**Innovative Financing: Management of Federal Funds**

**Background**: Transportation officials at all levels of government are challenged to identify ways to pay for improvements to our Nation's transportation infrastructure. Traditional funding sources have not kept pace with the investment demands of an aging and increasingly complex U.S. transportation system. Tolls, user fees, and other project-based revenue sources, in combination with new finance tools, can substantially increase state and local governments' ability to deliver projects. Transportation project finance innovations available to project sponsors include: Section 129 Loans, State Infrastructure Banks, Grant Anticipation Revenue Vehicles, TIFIA Credit Assistance, Private Activity Bonds, and Build America Bonds.

FHWA’s Center for Innovative Finance Support, within the office of Innovative Program Delivery, offers the *Project Finance Primer,* whichis an update to the Innovative Finance Brochure, published by FHWA in 2002 (Publication No. FHWA-AD-02-006). This primer focuses on bonds and credit assistance and incorporates new project finance techniques that have become available for transportation projects since the brochure's publication in 2002, including changes and new programs adopted under SAFETEA-LU. Innovative management of Federal funds and project delivery options are NOT covered in this primer.

**Purpose:** Update and expand *Project Finance Primer* to include innovative management of Federal funds. Bring together States Department of Transportation case studies from over the last 15 years on their successful innovative project delivery with federal funds. Take views and experience from states, their working relationships with USDOT/FHWA, and compile suggested framework from which to create a second Primer specific to management of Federal funds.

**Objective:** Provide opportunities for several SDOTs to be exposure to, then sequential knowledge-saturation of the tools related to Management of Federal Aid Funds. Select SDOTs that are fertile and inquisitive to innovative financing; inquisitive of leveraging federal funds to carry-out their 20-year long range plan, including asset management (TAMP) strategies. Additionally, engage SDOTs to gauge appetite of longer debt service related to life-cycle of assets (40-50-75 years; European model). Compare understanding of current U.S. tax laws and bond markets.