

Perspectives on a Performance-Based Federal-Aid Program

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Federal Purpose of the Program

- The federal-aid surface transportation program needs to:
 - return to having a federal purpose, and
 - set and achieve goals of true national interest.
- The National Surface Transportation Policy and Revenue Study Commission has stated that “it is necessary for Congress to establish a new Federal Compact with the American people.”
- A key element of that compact is “A strong federal role in surface transportation that will evolve to meet the national interest.”

Federal Purpose of the Program

- AASHTO's vision is "to sustain a safe, world-class transportation system,"
- AASHTO recommends program reform with:
 - "performance-based, outcome-driven programming of funding," and
 - "investment focused on objectives of genuine national interest."
- A growing number of private-sector initiatives and alliances of state government, academic and industry leaders (including ARTBA, the US Chamber of Commerce, Rockefeller Foundation) all recognize the need for a federal vision.

Federal Purpose of the Program

- A program that is primarily an aggregation of projects of local interest is not viewed as a program with a federal purpose.
- It will be hard to make the case for more funding unless there is a clear federal purpose.

Accountability

- Taxpayers are demanding an accounting of whether their tax dollars are achieving the purpose for which they are collected.
- Earmarks have received the most notoriety for being wasteful.

Governmental Performance Management

- Performance management is becoming more commonplace in state and local governments.
- Many state DOTs have implemented strategic planning and performance measurement systems.
- The most advanced budgeting and programming processes and decisions are based on:
 - performance results, and
 - the degree to which projects or programs move toward performance goals.

Performance Management Process

- Select measures to assess performance in key program/service areas
- Track and report performance results
- Identify key factors influencing performance and opportunities to improve
- Allocate resources to drive better results
- Continue to monitor and report results

AASHTO's Draft Performance-Based Federal-Aid Highway Program Proposal

- Each state shall adopt a policy-driven performance management approach to direct its federal transportation investments.
- Each state will define and track performance goals and measures in six key performance areas of national interest.

AASHTO's Draft Performance-Based Federal-Aid Highway Program Proposal

- Key performance areas of national interest
 - Safety
 - Asset preservation
 - Congestion (mobility and accessibility)
 - System operations
 - Freight/economic development
 - Environment

AASHTO's Draft Performance-Based Federal-Aid Highway Program Proposal

- The recommended performance management process:
 - would have key elements and measurement areas among states;
 - but each state would determine its own performance targets and the appropriate strategies to meet those targets.

AASHTO's Draft Performance-Based Federal-Aid Highway Program Proposal

- The recommended performance management process:
 - would need to be integrated with federal planning regulations and statewide and metropolitan planning processes.
 - would extend beyond planning to influence
 - resource allocation and budgeting,
 - program and service delivery, and
 - monitoring and reporting activities.

AASHTO's Draft Performance-Based Federal-Aid Highway Program Proposal

- AASHTO is proposing a limited number of common performance measures in each key performance area.
- Incentives being considered for states that successfully implement a performance management program include:
 - additional flexibility in use of federal aid;
 - block grants;
 - new discretionary funds;
 - program vs. project approval;
 - programmatic funding match requirements instead of project match requirements.

Issues Associated with AASHTO's Proposed Performance-Based Program

- Do AASHTO's proposed performance areas align with the most important national goals for the surface transportation program?
- Does the proposal strike the right balance among federal government, state DOT, and MPO roles in establishing performance measures and targets?

Issues Associated with AASHTO's Proposed Performance-Based Program

- Does the proposal:
 - provide the right amount of flexibility to respect the very different needs and priorities among states and MPOs, while
 - still ensuring that the federal program is focused on issues of national interest?
- What is the right balance of having federal funds targeted to national goals versus state or local goals?

Issues Associated with AASHTO's Proposed Performance-Based Program

- How many performance measures should be specified by the federal government?

vs.

- Leaving flexibility for states and MPOs to establish their own performance measures.
- What are the right performance measures in each performance area?

Issues Associated with AASHTO's Proposed Performance-Based Program

- What is the degree to which projects should have to be selected based on their effectiveness in moving toward the national goal of a program area?
- What role will FHWA have on the Interstate System projects and on Mega-projects?
- What will FHWA/FTA's role be in approving programs versus projects?
- Should there be minimum standards that have to be met before funds can be transferred to other categories?

Issues Associated with AASHTO's Proposed Performance-Based Program

- How would AASHTO's proposal need to be changed to include the transit program?
- How would AASHTO's proposal affect the statewide and metropolitan planning and programming processes?
- To what degree should the federal surface transportation program structure align with the proposed key performance areas?

Issues Associated with AASHTO's Proposed Performance-Based Program

- What lessons can be learned from the CMAQ program, which uses air quality benefits as a basis for programming decisions?
- Will a performance-based program reduce earmarks?
- How will earmarks be handled in a performance-based programming process?

Conclusions

- The AASHTO proposal serves as a basis for serious discussion about the structure of a performance-based federal surface transportation program.
- There are still many issues that need to be addressed and much debate will occur both inside and outside AASHTO.