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Ferry Programs in the Department of Transportation

Ferries provide transportation services in a wide variety of settings and for many purposes. The main types of ferry service in the United States are commuter passenger service in urban areas, and highway vehicle carriage in rural areas where a bridge is unavailable. Coastal and island regions, such as Alaska, the U.S. Virgin Islands, Puget Sound, and New England, can be especially dependent on ferries for both passenger and freight transportation. There are also many ferries that provide service mainly for recreational purposes, including several in national parks. Overall, ferries play a minor role in the U.S. transportation system, providing about 1% of public transportation trips in 2019.

The U.S. Department of Transportation (DOT) supports ferry services through both highway and public transportation programs. Generally, federal funds are eligible for capital projects, including buying and refurbishing ferries, and building and rehabilitating ferry terminals and maintenance facilities. Ferries must be built domestically according to a law dating to 1886 (46 U.S.C. §55103). In certain circumstances, federal funds may be used for operating expenses. The programs discussed here are intended for permanent ferry operations. Temporary ferry operations may be eligible under other programs, such as DOT's highway and public transportation Emergency Relief programs.

Ferry Systems

According to the Bureau of Transportation Statistics, ferries, prior to the Coronavirus Disease 2019 (COVID-19) pandemic, annually served about 126 million passengers and 27 million vehicles. Three states—New York, Washington, and California—accounted for more than half of ferry passenger boardings, and the state of Washington alone accounted for more than 40% of vehicle boardings (Table 1).

Ferry operators, reporting one or more reasons for providing service, listed commuter transit most often (67% of operators), followed by transportation for pleasure/recreation (65%), roadway connections (29%), emergency services (27%), island access to mainland (23%), and national park access (23%).

Both public and private entities operate ferry service, but the public/private distinction can be complicated. About 40% of ferry operators are public agencies, and about the same share of vessels is owned publicly. A larger proportion of ferry terminals, about 70%, is publicly owned, indicating that many public terminals serve privately owned ferry operators and vessels. Furthermore, publicly owned vessels and terminals are sometimes run privately. In a few cases, privately owned vessels and terminals are run publicly.

Table 1. Top 10 States for Ferry Passenger and Vehicle Boardings, 2017

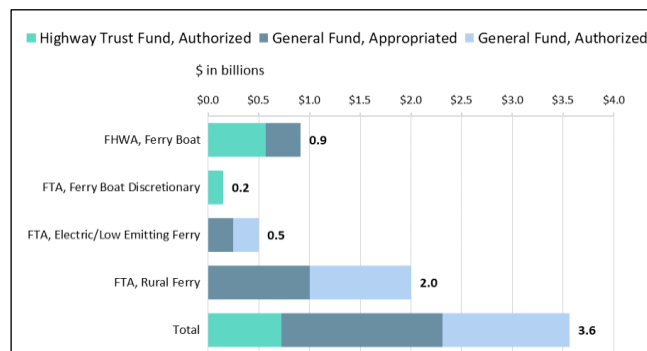
Passengers		Vehicles	
NY	28,348,259	WA	11,488,050
WA	27,493,805	NY	2,164,453
CA	15,657,080	LA	2,021,741
MA	7,784,885	TX	1,778,178
NJ	6,494,024	MI	1,082,962
TX	5,449,355	VA	956,720
LA	3,949,472	MA	876,154
GA	3,857,943	IL	828,052
IL	3,388,347	NC	703,247
VA	2,499,787	CA	505,158
U.S., Total	126,239,031	U.S., Total	27,010,994

Source: Bureau of Transportation Statistics, National Census of Ferry Operators, 2018.

Infrastructure Investment and Jobs Act

The Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) authorized and appropriated funding for surface transportation programs for FY2022-FY2026. The act funds ferries through both dedicated programs and broader highway and public transportation programs. The IIJA more than tripled annual dedicated ferry funding compared with the previous authorization act (unadjusted for inflation). The IIJA provided \$2.3 billion specifically for ferries, comprising \$0.7 billion in contract authority from the Highway Trust Fund and \$1.6 billion in general fund appropriations. The bill also authorized another \$1.3 billion specifically for ferries from the general fund, subject to future appropriations (Figure 1).

Figure 1. Dedicated Ferry Funding in the IIJA FY2022-FY2026



Source: Infrastructure Investment and Jobs Act (P.L. 117-58).

Federal-Aid Highway Funding

Several programs administered by the Federal Highway Administration (FHWA) can be used for ferries. Funding is available to construct ferry boats, ferry terminals, and ferry maintenance facilities. Both passenger and vehicle ferries are eligible for support if service is on a fixed route in a situation where it is not feasible to build a bridge or tunnel.

Dedicated ferry funding is authorized from the Highway Trust Fund for FHWA's Ferry Boat Program. Funding for this program in the IIJA totaled \$912 million, an average of \$182 million per year. Funding is distributed by formula (23 U.S.C. §147). The maximum federal share for funds made available to states is 80%.

States may also use funds distributed by formula from the Surface Transportation Block Grant Program and the National Highway Performance Program. The IIJA authorized new formula and competitive grant programs for which ferries are eligible. For example, projects to make ferry service more resilient to disruptions from sea level rise, weather events, and other natural disasters are eligible for funding under the new Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) program.

Federal Public Transportation Funding

Support from the Federal Transit Administration (FTA) is available for ferries in urban and rural areas that provide regular and continuing shared-ride service for pedestrians, although these ferries may also accommodate vehicles. Funding can be used to construct and refurbish ferries, ferry terminals, and maintenance facilities. Transit agencies in smaller urbanized areas and rural areas, as well as small agencies in larger urbanized areas, can expend federal funds on operating expenses.

Dedicated public transportation ferry funding is available through the competitive Ferry Boat Discretionary Program (49 U.S.C. §5307(h)). The program was authorized at \$30 million per year from the Highway Trust Fund, a total of \$150 million over the life of the IIJA. Funds are set aside from FTA's Urbanized Area Formula Program and, as such, are limited to ferry services in urbanized areas (places of 50,000 or more people). The maximum federal share is 80%. Ferries are also an eligible use of broader transit funding distributed to transit agencies by formula, and for FTA's Capital Investment Grant Program, a competitive program that supports the building of major new transit systems and extensions to existing systems.

The IIJA created two new ferry programs administered by FTA:

- **Electric or Low-Emitting Ferry Pilot Program.** This program provides funding for the purchase of electric or low-emitting ferries or the modification of existing ferries. The IIJA appropriated \$50 million per year, a total of \$250 million, from the general fund. The IIJA also authorized another \$50 million per year from the general fund, subject to appropriations.

- **Ferry Service for Rural Communities.** This program provides funding for scheduled ferry service serving at least two rural areas more than 50 miles apart. The IIJA appropriated \$200 million per year, a total of \$1 billion, from the general fund. The IIJA also authorized another \$200 million per year from the general fund, subject to appropriations.

Multi-Modal Funding

Ferry projects are also eligible for funding from the competitive multi-modal Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grants program, administered by DOT. For example, a transit agency in New Orleans was awarded a \$10 million grant in 2015 to replace a ferry terminal on the Mississippi River. The IIJA appropriated \$1.5 billion per year from the general fund for RAISE grants, a total of \$7.5 billion.

Issues for Congress

The COVID-19 pandemic is an issue for ferry transportation. An unprecedented reduction in travel beginning in March 2020 had a dramatic effect on the budgets of ferry operators that Congress addressed to some extent through supplemental appropriations to transit agencies and state DOTs. Ferry operators have also had to contend with increased costs associated with the pandemic, such as extra cleaning costs, and workforce issues related to illness and resignations. The longer-term effects of the health crisis on ferry service and use are uncertain.

Although IIJA more than tripled annual dedicated ferry funding, the amount of money available is likely to be an ongoing issue, one that Congress could address in annual appropriations legislation or in a future authorization. Existing ferry systems face challenges with funding due to the age and relatively poor condition of ferries and ferry terminals. The U.S. Army Corps of Engineers reported that the average age of the ferry fleet was 33 years in 2020. The effects of climate change may also raise ferry operators' costs, as rising sea levels and more frequent storm damage may require reconstruction of ferry terminals. The desire to replace conventionally powered ferries with electric and other alternatively powered ferries along with the supporting infrastructure also may raise costs.

Ferry service is predominantly provided in urban areas, and these areas may have more flexibility to direct transit funding to ferries. Nevertheless, most of the increase in dedicated ferry funding in the IIJA was for a new FTA rural ferry program such that dedicated ferry funding provided by FTA for rural areas is now much larger than that dedicated for urban areas.

Some ferry projects remain ineligible for federal funding under the IIJA. Federal money can be used only for publicly owned ferry facilities, although a public owner may use a private contractor to provide service. Routine maintenance of ferries and ferry terminals is not eligible for assistance under most federal programs, and some programs will not support operational expenses.

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