



U.S. Department of  
Transportation  
**Federal Highway  
Administration**

**MEMORANDUM**

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Subject: **Information:** National Highway Freight  
Program (NHFP), FAST Act Section 1116  
Implementation Guidance

Date: February 29, 2016

/Original Signed By/

From: Jeff Lindley  
Associate Administrator for Operations

Reply to  
Attn. of: HOFM-1

To: Division Administrators  
Directors of Field Services  
Director of Technical Services

On December 4, 2015, the President signed the Fixing America's Surface Transportation (FAST) Act into law (Pub. L. No. 114-94), which reauthorizes Federal surface transportation programs for five fiscal years (FYs 2016-2020). Among the FAST Act provisions which support goods movement and the U.S. economy is a new formula program for freight projects. Section 1116 of the FAST Act amends 23 U.S.C. § 167 to establish the National Highway Freight Program (NHFP). Section 1116 also provides for a new National Highway Freight Network (NHFN), replacing the National Freight Network and Primary Freight Network established under the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21). Section 1116 requires the re-designation of the NHFN every five years, and repeals Section 1116 of MAP-21, which allowed for an increased Federal share for certain freight projects.

The attached NHFP Implementation Guidance provides policy direction on the program and provides information on funding, eligible activities, and specific requirements.

If you have any questions, please contact Ms. Caitlin Hughes Rayman of the Office of Freight Management and Operations at 202-493-0457.

Attachment

# National Highway Freight Program (NHFP) Implementation Guidance

**DATE ISSUED: February 29, 2016**

**EFFECTIVE DATE: October 1, 2015**

## A. PROGRAM PURPOSE

The purpose, among other goals, of the National Highway Freight Program (NHFP) is to improve efficient movement of freight on the National Highway Freight Network (NHFN).

## B. GOVERNING AUTHORITIES

- Section 1116 of the FAST Act establishes the NHFP under [23 U.S.C. 167](#).
- Section 1104(b) of the FAST Act provides for the apportionment of funds under [23 U.S.C. 104\(b\)](#).
- Section 8001 of the Fast Act requires the development of a State freight plan under 49 U.S.C. 70202.

## C. FUNDING

1. **Authorization Levels Under the FAST Act:** Section 1101 of the FAST Act authorizes appropriations for the Federal-aid Highway Program, including the NHFP. FAST Act section 1104(b)(6), amends 23 U.S.C. 104(b) and provides for the apportionment of funds for the NHFP in the following amounts for FY 2016, FY 2017, FY 2018, FY 2019, and FY 2020: \$1.15B, \$1.1B, \$1.2B, \$1.35B, and \$1.5B, respectively.

The estimated amounts below represent the net amount available after a portion of the authorized amount is set aside for the Metropolitan Planning Program per the freight formula under section 1104(b)(6) of the FAST Act.

The estimated amounts of NHFP are as follows:

FY 2016	\$1,140,250,003
FY 2017	\$1,090,673,914
FY 2018	\$1,189,826,092
FY 2019	\$1,338,554,353
FY 2020	\$1,487,282,615
<b>TOTAL</b>	<b>\$6,246,586,977</b>

The Program Codes for these NHFP funds are as follows:

Program Code	Program Description	Statutory Reference <sup>3</sup>
Z460	National Highway Freight Program (NHFP)	Section 1101(a)(1)
Z470	NHFP - Freight Intermodal or Freight Rail Project	23 U.S.C.167(i)(5)(B)

<sup>3</sup> All references relate to the FAST Act (Public Law 114-94) unless otherwise noted.

2. **Period of Availability:** NHFP funds are available for obligation for up to 4 years (three years after the last day of the fiscal year for which the funds are authorized). 23 U.S.C. 118.
3. **Obligation Limitation:** NHFP obligations are reimbursed from the Highway Account of the Highway Trust Fund. NHFP funds come with contract authority and are subject to the annual obligation limitation imposed on the Federal-aid Highway Program.
4. **Federal Share:** The Federal share for NHFP funds is governed by 23 U.S.C. 120. The Federal share is generally 80 percent, subject to the upward sliding scale adjustment for States containing public lands. The Federal share for projects on the Interstate system (except projects that add lanes that are not high-occupancy-vehicle or auxiliary lanes) is 90 percent, subject to the upward sliding scale adjustment. For projects that add single occupancy vehicle capacity, that portion of the project that increases single occupancy vehicle capacity will revert to the 80 percent Federal share participation level. 23 U.S.C. 120.

Certain types of improvements (predominantly safety improvements) as listed in 23 U.S.C. 120(c)(1) may have a Federal share of 100 percent. This provision is limited to 10 percent of the total funds apportioned to a State under 23 U.S.C. 104.

Projects incorporating Innovative Project Delivery methods as described in 23 U.S.C. 120(c)(3) may have an increased Federal share. *This provision will be the subject of further guidance.*

The Federal share for projects that are located on toll roads, and subject to the provisions of 23 U.S.C. 129, is limited to 80 percent.

States may choose to use a lower Federal share on Federal-aid projects as provided in 23 U.S.C. 120.

5. **Transferability of NHFP Funds:** A State may transfer up to 50 percent of the NHFP amount apportioned for the fiscal year to any other 23 U.S.C. 104(b) apportionment for the State. 23 U.S.C. 126.

#### **D. NATIONAL HIGHWAY FREIGHT NETWORK**

1. **National Highway Freight Network (NHFN):** The FAST Act requires the FHWA Administrator to establish a NHFN to strategically direct Federal resources and policies toward improved performance of the Network. Section 1103 of the FAST Act amends 23 U.S.C. 101(a)(15) to include a definition of the NHFN established under 23 U.S.C. 167. The NHFN includes the following subsystem of roadways:

- a. **Primary Highway Freight System (PHFS)** – This is a network of highways identified as the most critical highway portions of the U.S. freight transportation system determined by measureable and objective national data. The initial designation of the PHFS is the 41,518 centerline mile network identified as a comprehensive network during the development of the highway-only Primary Freight Network (PFN) under 23 U.S.C. 167(d). The comprehensive network includes 37,436 centerline miles of Interstate and 4,082 centerline miles of non-Interstate roads. Note: This network differs from the PFN that was designated to satisfy the MAP-21 requirement in October 2015. For further information on those distinctions, see the Federal Register Notice of October 23, 2015. [need link]

The FHWA Administrator is required to re-designate the PHFS every 5 years. Each re-designation is limited to a maximum 3 percent increase in the total mileage of the system. 23 U.S.C. 167(d). Further guidance on input and factors for re-designation of the PHFS will be issued in the future.

- b. **Interstate Routes not on the PHFS** – These highways consist of the remaining portion of Interstate roads not designated as part of the PHFS. These routes provide important continuity and access to freight transportation facilities. Nationwide, these portions of Interstate amount to approximately 9,511 centerline miles of Interstate (actual mileage subject to additions and deletions from the Interstate Highway System).
- c. **Critical Rural Freight Corridors (CRFC)** – These are public roads not in an urbanized area which provide access and connection to the PHFS and the Interstate with other important ports, public transportation facilities, or other intermodal freight facilities. States are responsible for designating public roads in their State as CRFCs. In accordance with 23 U.S.C. 167(e), a State may designate a public road within the borders of the State as a CRFC if the public road is not in an urbanized area, and meets one or more of the following seven elements:

- (1) is a rural principal arterial roadway and has a minimum of 25 percent of the annual average daily traffic of the road measured in passenger vehicle equivalent units from trucks (FHWA vehicle class 8 to 13);
- (2) provides access to energy exploration, development, installation, or production areas;
- (3) connects the PHFS or the Interstate System to facilities that handle more than—
  - i. 50,000 20-foot equivalent units per year; or
  - ii. 500,000 tons per year of bulk commodities;
- (4) provides access to—
  - i. a grain elevator;
  - ii. an agricultural facility;
  - iii. a mining facility;
  - iv. a forestry facility; or
  - v. an intermodal facility;
- (5) connects to an international port of entry;
- (6) provides access to significant air, rail, water, or other freight facilities in the State; or
- (7) is determined by the State to be vital to improving the efficient movement of freight of importance to the economy of the State.

The designation of the CRFC is limited to a maximum of 150 miles of highway or 20 percent of the PHFS mileage in the State, whichever is greater.

- d. Critical Urban Freight Corridors (CUFC) – These are public roads in urbanized areas which provide access and connection to the PHFS and the Interstate with other ports, public transportation facilities, or other intermodal transportation facilities. In an urbanized area with a population of 500,000 or more, the metropolitan planning organization (MPO), in consultation with the State, is responsible for designating the CUFCs. In an urbanized area with a population of less than 500,000, the State, in consultation with the MPO, is responsible for designating the CUFCs. Regardless of population, a public road may be designated as a CUFC if it is in an urbanized area, and meets one or more of the following four elements:
- (1) connects an intermodal facility to;
    - i. the PHFS
    - ii. the Interstate System; or
    - iii. an intermodal freight facility;
  - (2) is located within a corridor of a route on the PHFS and provides an alternative highway option important to goods movement;
  - (3) serves a major freight generator, logistic center, or manufacturing and warehouse industrial land; or

(4) is important to the movement of freight within the region, as determined by the MPO or the State.

The designation is limited to a maximum of 75 miles of highway or 10 percent of the PHFS mileage in the State, whichever is greater. 23 U.S.C. 167(f).

States with PHFS mileage greater than or equal to 2 percent, calculated based on the proportion of total designated PHFS mileage in the State to the total mileage of the PHFS in all States, are considered high mileage States with respect to the PHFS and may obligate funds for projects on the PHFS, the CRFC, and the CUFC. States with PHFS mileage of less than 2 percent are considered low mileage States with respect to the PHFS and may obligate funds for projects on all portions of the NHFN (the PHFS, the CRFC, the CUFC, and the rest of the Interstate System in their State). 23 U.S.C. 167(i)(3). The table below lists the high and low mileage States and can be found [here](#).

**High Mileage States (PHFS ≥ 2%):**

Alaska  
Arizona  
California  
Florida  
Georgia  
Illinois  
Indiana  
Missouri  
Montana  
New Mexico  
New York  
North Carolina  
Ohio  
Pennsylvania  
Tennessee  
Texas  
Utah  
Virginia

**Low Mileage States (PHFS < 2%):**

Alabama  
Arkansas  
Colorado  
Connecticut  
Delaware  
Dist. of Columbia  
Hawaii  
Idaho  
Iowa  
Kansas  
Kentucky  
Louisiana  
Maine  
Maryland  
Massachusetts  
Michigan  
Minnesota  
Mississippi  
Nebraska  
Nevada  
New Hampshire  
New Jersey  
North Dakota  
Oklahoma  
Oregon  
Puerto Rico  
Rhode Island  
South Carolina  
South Dakota  
Vermont  
Washington  
West Virginia  
Wisconsin  
Wyoming

As of October 1, 2015, the NHFN consists of the PHFS and other Interstate portions not on the PHFS, for a total of approximately 51,029 centerline miles. The NHFN is expected to increase with the designation of CRFCs and CUFCs and will fluctuate with additions and deletions to the Interstate Highway System. States and MPOs are allowed to designate these Corridors on a rolling basis, and must certify to the FHWA Administrator that the designated corridors meet the requirements of the applicable

provision (CRFCs and CUFCs). 23 U.S.C. 167(g). Further guidance will be developed on the process for identification, designation, and certification of the CRFCs and CUFCs.

The NHFN will be the highway component of the National Multimodal Freight Network (NMFN). An interim NMFN must be established within 180 days after enactment of the FAST Act. 49 U.S.C. 70103(b).

2. **Highway Freight Transportation Conditions and Performance Reports:** Not later than 2 years after the date of enactment of the FAST Act, and biennially thereafter, the FHWA Administrator shall prepare and submit to Congress a report that describes the conditions and performance of the NHFN in the United States. 23 U.S.C. 167(h). Note that MAP-21 included a similar provision for reporting on the conditions and performance on the National Freight Network.

## **E. ELIGIBILITY**

1. **General:** NHFP funds may be obligated for projects that contribute to the efficient movement of freight on the National Highway Freight Network (NHFN), and are consistent with the planning requirements of sections 134 and 135 of title 23, United States Code. Beginning 2 years after the date of enactment of the FAST Act, a State may not obligate NHFP funds apportioned to the State unless the State has developed a State Freight Plan (SFP) in accordance with 49 U.S.C. 70202, except that the multimodal components of the SFP may be incomplete. Projects must be identified in the Statewide Transportation Improvement Program (STIP)/Transportation Improvement Program (TIP) and consistent with the Long-Range Statewide Transportation Plan and the Metropolitan Transportation Plan(s). 23 U.S.C. 167(i)(7).
2. **State Freight Plan and State Freight Advisory Committee:** Freight planning is an important component of statewide and metropolitan transportation planning processes. MAP-21 encouraged States to develop a freight plan under 23 U.S.C. 167. State freight planning is covered under the FAST Act in a different provision of law: Section 8001 of the FAST Act adds section 70202 of title 49, United States Code, requiring each State that receives NHFP funding to develop a comprehensive freight plan that provides for the immediate and long-range planning activities and investments of the State with respect to freight. The SFP may be developed separately from or incorporated into the statewide strategic long-range transportation plan required by 23 U.S.C. 135. Among the factors that must be included in the SFP is a description of how the funds under 23 U.S.C. 167 would be invested and matched. In addition, an investment plan component must include a list of priority projects with the stipulation that the investment plan must show how funding for completion of the project or an identified phase of a project in the investment

plan can reasonably be anticipated to be available for the project within the time period identified in the freight investment plan. Interim SFP guidance was developed under section 1118 of MAP-21. This guidance will be updated to reflect FAST Act changes.

Section 8001 of the FAST Act also encourages each State to establish a freight advisory committee consisting of a representative cross-section of public and private sector freight stakeholders, including representatives of ports, freight railroads, shippers, carriers, freight-related associations, third-party logistics providers, the freight industry workforce, the transportation department of the State, and local governments. Under Section 8001, a State freight advisory committee, if applicable, must participate in the development of the SFP. Under Section 1116, the Administrator must provide an opportunity for State freight advisory committees, as applicable, to submit additional miles for consideration during the redesignation of the PHFS. State advisory committee guidance was developed under MAP-21 section 1117 and released as part of the Interim State Freight Plan guidance. This guidance will be updated to reflect FAST Act changes.

3. **Eligible Projects:** Eligible projects shall contribute to the efficient movement of freight on the NHFN, and be identified in a freight investment plan included in a SFP (required in FY 2018 and beyond). NHFP funds may be obligated for one or more of the following:
  - (1) Development phase activities including planning, feasibility analysis, revenue forecasting, environmental review, preliminary engineering and design work, and other preconstruction activities.
  - (2) Construction, reconstruction, rehabilitation, acquisition of real property (including land relating to the project and improvements to land), construction contingencies, acquisition of equipment, and operational improvements directly relating to improving system performance.
  - (3) Intelligent transportation systems and other technology to improve the flow of freight, including intelligent freight transportation systems.
  - (4) Efforts to reduce the environmental impacts of freight movement.
  - (5) Environmental and community mitigation for freight movement.
  - (6) Railway-highway grade separation.
  - (7) Geometric improvements to interchanges and ramps.
  - (8) Truck-only lanes.



- (9) Climbing and runaway truck lanes.
- (10) Adding or widening of shoulders.
- (11) Truck parking facilities eligible for funding under section 1401 of MAP-21
- (12) Real-time traffic, truck parking, roadway condition, and multimodal transportation information systems.
- (13) Electronic screening and credentialing systems for vehicles, including weigh-in-motion truck inspection technologies.
- (14) Traffic signal optimization, including synchronized and adaptive signals.
- (15) Work zone management and information systems.
- (16) Highway ramp metering.
- (17) Electronic cargo and border security technologies that improve truck freight movement.
- (18) Intelligent transportation systems that would increase truck freight efficiencies inside the boundaries of intermodal facilities.
- (19) Additional road capacity to address highway freight bottlenecks.
- (20) Physical separation of passenger vehicles from commercial motor freight.
- (21) Enhancement of the resiliency of critical highway infrastructure, including highway infrastructure that supports national energy security, to improve the flow of freight.
- (22) A highway or bridge project to improve the flow of freight on the NHFN.

In addition, any surface transportation project to improve the flow of freight into and out of a freight intermodal or freight rail facility is an eligible project. 23 U.S.C. 167(i)(5)(C). In accordance with 23 U.S.C. 167 (i)(5)(B), there is a cap on the use of NHFP apportioned funding for these freight intermodal or freight rail projects: For each fiscal year, a State may obligate not more than 10 percent of the total State apportionment under NHFP for these types of projects. These projects include those within the boundaries of public or private freight rail or water facilities (including ports), and that provide surface transportation infrastructure necessary to facilitate direct intermodal interchange, transfer, and access into or out of the facility.

In addition to the eligible projects identified above, a State may use apportioned funds for carrying out diesel retrofit or alternative fuel projects under section 149 for class 8 vehicles; and for the necessary costs of conducting analyses and data collection related to the NHFP, developing and updating freight performance targets, and reporting to the FHWA Administrator to comply with the freight performance targets established pursuant to 23 U.S.C. 150.

The FAST Act introduces a category of projects eligible for NHFP funding, known as “intelligent freight transportation systems.” This is defined as “innovative or intelligent technological transportation systems, infrastructure, or facilities, including elevated freight transportation facilities in proximity to, or within, an existing right of way on a Federal-aid highway, or that connect land ports-of entry to existing Federal-aid highways; or communications or information processing systems that improve the efficiency, security, or safety of freight movements on the Federal-aid highway system, including to improve the conveyance of freight on dedicated intelligent freight lanes.” The law directs the FHWA Administrator to determine whether there is a need for establishing operating standards for intelligent freight transportation systems. 23 U.S.C. 167(k). Further guidance for this provision may be developed as necessary.

**F. STATE PERFORMANCE MANAGEMENT** - This provision will be the subject of further guidance.

1. The Secretary is in the process of promulgating a rulemaking in consultation with States, MPOs, and other stakeholders in accordance with 23 U.S.C. 150. The requirements for freight performance measurement in section 1116 of the Fast Act will be applied to this rulemaking.
2. As part of 23 U.S.C. 150, if the Administrator determines that a State has not met or made significant progress toward meeting the performance targets related to freight movement of the of the State established under 23 U.S.C. 150(d) by the date that is 2 years after the date of the establishment of the performance targets, the State shall include in the next report submitted under 23 U.S.C. 150(e) a description of the actions the State will undertake to achieve the targets, including:
  - an identification of significant freight system trends, needs, and issues within the State;
  - a description of the freight policies and strategies that will guide the freight-related transportation investments of the State;

- an inventory of freight bottlenecks within the State and a description of the ways in which the State is allocating national highway freight program funds to improve those bottlenecks; and
- a description of the actions the State will undertake to meet the performance targets of the State. 23 U.S.C. 167(j).

## **G. TRANSITION PERIOD**

1. Notwithstanding any other provision of law, effective 2 years after the FAST Act's enactment date (December 4, 2015), a State may not obligate its apportioned NHFP funds unless the State has developed a FAST Act-compliant SFP (except that the multimodal components of the SFP may be incomplete). 23 U.S.C. 167(i)(4). Many projects or phases of projects will need to be specifically identified in the FAST Act-compliant plan and addressed in a freight investment plan, with limited exceptions for rail and freight intermodal projects (including some port projects) and certain costs. 49 U.S.C. 70202. As States complete their SFPs and freight investment plans to comply with the FAST Act, they should build in sufficient time for the Department to establish that their SFPs meet the necessary criteria prior to the December 2017 date. This approval process will be the subject of further guidance.