Transportation figured prominently in President Obama’s 2012 budget proposal released this week. The proposal included the outlines of a $556 billion, six-year transportation plan. While some praised the plan for “bold vision,” others believe the lack of agreement on a revenue source to pay for it all and other factors will make it very difficult to achieve that vision.

The Obama plan, as outlined in a White House fact sheet, calls for:

- A six-year, $556 billion surface transportation plan to modernize infrastructure;
- A first-year funding boost of $50 billion in 2012 to jump-start productive investment and stimulate job growth;
- A previously announced $8 billion in 2012 and $53 billion over six years to reach the President’s goal of providing convenient access to high-speed rail within 25 years for 80 percent of Americans;
- $30 billion over six years to create a National Infrastructure Bank to invest in projects of regional or national significance to the economy;
- Creation of Transportation Leadership Awards to create incentives for state and local partners to pursue critical transportation policy reforms;
- $4.1 billion in 2012 and $28 billion over six years for a new Federal Highway Administration livability grant program targeting multi-modal transportation hubs and bike/pedestrian/transit access;
- $32 billion in competitive grants to encourage states to adopt safety and livability reforms;
- $119 billion for transit over the next six years;

Aside from the dollar figures involved, the plan also calls for a number of significant structural and philosophical changes, including:

- A “fix-it-first” approach for highways and transit grants;
- The consolidation of 55 highway programs into five, giving states and localities greater flexibility to direct resources to their highest priorities. The five umbrella programs would be the National Highway Program, Highway Safety Improvement, Livable Communities, Federal Allocation, and Research, Technology and Education. Streetsblog Capitol Hill has a complete list of the 55 programs consolidated.
- The creation of a single transportation account called the Transportation Trust Fund by shifting all general fund transit programs, Amtrak and high-speed rail, TIGER-type grants and the new National Infrastructure Bank to the trust fund.

Streetsblog Capitol Hill’s analysis of the Obama plan pointed to a number of key highlights, including:

- A 127 percent increase in transit funding and a 48 percent increase for roads and bridges, shifting the highways-to-transit ratio from an 80-20 split to a 74-26 split.
- A long-overdue name change for the Highway Trust Fund to the Transportation Trust Fund, reflecting the fact that it would also fund transit, high-speed rail and the infrastructure bank.
- An increase in the TIFIA loan program from $120 million to $450 million. TIFIA (the Transportation
Infrastructure Finance and Innovation Act) provides Federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance.

- $2 billion more for the TIGER (Transportation Investments Generating Economic Recovery) program, which provided competitive grants for innovative, multi-modal and multi-jurisdictional transportation projects that promise significant economic and environmental benefits.

What the plan does not include is a proposal for how it could all be funded. Relying solely on the federal gas tax at its current rate would likely leave the program $200 billion to $250 billion short over the six-year period, according to Congressional Budget Office projections. The White House fact sheet does say this: “The President is committed to working with the Congress to ensure that funding increases for surface transportation do not increase the deficit.”

“The President’s FY 2012 Budget submission has raised more questions than has offered answers,” writes public policy consultant and Innovation NewsBriefs editor and publisher Ken Orski this week [6]. “The President said he will make sure that his program will be “fully paid for” and pledged to work with Congress to ensure that funding for surface transportation does not increase the deficit. But these vague expressions of intent are hardly appropriate in a Budget message which traditionally was meant to offer Congress and the public concrete explanations on how the Administration intends to fund its proposed program initiatives.”

Ezra Klein of the Washington Post [7] similarly concludes: “if the administration is going to duck the fight on reconnecting the Surface Transportation Act and the gas tax, it’s hard to see this proposal getting funded and passed. The House GOP isn’t lockstep against infrastructure investment, but they do seem to be lockstep against new revenues. Plus: The gas tax was a sensible and smart way to fund improvements in transportation infrastructure. That’s why even Reagan signed onto it.”

Tanya Snyder of Streetsblog Capitol Hill [5] added that Republicans in Congress “are sure to have a harsh response to a half-trillion dollar proposal that has no real revenue stream attached to it.” Snyder also points out that the House has banned earmarks and districts would have to compete for grant money under the Obama plan. “A massive transportation bill was easier to vote for when lawmakers could point to specific projects in their districts that would be included,” she writes.

Initial Republican reaction to the President’s overall budget came in the form of a press release summary [8] from members of the House and Senate Budget Committees, which said the Obama budget “spends, taxes and borrows too much – stifling job growth today and threatening our economic future.”

The administration is also likely to face some opposition to its plan to lump everything into the new Transportation Trust Fund because its revenue source—the gas tax—was designed as a user fee to pay for highways exclusively.

But there was plenty of support for the President’s transportation budget this week. Among those offering their views:

- **Sen. Barbara Boxer, Senate Environment & Public Works Committee Chair** [9]: “I commend the President for his investment in transportation, which will create and save millions of jobs and ensure that our country can compete in the 21st century. I’ve already begun reaching across the aisle to build support for a robust surface transportation bill that will accelerate our economic recovery and build the foundation for long-term prosperity.”

- **James Corless, Director of Transportation for America**: [10] “The Administration’s visionary reforms recognize where we are at this moment in history: Having built the world’s best highway and bridge
network, we have to focus on preserving those aging assets while we build the missing pieces of a
modern system that allows people and goods to get where they’re going cheaply, conveniently and
safely. The Administration is right then, to propose a “fix it first” policy that will ensure that
transportation agencies stop siphoning off money intended to rehabilitate bridges and highways.
Equally smart are proposals to reward innovation through competitive grants that emphasize
greater efficiency, broader and more affordable options and reduced dependency on foreign oil.”

- **Laura Barrett, Executive Director of the Transportation Equity Network** [11]:
  “Transportation—especially public transit—is an engine for job growth, access to opportunity, and
America’s long-term competitiveness. Our failure to fund it adequately has deepened our national
economic crisis. It has left America behind as our competitors abroad make visionary investments in
their own transportation futures. It has saddled future generations with an infrastructure deficit they
will struggle for decades to fill—if we don’t act now. The president’s proposed budget offers a bold
way to get America moving again.”

- **William Millar, President of American Public Transportation Association** [12]: “We applaud President
Obama for his leadership and vision in making public transportation and high-speed rail programs a
high national priority... We’re also pleased that he outlines a robust, multi-year authorization bill
which includes the creation of a truly multi-modal trust fund that ensures the money intended for
surface transportation is spent on surface transportation.”

- **American Road and Transportation Builders Association** [13] “The weak link to the Administration’s
budget is that it provides no recommendations for generating new revenues. Existing Highway Trust
Fund revenues are far less than needed to maintain current highway and transit investment, let
alone add rail and an infrastructure bank. To fill the gap, the administration proposes $26 billion in
new revenues for FY 2012 but offers no recommendations for how to do that, other than working
with Congress to identify potential revenue sources.”

- **Stephen Sandherr, CEO of Associated General Contractors of America** [14] “It is encouraging to see
that the President appreciates the difference between wasteful spending and essential
transportation investments needed to boost overall economic growth and protect Americans from
later, larger fiscal liabilities. After all, businesses rely on an efficient transportation system to
successfully compete in the global economy. Meanwhile, investing in needed capacity and
maintenance projects now protects taxpayers from having to pay much more to repair broken roads
and bridges in a few years. We are, however, concerned by the Administration’s proposal to
transform the Highway Trust Fund into a Transportation Trust Fund that would fund high speed rail,
Amtrak, “livability” grants and other Administration priorities. The Administration promises to use
existing gas tax and other revenue sources only to continue funding highway and transit projects.
However, it is hard to take this proposal seriously when the Administration has yet to identify how it
will pay for the other programs it wants to add to the Trust Fund.

- **Kurt Nagle, American Association of Port Authorities** [15]: "While we're optimistic that certain seaport-
related infrastructure could be funded through the [Infrastructure Bank], the Administration’s
proposed budget cuts for the U.S. Army Corps of Engineers’ Civil Works program misses the mark by
failing to adequately fund the waterside infrastructure that is critically needed to restore the
economic security of the nation, increase exports and create the jobs necessary for full economic
recovery. Although we're mindful of the need to make necessary sacrifices to reduce the deficit, we
believe the priority for programs and projects that enhance America's ability to move cargo and
compete in world markets should be raised rather than lowered."

- **American Association of State Highway and Transportation Officials** [16]: “AASHTO is ready to work
with members of Congress and the Administration to approve necessary reforms and to set sensible
funding levels.”

**Field Hearings on Transportation Authorization Get Underway**

On the same day the President released his budget and transportation plan, members of the House
Transportation and Infrastructure Committee were in West Virginia for the first of 12 planned field hearings around the country to examine authorization issues. The Charleston Gazette reported that chairman John Mica told attendees there is “a new atmosphere in Washington” that will make it “very difficult to get votes to the floor that aren’t reducing some programs.” Although Mica said he is determined to get a new six-year authorization bill as soon as possible, he ruled out an increase in the federal gas tax to pay for it (U.S. Transportation Secretary Ray LaHood, who said this week he wants to see an authorization bill on the President’s desk by the August recess, also pledged once again not to raise the gas tax while unemployment is still high). It was Ranking Democrat Nick Rahall who predicted at the field hearing that reauthorization legislation may contain less than half the money for transportation proposed by either President Obama or former committee chairman James Oberstar, who drafted a bill in 2009 that was never voted on.

Public Opinion on Paying for Transportation

Those hoping for a change of heart on the fuel tax issue may be disheartened by some recent public opinion polls. It seems that while Americans recognize the importance of infrastructure, they are unwilling to pay more for it. According to a new poll from the Pew Research Center for the People and the Press, 67 percent of Americans would not want their state government to cut funding for roads and public transportation in order to balance the budget. Another survey from the Rockefeller Foundation this week finds that half of those surveyed believe roads and bridges are inadequate, and 80 percent believe in the potential of infrastructure investment to create jobs. But while 71 percent placed a high priority on transportation improvements, 73 percent were opposed to raising fuel taxes.

New Resources Examine Transportation Funding

Just in time for the debate on authorization come two new briefs that may be worthy of keeping around for quick reference:

- The Congressional Budget Office has issued an Economic and Budget Issue Brief on “Spending and Funding for Highways.” The brief outlines the role of the federal government and state and local governments, considers the options Congress might consider in spending for highway infrastructure, and briefly examines the various revenue mechanisms and sources that could be used to pay for it.
- The Pew Center on Global Climate Change has a new “Primer on Federal Surface Transportation Authorization and the Highway Trust Fund.” The primer considers the key features of SAFETEA-LU and previous surface transportation authorization bills, looks at the major stakeholders in the legislative process, and examines the status of the Highway Trust Fund and its funding sources and expenditures. Pew also offers a new brief this month on “Saving Oil and Reducing Greenhouse Gas Emissions through U.S. Federal Transportation Policy.”

By:
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