,435,000	\$1,099,915,502	\$179,480,502	119%
Missouri	\$870,336,000	\$1,042,881,411	\$172,545,411	120%
Oregon	\$457,032,000	\$550,618,730	\$93,586,730	120%
Arkansas	\$466,995,000	\$570,352,636	\$103,357,636	122%
Wisconsin	\$676,584,000	\$828,885,848	\$152,301,848	123%
New Hampshire	\$145,192,000	\$182,012,876	\$36,820,876	125%
Nevada	\$318,472,000	\$400,017,124	\$81,545,124	126%
New York	\$1,436,196,000	\$1,849,116,555	\$412,920,555	129%
Louisiana	\$580,254,000	\$773,170,264	\$192,916,264	133%
Pennsylvania	\$1,326,670,000	\$1,807,465,072	\$480,795,072	136%
Idaho	\$228,610,000	\$315,085,357	\$86,475,357	138%
North Dakota	\$176,642,000	\$273,494,740	\$96,852,740	155%
Connecticut	\$332,347,000	\$553,300,279	\$220,953,279	166%
Wyoming	\$167,596,000	\$282,215,609	\$114,619,609	168%
Delaware	\$103,721,000	\$186,348,026	\$82,627,026	180%
West Virginia	\$265,829,000	\$481,422,307	\$215,593,307	181%
South Dakota	\$157,735,000	\$310,667,712	\$152,932,712	197%
Hawaii	\$90,524,000	\$186,320,764	\$95,796,764	206%
Montana	\$176,338,000	\$451,986,737	\$275,648,737	256%
Rhode Island	\$80,299,000	\$240,920,619	\$160,621,619	300%
Vermont	\$73,284,000	\$223,577,785	\$150,293,785	305%
Alaska	\$88,219,000	\$552,367,435	\$464,148,435	626%
Dist. of Col.	\$19,707,000	\$175,772,928	\$156,065,928	892%
<b>Total</b>	<b>\$37,292,150,000</b>	<b>\$43,369,794,311</b>		

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## Texas Highway Trust Fund Highway Account Rate of Return

### Table Two: FY 2020 Rate of Return Percentage In vs. Percentage Out

State	Most Recent Available HTF Deposits	Percent of Total Deposits	Total FY 2020 Apportionment	Percent of Total Funding	Difference Between Percent Contributed and Percent Apportioned	Rate of Return For FY 2020
Texas	\$4,243,664,000	11.38%	\$4,031,150,868	9.29%	2.08%	81.68%
Colorado	\$595,740,000	1.60%	\$589,072,823	1.36%	0.24%	85.02%
South Carolina	\$744,120,000	2.00%	\$737,667,142	1.70%	0.29%	85.24%
North Carolina	\$1,142,356,000	3.06%	\$1,148,928,308	2.65%	0.41%	86.48%
Mississippi	\$512,458,000	1.37%	\$532,790,130	1.23%	0.15%	89.40%
Minnesota	\$690,097,000	1.85%	\$718,341,491	1.66%	0.19%	89.51%
Nebraska	\$304,613,000	0.82%	\$318,412,580	0.73%	0.08%	89.88%
Tennessee	\$888,762,000	2.38%	\$930,899,296	2.15%	0.24%	90.06%
Utah	\$365,133,000	0.98%	\$382,525,114	0.88%	0.10%	90.08%
Florida	\$1,978,180,000	5.30%	\$2,087,186,638	4.81%	0.49%	90.72%
Georgia	\$1,335,082,000	3.58%	\$1,422,408,300	3.28%	0.30%	91.61%
Arizona	\$754,706,000	2.02%	\$806,010,109	1.86%	0.17%	91.83%
Ohio	\$1,381,393,000	3.70%	\$1,476,626,048	3.40%	0.30%	91.91%
Maryland	\$614,604,000	1.65%	\$662,000,198	1.53%	0.12%	92.62%
Washington	\$690,895,000	1.85%	\$746,798,588	1.72%	0.13%	92.94%
Iowa	\$495,207,000	1.33%	\$541,397,851	1.25%	0.08%	94.01%
Oklahoma	\$636,860,000	1.71%	\$698,656,538	1.61%	0.10%	94.33%
Michigan	\$1,050,507,000	2.82%	\$1,159,861,954	2.67%	0.14%	94.94%
Virginia	\$1,014,133,000	2.72%	\$1,121,022,241	2.58%	0.13%	95.05%
Indiana	\$944,814,000	2.53%	\$1,049,673,875	2.42%	0.11%	95.53%
Maine	\$182,620,000	0.49%	\$203,351,344	0.47%	0.02%	95.75%
New Mexico	\$361,413,000	0.97%	\$404,542,676	0.93%	0.04%	96.25%
Massachusetts	\$592,150,000	1.59%	\$669,060,028	1.54%	0.05%	97.15%
California	\$3,564,036,000	9.56%	\$4,043,264,681	9.32%	0.23%	97.55%
Alabama	\$732,543,000	1.96%	\$835,773,498	1.93%	0.04%	98.10%
Kentucky	\$634,971,000	1.70%	\$731,943,941	1.69%	0.02%	99.12%
Kansas	\$353,437,000	0.95%	\$416,296,079	0.96%	-0.01%	101.28%
Illinois	\$1,328,639,000	3.56%	\$1,566,215,656	3.61%	-0.05%	101.36%
New Jersey	\$920,435,000	2.47%	\$1,099,915,502	2.54%	-0.07%	102.75%
Missouri	\$870,336,000	2.33%	\$1,042,881,411	2.40%	-0.07%	103.03%
Oregon	\$457,032,000	1.23%	\$550,618,730	1.27%	-0.04%	103.59%
Arkansas	\$466,995,000	1.25%	\$570,352,636	1.32%	-0.06%	105.02%
Wisconsin	\$676,584,000	1.81%	\$828,885,848	1.91%	-0.10%	105.34%
New Hampshire	\$145,192,000	0.39%	\$182,012,876	0.42%	-0.03%	107.79%
Nevada	\$318,472,000	0.85%	\$400,017,124	0.92%	-0.07%	108.00%
New York	\$1,436,196,000	3.85%	\$1,849,116,555	4.26%	-0.41%	110.71%
Louisiana	\$580,254,000	1.56%	\$773,170,264	1.78%	-0.23%	114.57%
Pennsylvania	\$1,326,670,000	3.56%	\$1,807,465,072	4.17%	-0.61%	117.15%
Idaho	\$228,610,000	0.61%	\$315,085,357	0.73%	-0.11%	118.51%
North Dakota	\$176,642,000	0.47%	\$273,494,740	0.63%	-0.16%	133.13%
Connecticut	\$332,347,000	0.89%	\$553,300,279	1.28%	-0.38%	143.15%
Wyoming	\$167,596,000	0.45%	\$282,215,609	0.65%	-0.20%	144.79%
Delaware	\$103,721,000	0.28%	\$186,348,026	0.43%	-0.15%	154.49%
West Virginia	\$265,829,000	0.71%	\$481,422,307	1.11%	-0.40%	155.72%
South Dakota	\$157,735,000	0.42%	\$310,667,712	0.72%	-0.29%	169.36%
Hawaii	\$90,524,000	0.24%	\$186,320,764	0.43%	-0.19%	176.98%
Montana	\$176,338,000	0.47%	\$451,986,737	1.04%	-0.57%	220.40%
Rhode Island	\$80,299,000	0.22%	\$240,920,619	0.56%	-0.34%	257.98%
Vermont	\$73,284,000	0.20%	\$223,577,785	0.52%	-0.32%	262.33%
Alaska	\$88,219,000	0.24%	\$552,367,435	1.27%	-1.04%	538.39%
Dist. of Col.	\$19,707,000	0.05%	\$175,772,928	0.41%	-0.35%	766.94%
Total	\$37,292,150,000		\$43,369,794,311			

\* Data supplied by Federal Highway Administration

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