The Future of the Federal Role in Transportation

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• Your Questions & Comments
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“A strong, smart, well-funded federal program would be great. But if Congress can’t pass one now, it should just get itself out of the way, by eliminating the federal gas tax entirely and cutting Washington’s role in surface transportation.”

“It would be a big change, but it would streamline government. And it would probably lead to more investment in infrastructure and greener transportation policies.”
Emily Goff

- Policy Analyst, Transportation & Infrastructure, Heritage Foundation, Thomas A. Roe Institute for Economic Policy Studies
- Researches ways to reduce & reorient the federal role in transportation policy
Bringing Transportation Decisions Closer to Home

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Problems with status quo

- **Washington-centric approach is failing.** Focus is more on spending money than addressing local problems faced by gas tax-paying motorists (traffic congestion, mobility).

- **Federal regulations impede state efforts.** Red tape and spending mandates stifle private sector innovation and limit states’ ability to efficiently deploy resources. Also reduces purchasing power of states’ transportation dollars (think Davis-Bacon, NEPA).

- **Spending diversions proliferate.** As much as one-third of federal gas tax money is diverted to non-general purpose road or bridge projects, short-changing motorists, truckers, and bus operators. Among the diversions are urban mass transit, “transportation alternatives” (formerly enhancements), and metropolitan planning organizations.
Problems with status quo (cont’d)

- **Federal meddling in local activities.** These spending diversions do not necessarily lack value, but they are local priorities, not federal ones. They would more appropriately be funded by states, localities, or private entities.

- **In the interests of states/localities.** If forced to fund or acquire private capital for surface transportation projects, states/localities would be less inclined to pursue financially unviable projects (E.g. might opt for buses over subways).

- **Passage of six-year bill soon is unlikely.** Even at current spending levels, HTF faces annual shortfall of $15-$16 billion. No consensus exists on how to pay for a bill. General Fund bailout likely.

- **Washington is unnecessary middleman.** Motorists should not have to send their gas tax money through the Washington filter, especially when they get a poor return on that transaction.
**Bold Reforms Needed**

- **States have vested interest in infrastructure.** A limited federal role does not mean less infrastructure. It means giving states and localities more control over infrastructure decision making and the potential for increased private sector involvement in financing projects.

- **Opportunity for reform.** Congress should use the next highway bill to cull non-federal, non-transportation activities from the program, giving states more flexibility and control in the process. Such reforms would free up billions of dollars for road and bridge improvement projects that would benefit those motorists paying for it all, while Congress works to further devolve the program.

- **Refocus the federal role.** Congress can begin turning over most federal surface transportation programs to states, localities, and the private sector to manage, meanwhile refocusing on a limited set of activities (perhaps interstate highway system maintenance). Such proposals include TEA Act (H.R. 3486, S. 1702) and STATE Act (H.R. 1065).
Stay in touch

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“Fix it First, Expand it Second, Reward it Third,”

Brookings, Feb. 2011

- **Fix it First**: All gas tax & toll revenues would be redirected away from new construction and be used primarily to repair, maintain, rehabilitate, reconstruct, enhance existing roads & bridges.

- **Expand it Second**: Funding for states to build new and expand existing roads would come from a newly created Federal Highway Bank and be contingent on meeting strict performance criteria.

- **Reward it Third**: New & expanded infrastructure that exceeds performance targets would receive an interest rate subsidy from a Highway Perf. Fund.
James Corless

- Director, Transportation for America
- Former Senior Planner, Metropolitan Transportation Commission (San Francisco)
- Authored Safe Routes to School legislation in California
“Building on MAP-21: Renewing a Federal Commitment to Transportation,” T4America

• **Strengthen the nation’s transportation fund**
  - Stand-alone transportation trust fund
  - Dedicated revenue for all modes
  - Multi-year commitment of funds
  - Reinvest in programs that repair & preserve
  - Raise additional revenue to support locally driven projects that support economic growth
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- Spur local initiative and innovation through competition and incentives
  - National program of merit-based grants
  - Increased access to federal funds for local communities including from state-administered competitive grants, sub-allocation of funds
  - Reward communities that take action to address long-term transportation challenges—such as raising local revenues—with opportunities for additional funding
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- **Reduce freight bottlenecks**
  - Competitive grant programs for which all appropriate modes are eligible
  - Expansion of national Primary Freight Network to include all freight modes
  - Incentivize & support regional planning for freight movement, particularly with regard to first- and last-mile connections
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• Leverage innovative financing & public-private partnerships for taxpayer benefit
  ➢ Structure innovative financing programs to protect the public interest while supporting projects that ensure a strong ROI and capture economic development benefits
  ➢ Expand programs to provide upfront credit for TOD
  ➢ Measure performance of financed projects to learn from and replicate best practices
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• Connect workers with employers
  ➢ New public transit links, employer shuttles, safer bike and pedestrian pathways, car-sharing options
  ➢ Allow local communities to apply for grants for targeted transportation services and connections to job centers, particularly those with a concentration of low-wage workers
  ➢ Provide technical assistance and tools to encourage communities, companies, employees to work together on commuter benefits, incentives
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- Nurture & propagate the next generation of transportation innovations
  - Establish pilot grants for communities to conduct real-world testing of innovative practices and technological solutions
  - Provide technical assistance and training for pilots to serve as models for communities nationwide
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• Improve return on investment & recognize good performance
  ➢ Build on MAP-21 by measuring full range of outcomes from transportation investments
  ➢ Strengthen MAP-21 framework so that results on performance inform selection of projects and that sufficient funding is targeted to areas where progress falls short
  ➢ Expand assistance to local communities to ensure they have capacity to plan projects that benefit all
Your Questions & Comments

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