

(4) Implications for highway cost allocation of multi-modal investment programs; and

(5) Life-cycle cost analysis principles for estimating future highway investment requirements.

Participants also recommended that, while many new issues deserve consideration in the cost allocation study, a primary focus of the study should be on allocating Federal costs using methods consistent with the 1982 study.

Comments are requested on these recommendations and on other technical issues and recommendations included in the workshop proceedings.

A preliminary plan for the new cost allocation study has been developed. The study will be divided into four phases: (1) Issues analysis and workplan development; (2) update and refinement of highway cost allocation data and methods; (3) analysis of highway cost responsibility and the equity of the user fee structure; and (4) evaluation of alternative cost allocation procedures. Work envisioned under each phase is summarized below. Comments are requested on this plan.

Phase I—Issues Analysis and Workplan Development

Many issues were raised at the October workshop concerning the scope of the next cost allocation study and the advantages and disadvantages of pursuing alternative highway cost allocation methods. Several issues could have major implications for the direction of the next study, including: (1) The extent to which marginal costs can and should be reflected in the study; (2) the extent to which revenues and expenditures by all levels of government can be estimated and incorporated in the study; and (3) the extent to which cost allocation can be applied to multi-modal transportation investment programs that will replace mode-specific investment programs in the future. White papers will be prepared to evaluate issues related to the analysis of these and other concerns in the next cost allocation study. An important factor that will affect the extent to which these issues can be considered is the availability of needed data and analytical methods. An assessment of data needs to evaluate the emerging cost allocation issues will be conducted during this initial phase of the study.

The FHWA has maintained a continuing research program to update highway cost allocation data and methods. Research has focused primarily on refining data and methods used in the 1982 study. A review of

current cost allocation data and methods is already underway. Working papers will be prepared which discuss current methods for analyzing cost responsibility for: Pavement, bridge, and other highway costs; sources of data on vehicle miles of travel, operating weight distributions, and registered weight/operating weight distributions; estimates of highway user revenue contributions by each vehicle class; and other aspects of highway cost allocation. Additional research and data needs will be discussed in those working papers.

At the end of the first phase, the study work plan will be reviewed based on analysis and data needs identified in the white papers and technical working papers. Input from internal and external review committees will be sought.

Phase II—Update and Refine Highway Cost Allocation Data and Methods

Based upon the revised study plan developed in Phase I, data and analytical tools will be updated and refined. Among the areas where significant work already can be foreseen are improving pavement cost models, improving the consideration of life cycle costs, improving estimates of highway travel by different vehicle classes, improving operating weight distributions for different vehicle classes, improving estimates of operating weight/registered weight distributions, and improving other data needed to estimate revenues generated by different highway user fees. Data and information needed to apply alternative cost allocation approaches identified at the workshop will be collected, consistent with the relative importance of each approach and the resources available.

Phase III—Analyze Highway Cost Responsibility and the Equity of Alternative User Fee Structures

In this phase information from Phase II will be used to analyze the highway cost responsibility and user fee contributions of different vehicle classes and to evaluate the equity of the current user fee structure. Alternative user fee structures will be analyzed to evaluate improvements in equity and efficiency that potentially could be realized through changes in highway user fees. Sensitivity analyses will be performed throughout the course of this phase to evaluate the most critical factors that affect cost allocation results.

Phase IV—Evaluate Alternative Cost Allocation Procedures

In this phase alternative approaches to highway cost allocation will be evaluated, including application of a

marginal cost approach, analysis of the responsibility of different vehicle classes for external highway costs and benefits, estimates of the overall responsibility of different vehicle classes for highway costs at all levels of government, evaluation of the overall equity of highway user fees imposed by all levels of government, and consideration of applying cost allocation principles to costs and revenues for all surface transportation modes. The level of analysis for these issues will depend on several factors, including the availability of data, the relevance of each issue to broader policy objectives, and the time and resources available to analyze the issues. Docket comments will be considered in evaluating the type and level of analysis required for these and other emerging cost allocation issues.

In addition to comments on this broad study plan, comments also are requested on the following questions that arose from the cost allocation workshop:

1. ISTEA provides greater flexibility in the use of Federal-aid highway funds for transit and other expenditures not directly related to the construction, operation, and maintenance of the highway system. Many of these newly eligible costs are intended to promote broad societal goals that extend beyond transportation goals. Should expenditures of Federal-aid highway funds for such non-transportation costs be allocated to highway users, and if so how? Is there a rationale for allocating certain transit expenditures to highway users and not others? Should all highway users share equally in such costs? Should fuel taxes for deficit reduction be considered in cost allocation, and if so, how?

2. Previous cost allocation studies have been criticized for using different approaches to allocate different types of costs. Should cost allocation methods be varied according to the types of costs and differences in the incidence of those costs among highway users or should the same approach be used for all types of costs?

3. The workshop did not explicitly consider alternative user fees, but user fee issues will be important considerations in the cost allocation study. Several alternative highway user fees were analyzed in the 1982 cost allocation study and in subsequent FHWA studies. Comments are requested on the advantages and disadvantages of potential modifications to the existing user fee structure including new types of fees that might be imposed, on the desirability of maintaining current tax exemptions such as for various