It appeared to be a promising development last week when Democratic Sens. Barbara Boxer and Max Baucus and Republican Sens. James Inhofe and David Vitter released a joint statement citing “great progress” and “common ground” on a new transportation authorization bill. But there is already significant skepticism that Boxer and her colleagues can deliver a promised six-year bill that would allow state and local leaders around the country to fund long-term transportation projects going forward. And as usual, there is no shortage of opinions on how changes in federal and state policy might help the nation better address its infrastructure needs.

Although the full Senate Environment and Public Works Committee bill is still coming together, Boxer last week announced some principles of the legislation the panel is working on, including:

- No earmarks;
- Consolidation of numerous programs to focus resources on key national goals and reduce duplicative and wasteful programs;
- Consolidation of numerous programs into a more focused freight program that will improve the movement of goods;
- Expansion of the TIFIA (Transportation Infrastructure Finance and Innovation Act) loan program, which helps states finance transportation projects of national and regional significance.
- Expediting of project delivery without sacrificing the environment or the rights of people to be heard.

Boxer said she is “hoping for a six-year bill” that would be funded at current spending levels plus inflation—a $339.2 billion bill ($56.5 billion a year). But relying solely on current Highway Trust Fund revenues would produce an annual shortfall of $12 billion, Environment and Public Works Committee staff estimate. If lawmakers can’t agree on a revenue mechanism (for example a federal gas tax increase) to support and sustain the trust fund, a two-year bill may be more likely. The EPW staff estimates a $6 billion annual shortfall if a smaller $109 billion two-year bill is passed.

Inhofe, the ranking Republican on the Senate EPW Committee, told the Tulsa World this week that, despite his disappointment (which is likely to be shared by state governments), it in all likelihood will end up being a two-year bill. State officials say they need long-term certainty about federal funding to allow them to move forward with larger, long-term transportation projects.

The EPW committee reportedly plans to have hearings on a final draft of the bill in the coming weeks and mark up the legislation before the July 4th recess.

As Ryan Holeywell of Governing magazine points out in a blog post this week, even if a two or six-year authorization plan emerges from the EPW committee at the funding levels Boxer and company suggest, it’s unlikely that the House Transportation and Infrastructure Committee would come up with a similar bill.
“(Republican Chairman John) Mica’s committee is stacked with freshmen who have little allegiance to a transportation program, and he faces a Republican leadership focused on budget cuts,” Holeywell writes.

I commented for Holeywell’s blog post and told him that while a short-term authorization bill may allow Congress to “kick the can down the road” and hope for brighter economic times in the future, it’s unlikely that anyone believes it’s actually going to be easier to raise the federal gas tax or talk about converting to a vehicle miles traveled tax two or three years from now. Both of those ideas have been political non-starters in 2011, even though many transportation experts have said for some time such moves may be necessary in order to help shore up the Highway Trust Fund in future years.

And even beyond the slim chance that something close to the Boxer bill as outlined could emerge from the Congress, there is a large group that will be disappointed with such a bill’s limited scope and resources. So while it’s a somewhat hopeful sign that there appears to be some movement on a reauthorization bill and that a bipartisan group of Senators has come to some agreement, it will be hard to convince many state officials and stakeholders that what’s likely to be a two-year bill at little more than current spending levels is really the kind of step forward the country needs to make for its transportation system at this time.

Indeed, many would say current spending levels aren’t even enough to allow states to maintain their existing infrastructure, let alone build the kind of transportation systems that will serve us well over the next century and create jobs and economic development in the process. Laura D’Andrea Tyson, who chaired the Council of Economic Advisers under President Clinton, writes in today’s New York Times: “Infrastructure spending, adjusted for inflation and accounting for the depreciation of existing assets, is at about the same level it was in 1968, when the economy was one-third smaller. Public investment on transportation and water infrastructure as a share of gross domestic product has fallen steadily since the 1960s and now stands at 2.4 percent compared with 5 percent in Europe and more than 9 percent in China.”

As Tyson points out, the American Society of Civil Engineers [7] estimates we need to spend $110 billion more a year just to maintain the transportation infrastructure at current performance levels. A Congressional Budget Office report last month said such maintenance would require the federal government and state and local governments to increase highway spending by one-third or more. Moreover, it would be necessary to double the federal investment on highway infrastructure from its 2010 level of $43 billion to finance highway projects whose economic benefits exceed their costs.

But Tyson goes on to say that kind of investment would be worth it in terms of the jobs and increases to our economic output it would create.

“Even as we slash other forms of government spending, we must invest more in our infrastructure,” Tyson concludes.

But former Transportation Secretary Norman Mineta says coming up with additional investment dollars will likely require some creative thinking.

“The bottom line is that we won’t simply be able to buy our way out of our problems,” Mineta wrote in an op-ed for The Hill newspaper this week. “That is why policymakers and lawmakers need to work creatively and innovatively to develop new approaches for meeting transportation challenges.”

Mineta and Tyson both agree that public-private partnerships and the improvement of infrastructure investment decisions through cost-benefit analysis will likely need to be among the new approaches.
Mineta still believes however that anything short of a six-year bill will be a failure.

“It is extremely difficult to plan any projects without a dedicated six-year bill for aviation and surface transportation programs,” he writes. “Extensions are a cop-out. Americans can’t afford to see Washington play ‘kick the can’ with transportation funding for another year, another month, or frankly, even another day.”

But as I told Governing’s Holeywell this week, a short-term bill is likely to be the outcome with a tax increase-averse Congress focused on deficit reduction and the limited amount of existing federal revenues available to commit to transportation. For states it may be time to see the writing on the wall that the federal program is likely to be a substantially reduced program going forward, focused primarily on projects of national or regional impact or interest. It may indeed be time for state governments if they aren’t already doing so (and there are many that are) to begin looking closely at options for financing transportation at the state, local and regional levels. Just in case the next federal authorization instead of being a stopgap is more like the new normal or even the last high water mark for the federal program.

**Fixing the Nation’s Infrastructure Problems**

Holeywell and his colleague Russell Nichols also have an article in the print edition of Governing this month that outlines six ideas for fixing the nation’s infrastructure problems. The piece examines ways to revamp the Highway Trust Fund (increasing the gas tax, transitioning to VMT), efforts to convince lawmakers and the public to take the nation’s infrastructure problems seriously (Transportation for America’s advocacy is highlighted), encouraging cities to think big (massive multi-modal transportation expansion projects in Denver and Los Angeles are highlighted), and using technology to make bridges smarter (everything from automated monitoring systems that scan for bridge deterioration to high performance steel and “self-healing” bridge materials).

Importantly, the Governing article also cites empowering state and local governments as a way to help fix the nation’s infrastructure problems. An expanded TIFIA program, touted by Los Angeles Mayor Antonio Villaraigosa and others, could be an essential part of this strategy, providing more low-interest loans for transportation projects. Streamlining the number of federal programs may also succeed in giving greater flexibility to states in spending transportation dollars, many officials believe. Other potential policy options like the creation of a national infrastructure bank (which interestingly wasn’t included in the Boxer bill outline, though it has been proposed in separate federal legislation), expanded public-private partnerships, and allowing tolling on interstate highways could further empower states, the article points out.

Finally, Holeywell and Nichols cite increasing rural access as important to fixing the nation’s infrastructure problems. I wrote about this issue in a Capitol Research brief earlier this year. Nichols asked me to comment for the article on the question of how state and local governments should prioritize their limited funding when it comes to increasing rural access. I told him states and communities can focus limited transportation dollars on widening and upgrading rural two-lane roads to make them better suited for heavy commercial vehicles and to make them safer for all who travel on them. They must work to relieve bottlenecks and congestion where they occur by investing in roadway redesign and intelligent transportation system technologies such as coordinated traffic signals to improve traffic flow, where applicable. By improving roads in, around and through rural communities, states and localities can better serve the freight, agricultural and energy sectors and in doing so make them an even more vital link in the nation’s supply chain. That will in turn put rural states higher on the priority list for future Federal investment.

But I also told Nichols the importance of public transportation in rural areas should not be overlooked.
While it can be an expensive service to provide in rural communities, transit provides essential transportation to many rural residents. Changing demographics (an aging rural population), increasing demand for transit and high gas prices are three reasons states and communities should continue to invest in transit. More use of transit can also help reduce congestion and the impact of transportation on the environment. It's important that states and communities facilitate partnerships between government agencies, community- and faith-based groups, and private sector transportation providers to make sure that transit systems provide the most accessibility at the lowest cost to users and make the most efficient use of available dollars (In my policy brief, I mention Transportation for America's touting of Vermont and Connecticut as leaders in coordinating transit in rural areas). The replacement of transit vehicles in rural communities in the years ahead will be a significant expense governments will have to shoulder. But it will be essential to help ensure accessibility to transportation for all rural residents.

**Getting Transportation Policy Right**

Robert Puentes of the Brookings Institution’s Metropolitan Policy Program had an interesting article in the Wall Street Journal last month examining “How the U.S. gets transportation policy wrong—and how to get it right.”[13]

“The nation lacks a clear-cut vision for transportation, and no way to target spending to make sure all those billions of dollars help achieve our economic and environmental goals,” Puentes writes. “That means we have a lot of bridges to nowhere, with nobody making sure that these big investments generate enough returns to be worthwhile, or that they address any number of the large, thorny problems that are crucial to the well-being of the nation.”

Puentes says a new approach is needed, one that puts transportation in the service of the American economy.

“We must coordinate the efforts of the public and private sectors to make it easier to move freight, find ways to cut carbon emissions, integrate new technologies into daily commutes and connect workers to jobs that are far from their homes,” he writes.

**Preservation vs. Expansion**

A new report out this month from Smart Growth America and Taxpayers for Common Sense[14] says the vast majority of states continue to inadequately fund road repair projects in spite of a backlog of needed repairs. In doing so, state officials are choosing the most expensive type of repair possible because rehabilitating a road that has completely deteriorated is substantially more expensive than keeping it in good condition in the first place. States are compounding the problem by spending on construction of new roads, which adds to a system they are already failing to adequately maintain, the report’s authors conclude. Road repair and preservation is actually the better investment. The American Association of State Highway and Transportation Officials (AASHTO) estimates that every $1 spent to keep a road in good condition avoids $6 to $14 to rebuild it later.

The report does praise several states for putting an emphasis on preservation over expansion. Between 2004 and 2008, Michigan dedicated 86 percent of its road funds to preservation, for example. That allowed the state to raise the number of roads in good condition from 48 percent to 60 percent. Florida, New Jersey, New York and the District of Columbia are also highlighted for being the only states to spend enough money on maintenance and repair to keep good roads in good condition and make bad roads better.

Smart Growth America and Taxpayers for Common Sense recommend that federal transportation
dollars be conditioned on states doing an adequate job of maintaining their current transportation system. In addition, the report recommends that states establish clear benchmarks for road conditions, improve transparency for greater public support, and prioritize the most heavily traveled roads for maintenance. It also suggests that states should consider job creation, return on investment and long-term costs when making spending decisions.

The report includes a table highlighting performance measures and pavement condition targets established by state departments of transportation.

**Push for Life-Cycle Budgeting**


The ads will air on radio stations in 11 states, including Florida, Indiana, Louisiana, Missouri, Montana, North Carolina, Ohio, Pennsylvania, South Carolina, Virginia and West Virginia. A print ad will run in newspapers in many of those states as well. And the association has a website, WhatAretheRealCosts.org[17], which among other things highlights MIT research on the advantages of life-cycle assessment that accounts for the total economic and environmental cost of a project over its life span.

**Transportation & Jobs**

Another ad campaign calls on Congress to pass a new multi-year surface transportation authorization bill ASAP because of the jobs that depend on the U.S. transportation network. The Transportation Construction Coalition, which includes 29 national association and labor unions and is chaired by the American Road & Transportation Builders Association and the Associated General Contractors of America, put together a print ad[18] that puts the number at 80 million jobs that depend on the network. Those jobs are in industries like tourism, manufacturing, agriculture, forestry, general construction, mining, retailing and wholesaling.

“These industries provide a total payroll of $2.8 trillion and their employees contribute more than $233 billion annually in state and federal payroll taxes,” the ad claims.

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