

Transportation in 2008 and Beyond

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Overview

- Challenges
- Historic and Emerging Trends
- AASHTO Principles and Evolving Policies
- Coalitions
- Key Legislative Policy Questions
- Schedule for Authorization and AASHTO's Policy Development
- Current funding crisis with the Highway Trust Fund

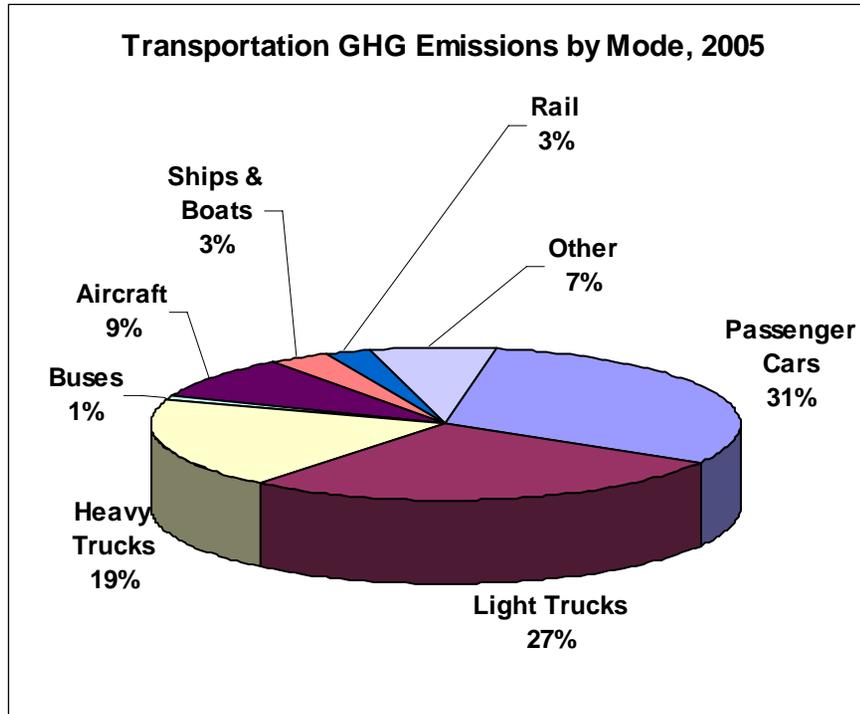


Challenges, Emerging Trends and the Call for Reform

- Climate Change
- Oil Dependency and Energy Security
- Escalating Energy and Construction Costs
- Fiscal Crisis -HTF is headed for bankruptcy
- Highway Revenues tied to decline in travel
- Demographic changes
- Aging Infrastructure and huge infrastructure needs
- A Loud Call for Reform



Energy + Climate Change ⇒ Green Tea



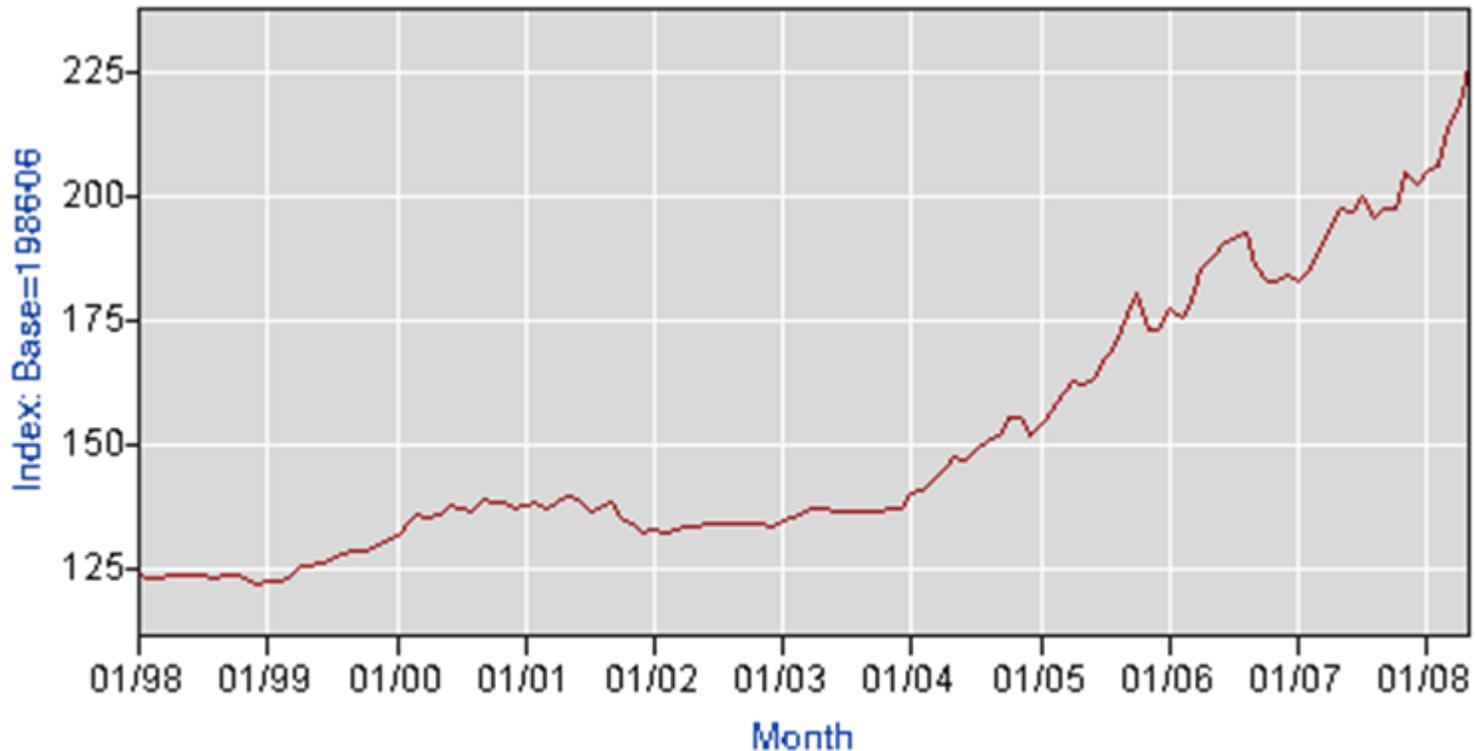
Climate Change

- Kyoto: 80% below 1990 levels by 2050
- G-8 Climate pledge: 50% reduction by 2050
- Copenhagen December, 2009
- 37 States Climate Action plans in place or underway

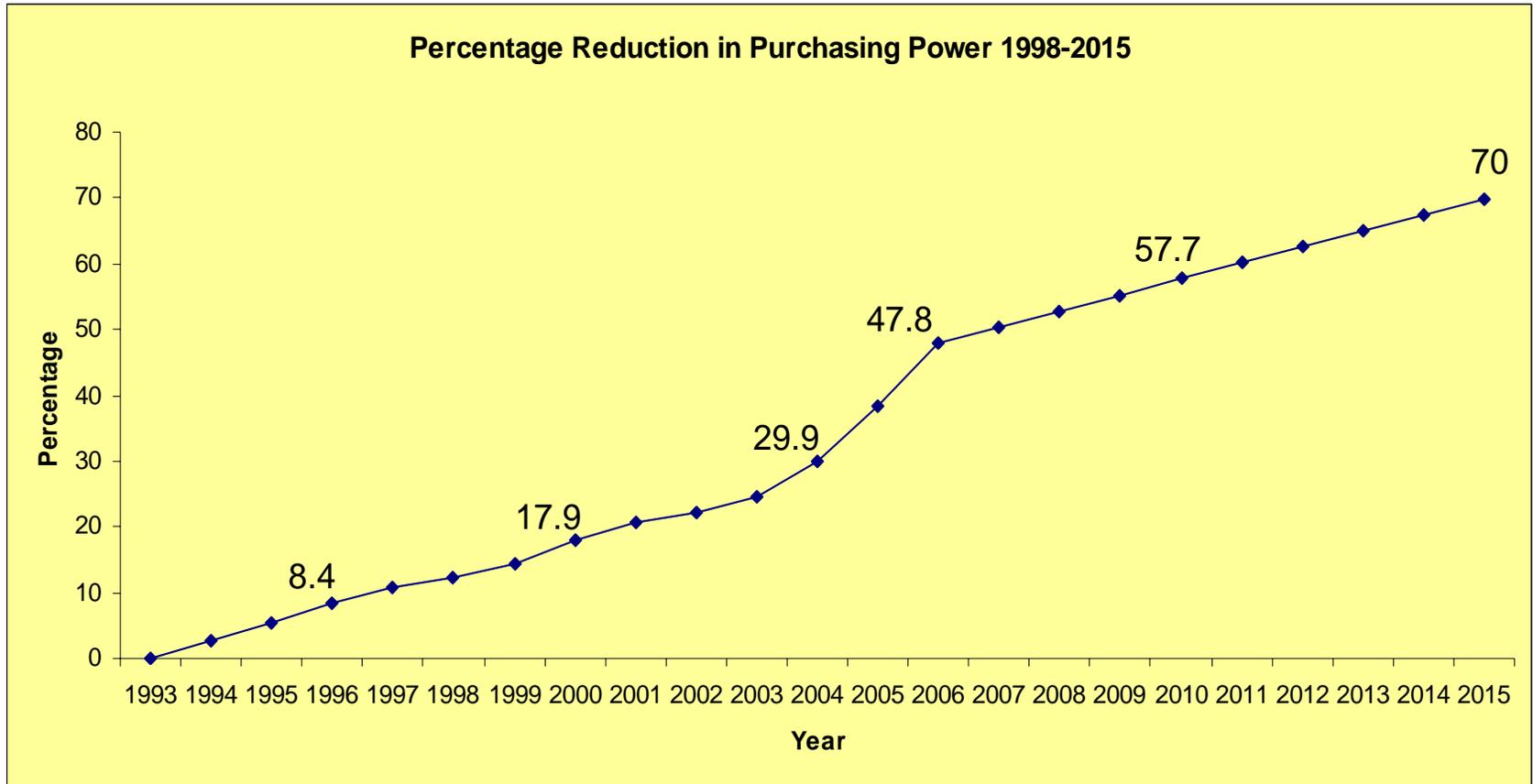


Producer Price Index

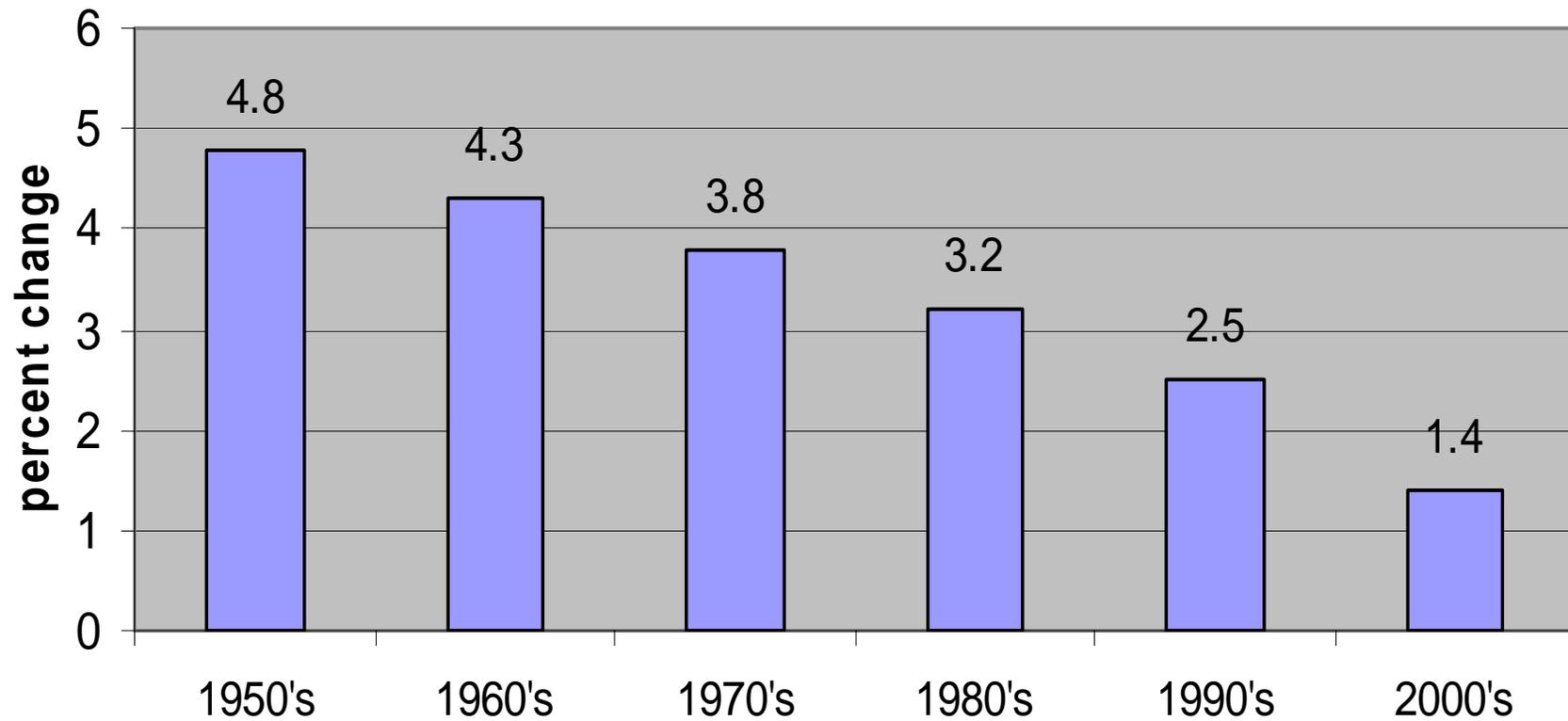
Highway and Street Construction



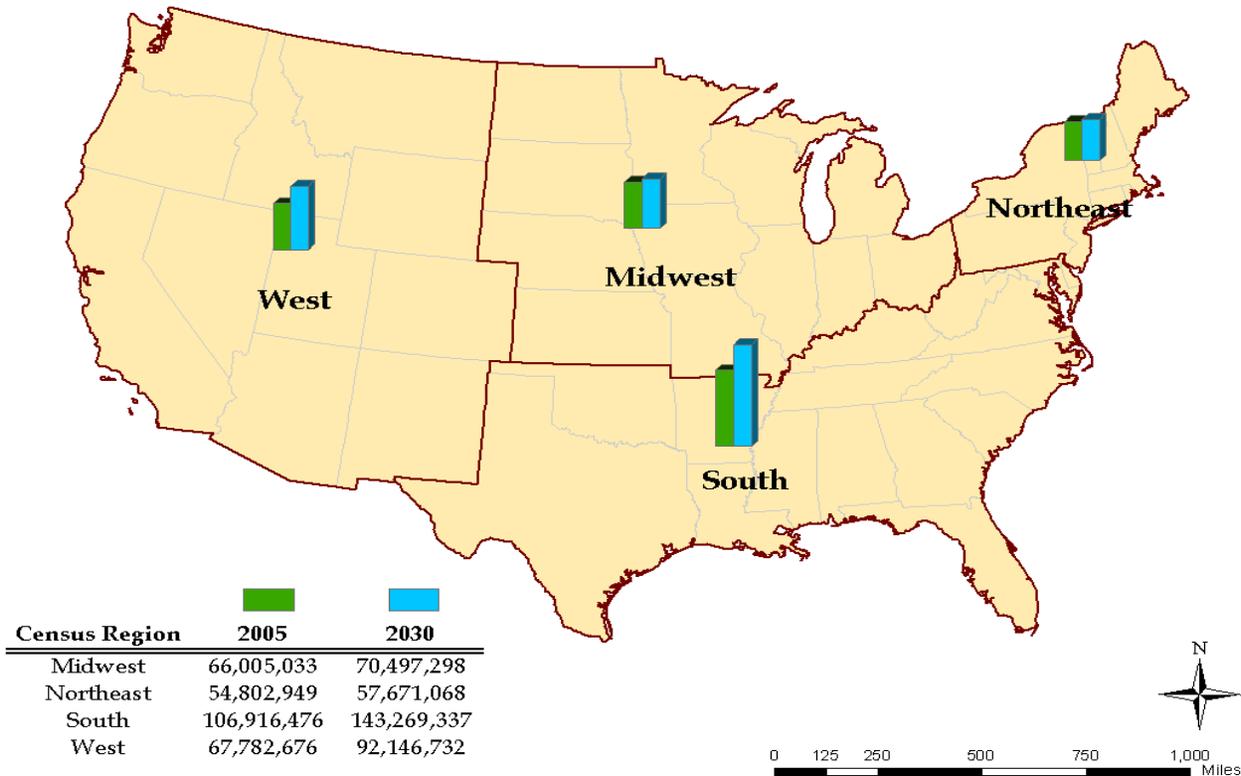
Impact of Inflation



VMT Growth Rate by Decade



Regional Growth

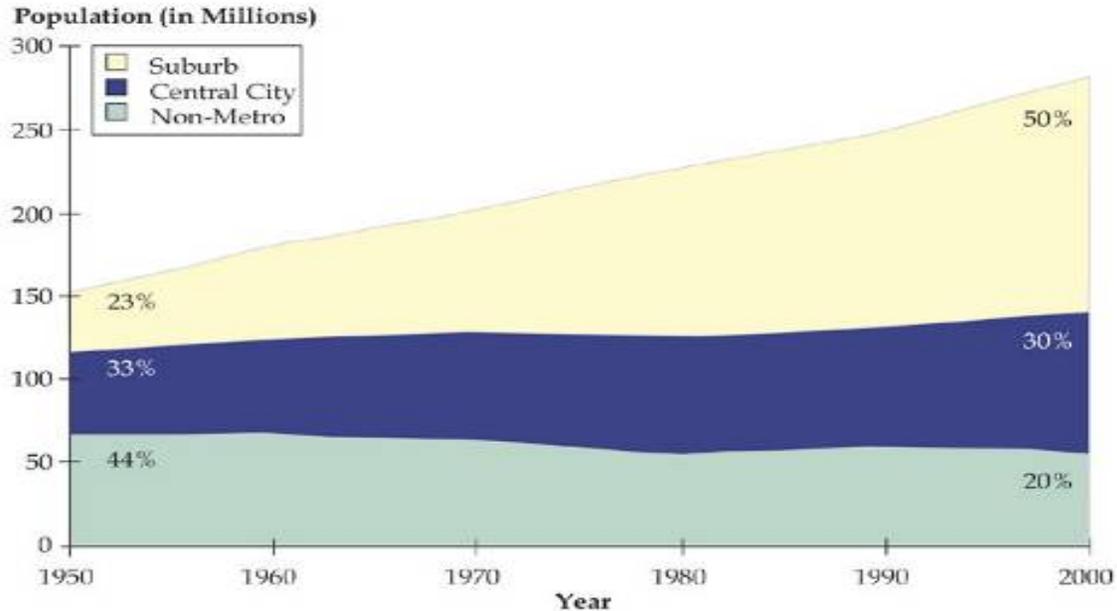


88% of growth to concentrate in the South and West



Metropolitan Growth

Figure 4.7 Long-Term Population Trends by Major Geographic Areas: Suburbs, Central Cities, and Non-Metropolitan, 1950-2000



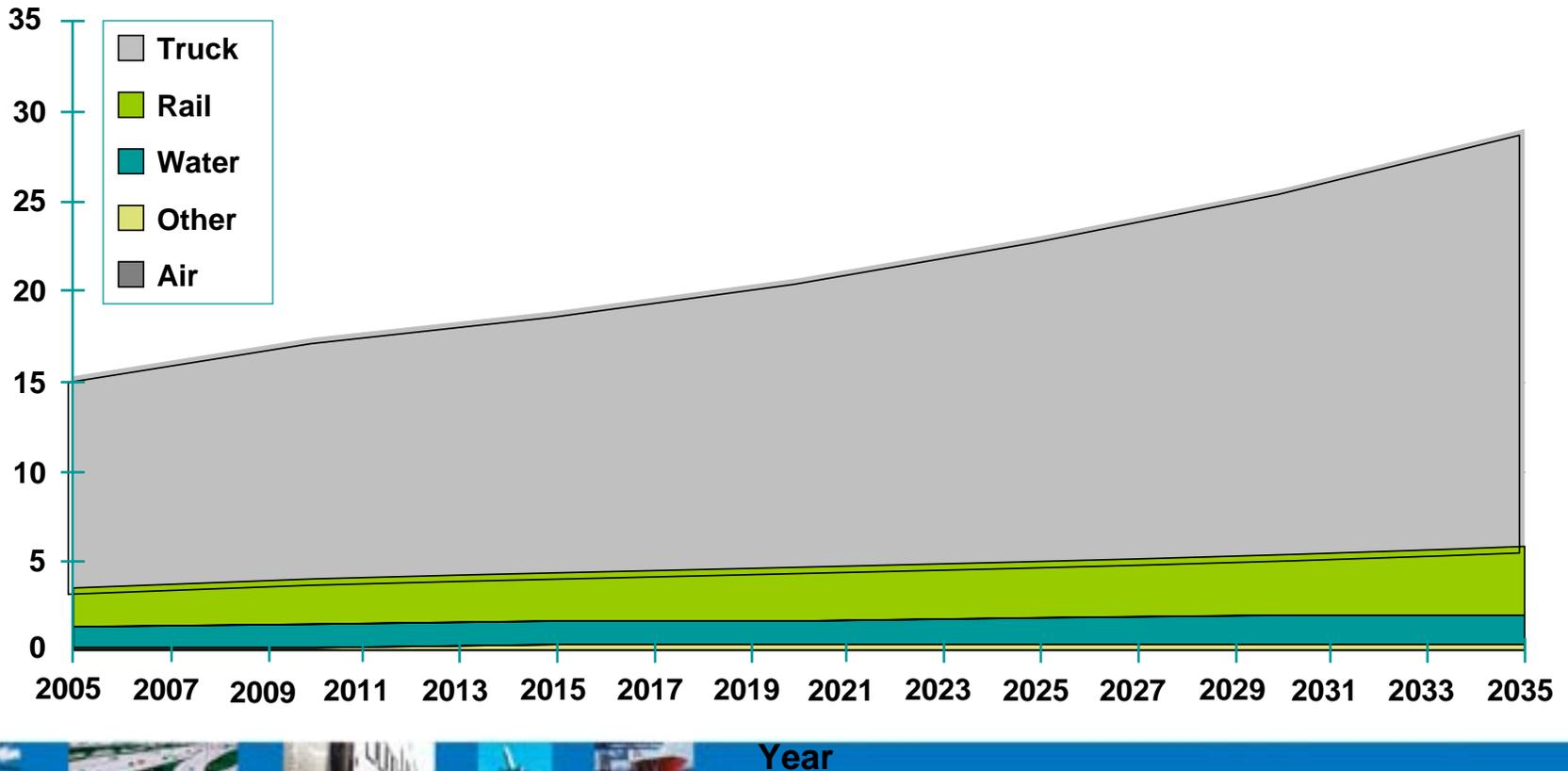
80% of growth concentrated in metropolitan areas



Freight Double by 2035

Yes, Double!!

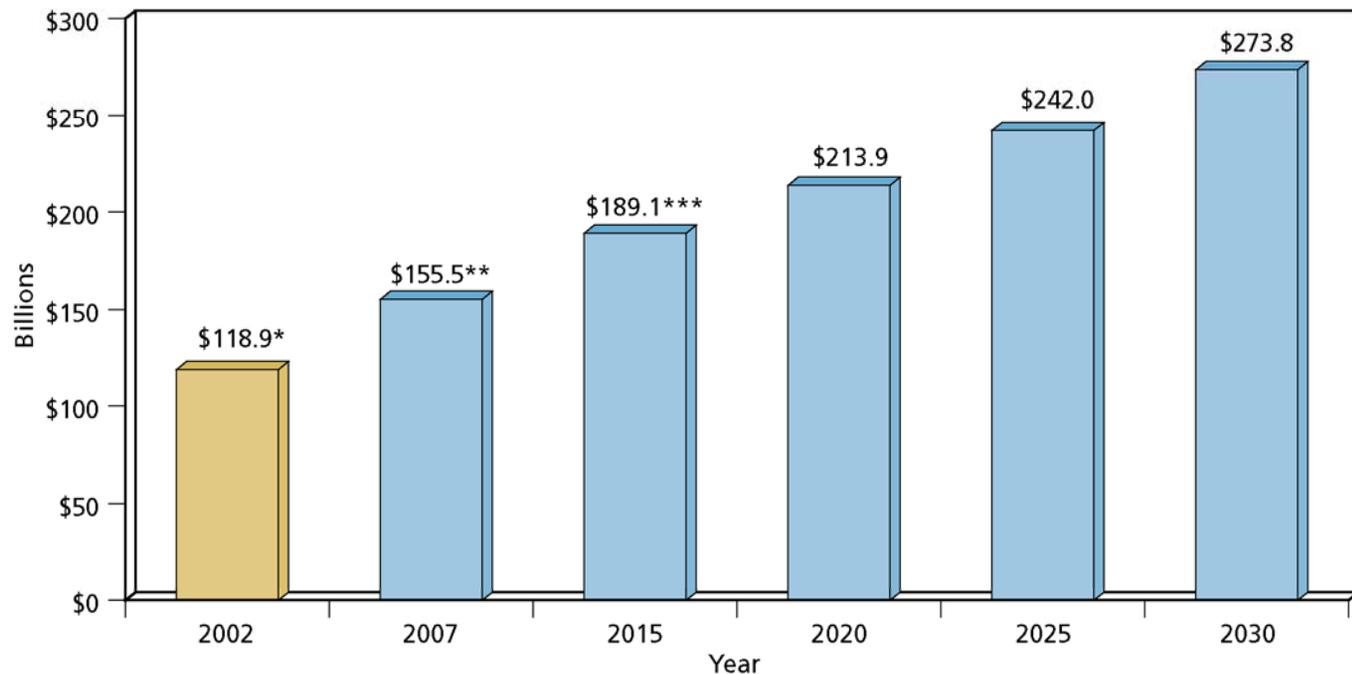
Net Tons (in Billions)



Source: Global Insight 2004 TRANSEARCH data and economic forecasts.

Highway Needs Through 2030

Figure 5. Highway Needs Increased by the Consumer Price Index* 2007 Through 2030



* The 2002 estimate of \$118.9 billion as the "Cost to Improve" highways is taken from the U.S. DOT's 2004 *Conditions and Performance Report*.

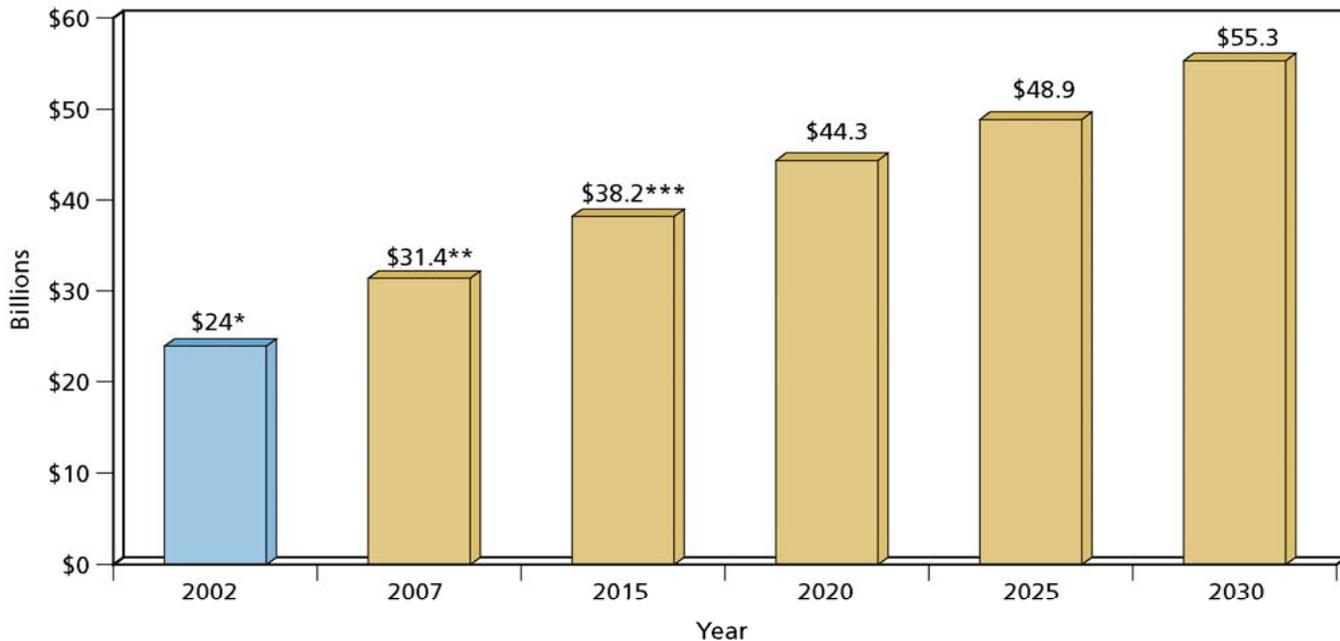
** The 2007 estimate of \$155.5 billion is based on increases using a combination of the Consumer Price Index and the Producer Price Index for increased construction costs in years 2004 through 2006.

*** For the remaining years through 2030, "Cost to Improve" estimates are estimated using the Consumer Price Index.



Transit Needs Through 2030

Figure 7. Transit Needs Adjusted by the Consumer Price Index* 2007 Through 2030



* The 2002 estimate of \$24 billion as the "Cost to Improve" highways is taken from the U.S. DOT's 2004 *Conditions and Performance Report*.

** The 2007 estimate of \$31.4 billion is based on increases using a combination of the Consumer Price Index and the Producer Price Index for increased construction costs in years 2004 through 2006.

*** For the remaining years through 2030, "Cost to Improve" estimates are estimated using the Consumer Price Index.



The Future of Surface Transportation Reform Agenda?

- ✓ Funding and Finance
- ✓ Congestion
- ✓ Freight/Competitiveness
- ✓ Safety
- ✓ Energy & Climate Change = Green Tea
- ✓ Credibility/Accountability/Earmarks =
Performance + Return on Investment



Authorization Approaches

- Green TEA
- Reform TEA
- High TEA
- Retro TEA
- No TEA



Green Tea

Environment, Equity, Non-Auto

- Transportation for Tomorrow
www.t4america.org
- Transportation Reform Funders Network
www.fundersnetwork.org
- Blueprint for American Prosperity - Brookings Institute
- America 2050
www.america2050.org
- "Fundamental Reform before we inject more \$ into the system"
- Increase \$ in non-auto transportation
- Reduce VMT as an explicit climate strategy
- Restructure and empower metropolitan decision making
- Explicitly allow transportation funding for land use and community development programs
- TOD, Bike-Ped, Complete Streets



Reform TEA

Rethinking Roles and Responsibilities

- National Surface Transportation Policy and Revenue Study Commission
- Bipartisan Policy Center's National Transportation Policy Project
- The Transportation Transformation Group
www.trans2group.com
- Infrastructure Renewal
- Focus on Economic, Environmental and Security Goals
- Program Reform and Consolidation/Mode Neutrality
- Innovative Finance and Public Private Partnerships
- Performance and Accountability
- Limit or dissolve discretionary programs



High TEA

Infrastructure and the Economy

- Governors Rendell and Schwarzenegger, Mayor Bloomberg - Building America's Future
- NAM's Alliance for Improving America's Infrastructure
www.getamericamoving.com
- US Chamber of Commerce
www.letsrebuildamerica.com
- ATM, TCC
www.fasterbettersafer.org

Substantial investment in infrastructure is required from all levels of government for economic productivity, job growth and competitiveness.



Retro TEA

- ?????

Maintain and increase funding for existing federal aid highway and transit programs



No TEA

- ?????

Devolve all or parts
of the federal
program back to the
states



AASHTO

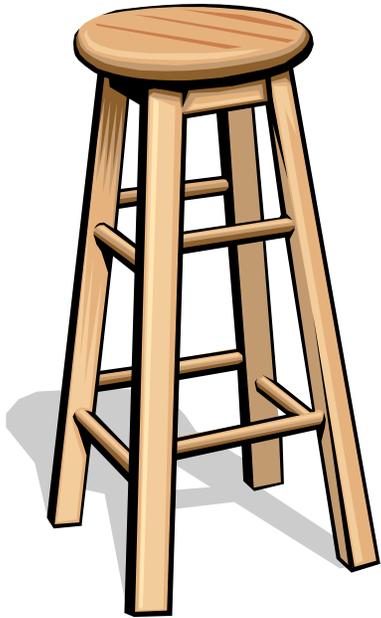
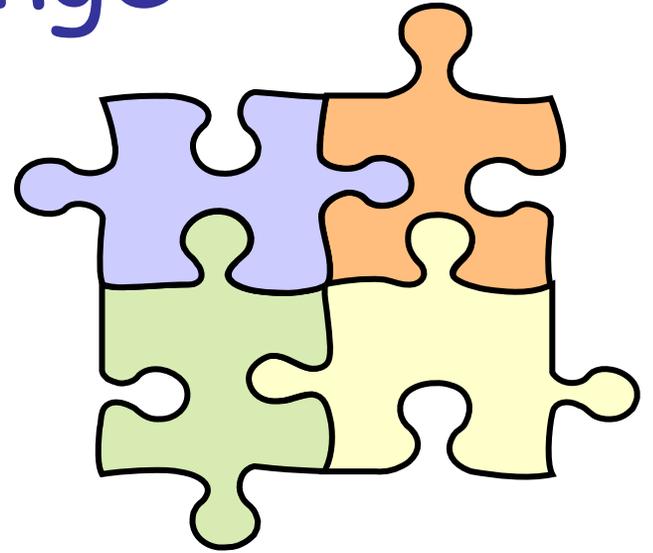
Principles for Change

- Slow the VMT growth rate
- Double transit ridership
- Encourage safer, greener, smarter VMT
- Support alternative modes
- General fund support for new freight corridors
- Support for large revenue increases from a variety of sources – gas taxes, tax credit bonds, tolls and PPPs, general fund, carbon trading, carbon taxes, VMT or other use based changes in the future



AASHTO Policies Climate Change

1. Fuels
 2. Vehicles
 3. Demand/VMT
- AND**
4. System Efficiency



Climate Change/Energy Policy Questions

- CMAQ: Set aside 50% for Climate Change Strategies
- Change eligibility for Traffic Flow Improvements and fund elsewhere?
- Eligibility for reducing GHG impacts from AND to transportation?
- Provide Climate change eligibility (e.g., adaptation) across other core categories?



Climate Change/Energy Policy Questions (cont.)

- Alternatives to Conformity for Climate Change?
- How to integrate climate change in the planning process?
- Should programs, projects to mitigate for air toxics become eligible?
- Should we seek R & D funding for vehicles and fuels from Climate/Energy legislation?
- Should we seek funding for adaptation from Climate/Energy legislation?
- Further raise the CAFÉ standard and/or implement more quickly?



Livability, Sustainability Policy Questions

- Expand eligibility of transportation funds for community development and land use activities?
- Establish explicit criteria for the TCSP program?
- Incentives for transportation-land use linkages?



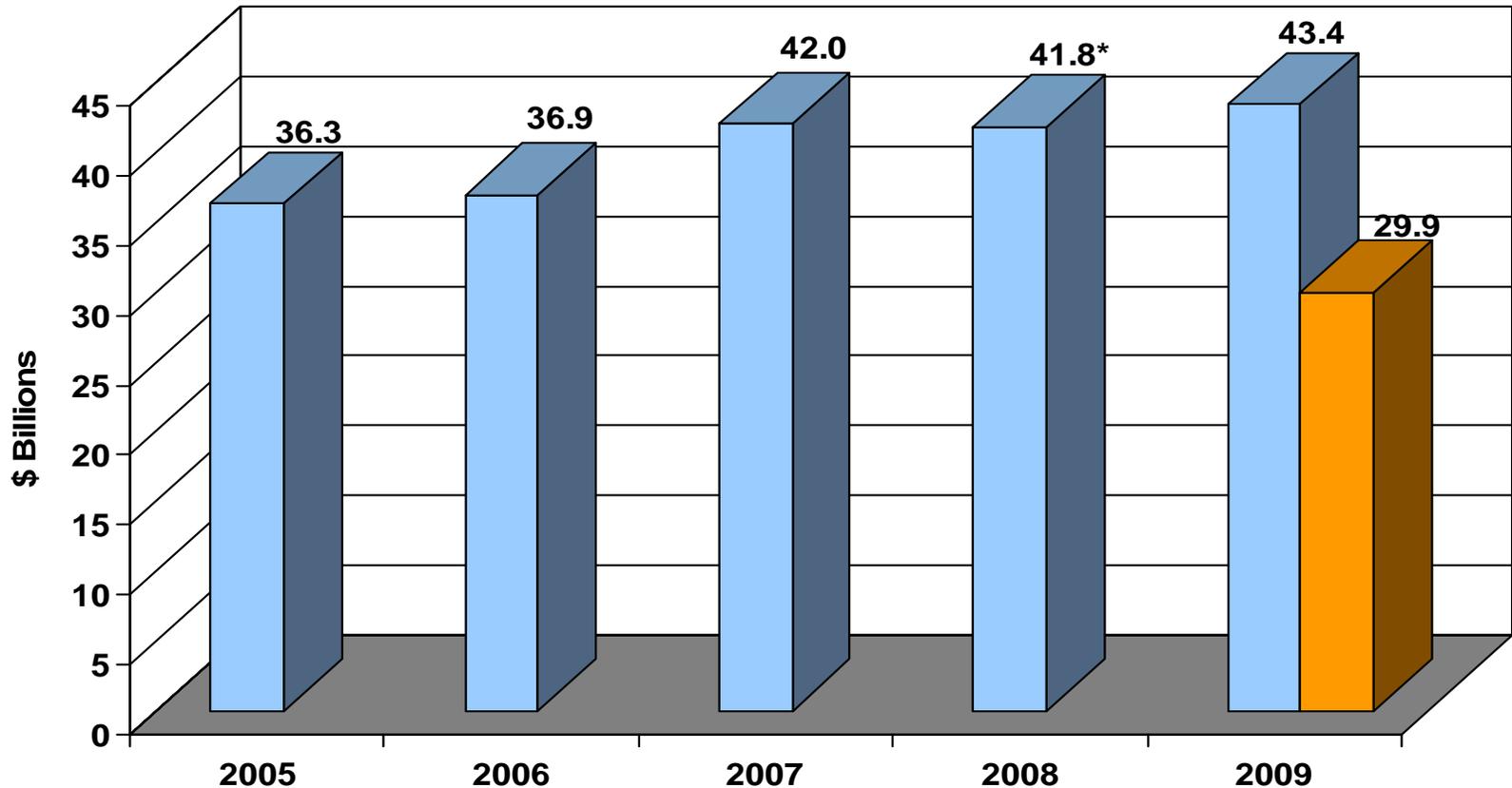
Today's Legislative Agenda

- Highway Trust Fund Deficit
- Economic Stimulus II
- Motor Fuel Tax Holiday



Today's Immediate Funding Crisis

\$13.5 Billion Cut in Federal Highway Program Obligations if Congress Takes No Corrective Action



*Obligation level proposed in the President's 2008 budget request, which includes a suspension of \$631 million in RABA funding.

■ SAFETEA-LU Extended to 2009 ■ Highway Program Reduction

Options to Address the Trust Fund Deficit

- Do nothing = program reduced \$13.5 billion or 32%
- General Fund Return of Highway Trust Fund Balances
- Equivalent increase of 3 cents fuel tax
 - Generates \$6 billion in new revenue
 - Politically not likely in an election cycle



Economic Stimulus II

- 48 States and DC
- 3000+ on-the-shelf ready to go projects
- \$17.8 billion



Questions?

www.transportation.org
Surface Transportation
Legislative Process

