

Funding for Sustainable Investment *Prospects and Pitfalls*

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Transportation leadership you can trust.

Different perspective on sustainability

- **Predictability and consensus are basic ingredients**
- **The American people are not willing to pay MORE for more of the same.**
- **They will value responsible, smart management to achieve improved system performance. Takes leadership to understand the difference.**
- **At risk is the nation's productivity and quality of life through congestion, decay of assets, and externalities.**
- **The Federal program, in combination with system owners and operators at all levels, has the potential to foster effective investments to achieve national goals.**

Understandings needed to design a sustainable Federal program

- Understand the Federal legislative environment
- Face the reality of the current funding issues
- Understand the implications of various Federal roles
- Transportation forces at play in the meantime
- Strategically assessing the way forward
- It is much more than “writing the perfect bill.”

Surface Reauthorization is Stalled in Congress

- **SAFETEA-LU expired 9/30/09**
- **Extensions now thru December 2010**
- **Apply across highway, highway safety, transit programs**
- **House T&I advanced incomplete bill to subcommittee**
- **Senate's multiple committees have yet to release**
- **Traditional resources dedicated to the Federal Highway Trust Fund are tapped out at even current program levels.**

Understanding the Legislative Environment

- Limited sense of urgency by both Congress and Administration. Perception of parochial interests.
- Exception is immediate job creation. ARRA stop-gap confused with overarching system performance.
- Administration acknowledges transportation infrastructure but embraces a piecemeal approach. OJT misleading.
- Uneven appetite for serious multimodal reform. Frustration with system performance seen as regional and threatening to status quo including political benefits.
- Funding challenges exacerbated by weak economy, serious debt and toxic political climate. Transportation as an expense, not an investment.

Complications on Federal Funding Choices

- **US system relies on fuel and vehicle excise taxes – user fees – with great yields. Even so, not keeping pace and contrary to energy efficiency.**
- **Federal focus on capital investment. Now, hardly covers preservation costs. Already cumulative severe investment shortfall at all levels.**
- **Impossible tradeoffs between preservation and even marginal capacity. Results: delay, unsafe, energy waste.**
- **Dedicated transportation revenues are basic to outcome-oriented, balanced system performance approach.**
- **Tax increases are poison. Tolls and more direct user charges are feared.**
- **Winners and losers mentality: Urban regions versus states versus rural, Modal envy (highway, transit, rail, bike, ped), Among states (donor/donee)**

Future Focused Federal Roles Within our Means?

- Use Federal funds for multijurisdictional facilities? Focus on barriers to nationally significant movement?
- Direct transportation investment and operations to serve national policy goals beyond transportation?
- Focus on outcomes by using Federal funds as incentives to optimize the system at national, regional, local levels ?
- Tie limited earmarking to integrated modal actions, tool and capacity development.
- OR Fill the state and local funding gap from DC?

Assessing The Way Forward

- **Extensions – bit by bit – and make the best out of the existing programs?**
- **Short-term/interim bill that signals and supports long term shift in policy direction with marginal revenue increases?**
- **Punt: accept the project level largess of GF year by year? Vulnerable to modal fights that will ensure LR failure.**
- **Grab a “full term” bill at half of size of SAFTEA-LU that relies on formula Federalism? Leave it to State and local government to try and make up the difference?**

The risks of an unsustainable program

- **Keep the Pressure On:** strategy of “mini-extensions” that keep everything in “limbo,” exhaust and distract
- **“Free for All” by Default:** revert to annual appropriations model which undermines good planning & execution at the program level
- **Mega Project Focus:** centralized decision making, where bidding for “extra” dollars further politicizes the transportation function if not paired with predictable flow of funds
- **Sacrificing Federalism:**
 - » Starving industry willing to get “big” money on any terms in the name of short term employment benefits
 - » Accountability means micromanaging = putting assets into Federal “receivership”
- **It’s the system, stupid:** missing the opportunity to focus on national system goals creates devolution by default

How will it play out for the post SAFETEA-LU cycle?

Funding Realities

vs.

Program Reform

*Is there a synergy between the two that can be
constructively harnessed?*

Or are they incompatible in the current political climate?