

TRANSPORTATION INVESTMENT — JOBS FOR AMERICA





2004 ACTION AGENDA

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS



FOREWORD

The American Association of State Highway and Transportation Officials is a nonprofit, nonpartisan association representing highway and transportation agencies in the 50 states, the District of Columbia and Puerto Rico. It represents all transportation modes, including air, highways, public transportation, rail and water. Its primary goal is to foster the design, construction, maintenance, operation and management of an integrated national transportation system.

AASHTO's mission is to advocate for sound and effective transportation policies; to provide technical services; to demonstrate the contributions of transportation to the nation's economic, social and environmental well-being; and to facilitate institutional change in the pursuit of excellence.

The issues and recommendations within this publication are based on current policies of the Association that have been approved by the AASHTO Board of Directors.



CONTENTS

INVEST IN TRANSPORTATION TO	
STIMULATE ECONOMIC RECOVERY	2
PRESERVE TRANSPORTATION FUNDING	
GUARANTEES	4
ADVANCE ENVIRONMENTAL	
STEWARDSHIP AND EXPEDITE	
TRANSPORTATION PROJECT REVIEW	6
IMPROVE TRANSPORTATION SAFETY1	О
STRENGTHEN NATIONAL SECURITY1	2
RELIEVE HIGHWAY CONGESTION1	4
EXPAND TRANSPORTATION RESEARCH1	8
STOP THE ETHANOL TAX EXEMPTION	
DRAIN ON HIGHWAY TRUST FUND	
REVENUE2	2
STABILIZE INTERCITY	
PASSENGER-RAIL SERVICE2-	4
IMPROVE EREICHT MOVEMENT 2	g





As Congress seeks ways to shore up the nation's economic recovery, long-term funding stability for our nation's highways and bridges, transit systems, passenger-rail systems, and airports should be foremost on the agenda.

As we move into 2004 the economy is still slow to grow, jobs are not being created in significant numbers and the states' fiscal crises continue. One certain way to create jobs and get the economy moving is to invest in our nation's transportation infrastructure.

Long-term investment in our transportation system is critical to sustaining international competitiveness, economic growth and rural development.

It is essential that this year the 108th Congress move to enact a six-year, well-funded reauthorization of the federal aid highway and transit programs to provide stability and predictable financing for our nation's highways, bridges and transit systems. Recommendations for reauthorization of the Transportation Equity Act for the 21st Century are among AASHTO's top legislative priorities.

As detailed in AASHTO's 2002 *Bottom Line* Report, an annual capital investment of \$92 billion for highways and bridges is necessary just *to maintain* the condition and performance of the system, while \$125.6 billion is necessary to *improve* the condition and performance of the system.

An annual capital investment of \$19 billion is required to maintain the condition and performance of the nation's transit systems — with a modest estimated ridership growth of 1.6 percent per year — while \$44 billion is required to *improve* the condition and performance of the nation's transit systems — assuming ridership continues to grow at its current rate of 3.5 percent per year.

John Njord President

Executive Director





Grow the federal highway and transit program over the next six years.

For highways — from \$34 billion in FY 2004 to at least \$45 billion in FY 2009.

For transit — from \$7.3 billion in FY 2004 to at least \$11 billion in FY 2009.

Over the long-term, preservation and modernization of the transportation system is essential to sustain America's economic competitiveness and improve productivity. Ramping up the highway program to at least \$45 billion annually and the transit program to at least \$11 billion annually by FY 2009, will help spur our economic recovery and sustain our economic edge.

AASHTO will continue efforts to work with the Congress and the Administration to achieve funding levels of at least \$245 billion for highways and \$55 billion for transit programs.

At the start of the second session, the Congress took an important first step by enacting total obligations for FY 2004 of just over \$34 billion for highways and \$7.3 billion for transit programs.

This level of investment can be sustained and increased by enacting revenue proposals contained in AASHTO's menu of funding options adopted in October, 2002.







Maintain funding guarantees and firewalls.

Fix RABA.

With enactment of the Transportation Equity Act for the 21st Century (TEA 21), the principle that all federal highway user fees collected should be promptly invested in highway and transit programs was achieved.

Funding guarantees, firewalls and Revenue Aligned Budget Authority (RABA) are the mechanisms that Congress put in place to ensure the integrity and reliability of the dedicated Highway Trust Fund revenues.

Budgetary firewalls and funding guarantees were established with the creation of new budget categories for highway and transit discretionary spending, that are "walled-off" from other domestic discretionary programs. This blocks the ability to artificially limit spending on highways and transit in order to divert resources to non-transportation programs.

In addition to this protection, the RABA mechanism enabled the guaranteed authorization level to be adjusted based on revised estimates in revenues to the Highway Trust Fund. To avoid radical swings in revenues, the RABA mechanism should be adjusted to provide for a "look-back" correction, while eliminating the "look-ahead" estimating.

It is essential that these mechanisms — firewalls, guarantees and RABA — are retained in the successor to TEA 21.



*ADVANCE ENVIRONMENTAL STEWARDSHIP AND EXPEDITE TRANSPORTATION PROJECT REVIEW



Deliver transportation projects better and faster while preserving fundemental environmental protections.

Delivering transportation projects better and faster requires a renewed commitment to environmental stewardship and to expedited project review. State transportation agencies are demonstrating environmental leadership — leaving the environment in better condition, exceeding minimum regulatory requirements, and fulfilling responsibilities as trustees of the environment.

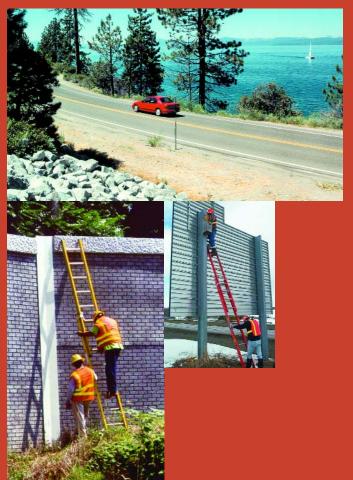
To support this commitment to stewardship in reauthorization of TEA 21, Congress should:

- Continue and simplify administration of the Transportation Enhancement Program which has provided for \$4.9 billion to be programmed over the past 10 years, benefiting over 15,000 communities;
- Provide \$2 million in annual funding through FHWA for AASHTO's Center for Environmental Excellence to provide technical assistance, training and support for innovative state pilot projects and approaches; and
- Provide funding to states and federal agencies such as the Environmental Protection Agency and U.S. Fish and Wildlife Service to demonstrate how programmatic approaches can improve protection of wetlands, habitat, and other resources.

A 2002 study by the General Accounting Office reported that it takes from nine to 19 years to complete a major transportation project. In FY 2003, the Federal Highway Administration found that the median time for completing a Federal Environmental Impact Statement was 70 months — nearly six years. In FY 2002 the median

time was four and a half years.





Today's environmental review process is in need of change to reduce unnecessary delays so that transportation improvements important to the public can proceed without sacrificing the environment.

AASHTO believes that some small but essential changes can simplify the environmental process and make it work better and faster while preserving fundamental environmental protections:

- Improve the NEPA Process by spelling out lead agency responsibilities, establishing decision milestones with default deadlines, and clarifying that project's purpose and need may be based on policy decisions made outside the environmental review process such as state growth management policies or local land use plans;
- Reform Section 4(f) (49 U.S.C. 303) by allowing an exemption for projects that have no adverse mitigated impacts and exempting the Interstate Highway System from treatment as a historic resource;
- Delegate review responsibilities to state transportation departments and transit agencies for projects that qualify as Categorical Exclusions; and
- Establish a 90-day time limit for lawsuits challenging federal agency decisions.





Fund safety programs to reduce the human and economic impact of vehicle accidents. During the past decade, about 41,000 Americans have died and 3.25 million more have been injured each year in motor vehicle crashes. Over this same period the fatality rate has stalled in its decline. Almost 60 percent of all fatalities take place on rural roads. According to U.S. DOT, the economic impact of motor vehicle crashes has reached \$230.6 billion per year, for an average of \$820 for every person living in the United States.

AASHTO believes that in order to reduce the rate of fatalities a four-part strategy is called for:

- Dedicate \$1 billion more per year to safety from additional Highway Trust Fund resources, channeled through existing programs with each state's share focused on statewide comprehensive safety plans;
- Consolidate several safety grant programs administered by the National Highway Traffic Safety Administration into a single, flexible Section 402 highway safety program;
- Increase the effectiveness of the current Surface Transportation Program's 10 percent set-aside by linking its use to statewide comprehensive safety plans, and by providing states with increased flexibility to transfer among sub-categories; and

■ Grow federal highway funding to \$45 billion per year,

which will make it possible to increase investment in rural two-lane safety through current programs by over \$1 billion annually without the need to create new categories for this purpose.







Enhance transportation security, large-scale disaster incident response, and interagency communication.

Transportation security extends well beyond the threat of terrorism to also include emergency preparedness and response to natural disasters, rapid military deployment and preservation of economic security through assured mobility.

Protecting the traveling public requires a systematic evaluation of vulnerabilities and measures to improve emergency response capabilities, upgrade traffic management during crises, and enhance communications among the public, the military, law enforcement, and rescue services.

To achieve these goals, Congress should:

■ Grow the highway program to \$45 billion per year by FY 2009 to enable states to invest \$3 billion over six years — through existing highway program categories — for critical highway and bridge security surveillance, and to improve capabilities for security, emergency response, and incident management; and

Authorize a comparable level of general funds — \$3 billion over six years — through the Department of Homeland Security — for critical highway and bridge security-related infrastructure, structural hardening of key facilities, motor carrier

security, emergency preparedness, and improved response capabilities.







Provide congestion relief through increased highway and transit capacity, expanded use of intelligent transportation systems, and improvements in operational management of transportation systems. Too many Americans are spending time stuck in traffic. At least fifty percent of the congestion problem is associated with inadequate capacity. The remainder is caused by non-recurring delays, which result from vehicle crashes and breakdowns, weather, construction, and special events. Non-recurring delays are the principal cause of traffic back ups in rural areas. To address congestion, a diverse set of options is needed, which include additional highway and transit capacity; increased focus on operations and management; and fuller utilization of intelligent transportation system (ITS) technologies.

AASHTO supports a three pronged approach to relieving congestion when the federalaid highway and transit programs are reauthorized:

■ Increase the resources which can be spent on congestion relief by growing the overall program;

■ Commit to target funds from the core highway programs — Interstate Maintenance, NHS, STP, Bridge and CMAQ — that must be spent on congestion; and

■ Commit to target funds from the core highway programs that must be spent on ITS/Operations improvements.





Grow the Highway and Transit Programs to make more resources available which can be spent on congestion relief.

If Congress increases the highway program over the next six years to at least \$45 billion and transit to at least \$11 billion as AASHTO recommends, this will significantly increase the resources which states and local governments can use to target congestion.

Commit to Congestion Relief Funding Targets.

For states with metropolitan areas of 200,000 and above, a portion of the increase in each state's apportionment for the five core highway programs should be required to be targeted to investments which provide congestion relief. These funds should be targeted to small scale, bottleneck removal strategies that can be operational within one year, as well as to longer term projects to address congestion "hot spots," and cost effective actions that could reduce congestion or improve reliability.

Establish an ITS/Operations Initiative to relieve congestion, enhance safety and augment transportation security.

AASHTO recommends that states commit a portion of their highway investments to ITS deployment, drawing on the five existing core programs of IM, Bridge, NHS, STP and CMAQ. Each state's share would be proportional to its share of overall apportioned funds. At the funding levels recommended by AASHTO this commitment would be approximately \$3 billion over six years.

In addition, Congress should provide \$140 million annually to continue implementation of critical ITS initiatives at the national level, including national deployment of the "511 Traveler Information System," nationwide deployment and enhancement of the Commercial Vehicle Information Systems Network (CVISN), metropolitan congestion relief and incident response demonstrations, safety initiatives, road weather data gathering networks, the CAARS national incident reporting system, and national interoperable radio/communications networks.





Provide adequate funding for transportation research and technology transfer.

Research is crucial to advances in transportation that can save lives, time, and money. Research has supplied new designs and materials that reduce costs and extend pavements; intelligent transportation technologies that reduce regulatory compliance costs for truckers; new composite materials that are used in bridges to reduce seismic damage; and improved roadside safety devices that minimize the loss of life and property.

In reauthorizing TEA 21, AASHTO recommends that Congress:

■ Continue the State Planning and Research Program in its current, formula-based approach;

■ Increase FHWA's Research and Technology Program by at least 50 percent to \$300 million annually, which would accommodate an increase in the University Transportation Centers Program, fund new environmental and freight research programs, expand technology transfer programs such as the Local Technical Assistance Program and the National Highway Institute, and authorize funding for transportation centers of excellence to support state DOTs in safety, environment, asset management, finance and ITS;

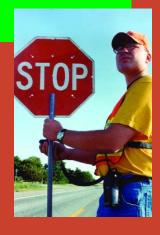




- Authorize a Future Strategic Highway Research Program (F-SHRP) at \$75 million annually to address the four key issues of safety, renewal, reliability, and capacity;
- Increase funding for intelligent transportation system research to \$125 million;
- Increase National Highway Traffic Safety
 Administration vehicle driver safety research to
 \$25 million annually and Federal Motor Carrier Safety
 Administration motor carrier safety research to
 \$20 million; and
- Dedicate \$10 million over two years to partner with the states in the development of a comprehensive system the Transportation Safety Information Management System (TSIMS) to capture, store, analyze, and report comprehensive safety crash and traffic data.



This is going to be one of Melinda's famous custom made photographs of people pumping gas. I will take it over the weekend and have it for you to see on Monday.



Transfer the 2.5 cents per gallon ethanol fuel tax receipts from the general fund into the Highway Trust Fund, and replace the revenue forgone because of the 5.2 cents ethanol fuel tax exemption.

The ethanol tax exemption and diversion of revenue to the General Fund, costs over \$2.4 billion annually in revenue to the Highway Trust Fund, the primary funding source for federal highway programs.

Ethanol is blended with gasoline to produce gasohol and other fuels. Gasohol is taxed at only 13 cents per gallon as compared with 18.4 cents per gallon for gasoline. The 5.2 cent per gallon tax exemption annually costs over \$1.85 billion in potential revenue for the Highway Trust Fund. If reform is enacted, this would yield \$9.4 billion in additional revenue.

In addition, 2.5 cents per gallon of the gasohol tax is deposited into the General Fund, rather than into the Highway Trust Fund. This amounts to more than \$820 million in lost transportation revenue annually. If reform is enacted, this would yield \$4.1 billion in additional revenue.

The drain is likely to worsen as more areas of the country turn to oxygenated fuels to help reduce air emissions, especially during the warmest summer months.

Capturing revenues lost from the use of gasohol offers one option to increase revenues available for highway investment. AASHTO supports transferring to the Highway Trust Fund revenues from the 2.5 cents in ethanol fuel tax receipts that are currently being deposited into the General Fund, and replacing the revenue foregone because of the 5.2 cents ethanol fuel tax

exemption.





Enact legislation assuring that the nation's travelers will have efficient and dependable intercity passenger-rail service. AASHTO calls for an intercity passenger-rail stabilization period of at least two years and the enactment of long-term legislation assuring that the nation's travelers will have efficient and dependable intercity passenger-rail service.

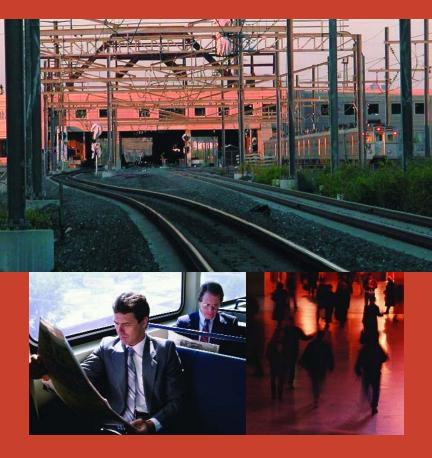
During the stabilization period,

- There should be a moratorium on increases in state payments to Amtrak;
- Congress should provide the funding needed for Amtrak to continue operation of current services and not interrupt vital commuter-rail services; and
- The Administration and the Congress should provide national leadership and engage with the states to chart the course toward a long-term viable passengerrail system. AASHTO believes that intercity passenger-rail service is a basic element of the nation's multimodal transportation system.

Passenger-rail transportation offers opportunities to supplement highway, and airport capacity in congested and rapidly growing traffic corridors, and is a safe and environmentally responsible form of transportation. The tragic events of September, 2001 have made it even more clear that in many areas of the country rail offers an essential transportation alternative and contributes to a more dependable and resilient transportation system.

The recent funding crises at Amtrak, the current state government budget emergencies, the continuing need to act upon the reauthorization of Amtrak, and pending rail financing bills in both houses of Congress, have made it difficult to look to the long-term.





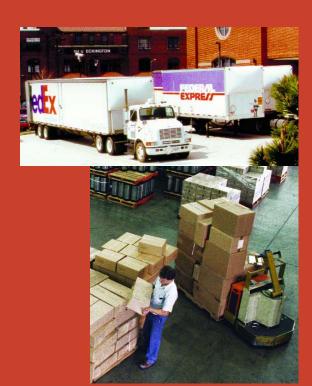
Any changes in the current system for the provision of intercity passenger-rail service should fully consider the implications for all users, allow for reasonable transition, and prevent disruptions or interruptions in current service.

It has been well documented by AASHTO that many states around the country are actively involved in the planning, financing, and provision of passenger-rail service. At this time, states are facing their worst fiscal crisis since World II and are in no position to increase their financial support for Amtrak.

A solid foundation for federal/state partnerships should be established. Federal financing for capital and operating costs should be patterned on the stable and very successful financing systems for the other transportation modes — with a dedicated source of funding and standard federal/state matching shares for infrastructure investment.

This funding should not be authorized from the Highway Trust Fund.





Improve movement of freight by all modes through:

- Increased funding for intermodal connectors;
- Further development of freight corridors;and
- The creation of freight expertise at the state and local level.

Over the next 20 years, international trade is expected to triple — and domestic freight to double. E-business has not reduced volume — but has transformed it, as warehouses have moved onto the roads and deliveries are made in every neighborhood. The highway system carries 71 percent of the total tonnage of freight. Without increased investment in transportation infrastructure and improvements to operational efficiency, our competitiveness in world markets may be at risk.

AASHTO recommends the following:







- Increase the Borders and Corridors Program proportional to the increase in the overall program augmented by the expanded availability of innovative finance tools;
- Provide \$8 million annually for a Freight Transportation Cooperative Research Program;
- Create a U.S. DOT national freight industry advisory group, with significant state participation;
- Expand existing financing tools, such as the Transportation Infrastructure Financing Innovation Act (TIFIA) and state infrastructure banks (SIBS), and add new mechanisms and incentives, such as intermodal pooling and targeted tax incentives;
- Increase funding for the highway/rail at-grade crossings (Section 130) program proportionate to the increase in the overall program;
- Clarify the eligibility for CMAQ funding of freight transportation projects that contribute to achievement of CMAQ objectives; and
- Increase the loan and loan-guarantee amount available through the \$3.5 billion Railroad Rehabilitation and Improvement Financing Program and eliminate restrictions in the program that limit the financial advantage of the loan program.







American Association of State Highway and Transportation Officials

444 North Capitol Street, N.W., Suite 249 Washington D.C. 20001 www.transportation.org

