AASHTO Policy Outlook: The Future of the Federal Transportation Program

AASHTO Executive Director
John Horsley
Subcommittee on Bridges & Structures
Omaha, Nebraska
May 21, 2008
Collapse of I-35W Bridge in Minneapolis Raised National Awareness of Need to Invest in Infrastructure
Replacement of I-35W Bridge in Minneapolis
Scheduled for Christmas 2008
## Challenges Facing U.S. Transportation

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Vehicle Miles Traveled</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>145 million</td>
<td>600 billion</td>
</tr>
<tr>
<td>2007</td>
<td>300 million</td>
<td>3 trillion</td>
</tr>
<tr>
<td>2055</td>
<td>435 million</td>
<td>7 trillion</td>
</tr>
</tbody>
</table>
Regional Growth

- 88% of growth to concentrate in South and West
<table>
<thead>
<tr>
<th>Year</th>
<th>Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1915</td>
<td>Get Farmers Out of the Mud</td>
</tr>
<tr>
<td>1956</td>
<td>Coast to Coast Without a Stoplight</td>
</tr>
<tr>
<td>1991</td>
<td>ISTEA: Safe and Intermodal</td>
</tr>
<tr>
<td>2008 and Beyond</td>
<td>New Strategy Which Goes Beyond What Has Been Done Before</td>
</tr>
</tbody>
</table>
A multi-modal approach is needed which:

- Preserves what has been built to date
- Improves system performance
- Adds substantial capacity in highways, bridges, transit, rail, airports and seaports
New Dynamics Require New Solutions
Global Competitiveness

- Global competition from China, India and Europe
- Aggressive foreign investment in freight systems and high speed rail
- Need to invest in projects of national significance
New Dynamics Require New Solutions

Metropolitan Mobility Strategies

- Intercity passenger rail in mega-regions
- Double transit ridership by 2030
- Advanced ITS technologies and aggressive management
- Fix bottlenecks, add highway capacity, HOT lanes and dedicated truck lanes
New Dynamics Require New Solutions: Global Climate Change

- Double the fuel efficiency of the light duty automotive fleet by 2020
- Cut the rate of growth in VMT by 50%, increase it from 3 trillion today to 5 trillion, instead of 7 trillion by 2055.
- Increase percent who walk, bike, and work at home
The Gathering Crisis
In Highway Funding

- Shortfall in Highway Trust Fund could reduce federal aid
- Skyrocketing construction costs erode purchasing power
Problem 1: Funding Shortfall FY2009
$13.5 Billion Cut in Federal Highway Program

*Obligation level proposed in the President’s 2008 budget request, which includes a suspension of $631 million in RABA.
Problem 2: U.S. Construction Costs Will Increase by at least 70 percent, 1993-2015

- Asphalt
- Concrete
- Steel
- Construction Machinery
- Petroleum
$20.9 Billion Cut in Federal Highway Program

Reduced Highway Program Levels Beyond 2009

2010: $20.9 Billion
2011: $35.2 Billion
2012: $36.0 Billion
2013: $36.9 Billion
2014: $37.7 Billion
2015: $38.6 Billion
$10.4 Billion Cut in Federal Highway Program

Reduced Transit Program Levels Beyond 2009

$10.4

$5.8

$5.9

$6.1

$6.2

$6.4
Alternatives in FY2009 for Federal Highway and Transit Programs

- Accept 33% reduction in Federal Aid and reduce each state’s transportation program by amount of cutback.
- Accept 33% reduction in Federal Aid and increase taxes to make up for Federal cutback.
- Reject cutback and tell Congress to increase revenues enough to sustain the Federal Program at levels needed.
National Surface Transportation Commission Report Got the Big Ideas Right

- The need for “fundamental reform of the Federal Transportation Program”
- Significant additional investment
- Strong federal role
- Shared funding responsibility by federal, state and local governments
- Need for a multi-modal approach
The U.S. needs to invest $225 billion per year in highways, bridges, transit and rail.

To fund 40% federal share, increase user fees

Make greater use of tolls and public-private partnerships

Fund freight improvements through user fees such as container fees.

Investment tax credit for railroads

Transition to VMT tax by 2025
All Levels of Government Must Continue to Fund Their Share

## National Capital Investment in Highways

<table>
<thead>
<tr>
<th>Level</th>
<th>2010</th>
<th>2015</th>
<th>Funding Increase Needed</th>
<th>New Toll Revenue</th>
<th>Net Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>$43 billion</td>
<td>$75 billion</td>
<td>$32 billion</td>
<td>$32 billion</td>
<td></td>
</tr>
<tr>
<td>State/Local</td>
<td>$52 billion</td>
<td>$95 billion</td>
<td>$43 billion</td>
<td>$8 billion</td>
<td>$35 billion</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$95 billion</strong></td>
<td><strong>$170 billion</strong></td>
<td><strong>$75 billion</strong></td>
<td><strong>$8 billion</strong></td>
<td><strong>$67 billion</strong></td>
</tr>
</tbody>
</table>
AASHTO Highway and Bridge Recommendations

- Increase the percentage of resources apportioned to states for core programs to 90% of overall program.
- Continue the Bridge Program.
- Increase the flexibility and funding eligibility within the bridge program.
Thank You

http://www.transportation.org

John Horsley
Executive Director
AASHTO