Near-Term Federal Transportation Issues

Larry Ehl
Why care about federal transportation law?

• Sets federal transportation taxes and fees (last increased in 1993)
• distributes federal funding among states and local agencies
• divides funds for transportation modes and programs
• sets safety and environmental regulations that guide the design, construction and operation of state and local transportation facilities
• covers highways, transit, safety, ferries, planning, environmental impacts and mitigation of transportation projects, and research. Some provisions regarding rail.
MAP-21 – Five Housekeeping Items

• Expires October 1, 2014
• 80/20 split highway/transit funding
• 95% return of each state’s tax contribution
• $52 billion annual funding (2012 funding level plus inflation)
  — SAFETEA-LU average: $50.1b;
  — TEA-21: $34.1b
• $18.8 billion general fund transfer
MAP-21 – Five Elements to Celebrate

✓ Finally – a bill!
✓ Strong bipartisan support
✓ Increased funding for loan program (TIFIA)
✓ Programs significantly consolidated, simplified
✓ Performance measures to direct/evaluate investment.
MAP-21 – Five Elements to Lament

✓ Short term length
✓ No long term funding fix
✓ Elimination of most grant programs
✓ Underfunding of mega-projects program
MAP-21 and Highway Programs Funding

Slight funding increase over SAFETEA-LU:

- $39.699 B in FY 2013
- $40.256B in FY 2014
[ $39.144 in FY 2012 ]
MAP-21 Project Loan Program

• Funding increased
  – $750 million in FY 2013
  – $1 billion in FY 2014
  – (SAFETEA-LU: $122 million annually)

• Eligibility criteria loosened

• Ongoing application period

• 10% set aside, + favorable terms for rural projects

• Fed share of project costs increased to 49% (from 33%)

TIFIA (Transportation Infrastructure Finance and Innovation Act)
MAP-21 Project Grant Program

- $500 million in FY 2013
  - must be appropriated
  - possible $41 m cut – sequestration
- $0 in FY 2014 *(that’s not a typo)*
- Newly eligible: multistate groups, tribal governments, and transit agencies *(not ports)*
- Newly eligible: freight railroad projects & activities
- Limited to project exceeding $500 million

Projects of National & Regional Significance
MAP-21 and Highway Performance Measures

- USDOT establishes measures, with input
- States set targets for conditions and performance
- States report to USDOT on progress toward targets
- Ensure highway construction investments are directed toward performance targets
- Consolidates four existing programs, and receives a slight increase in funding compared to those programs.
2013 Annual Funding - Appropriations

• Fiscal year began October 1
• Six-month funding agreement ("continuing resolution")
• Funding amounts essentially equal to FY 2012 not MAP-21

HOWEVER . . . .
Over $1.5 billion could be cut from highway, transit and rail programs in 2013 if automatic budget cuts are enacted on January 2 as scheduled.

- $673 – Highways
- $176 – Transit
- $131 - Amtrak
- $41 - TIGER
- $1,051 - Aviation
- $11 – Traffic Safety Administration
- $577 – Coast Guard; $508 – TSA
Elections

- Romney-Ryan: stakeholder concerns about funding and policy
- Obama-Biden: stakeholder concerns about follow-through
- Party platforms “scary” (GOP) or “uninspiring” (D)
- Senate remains Democratic (now: 53-47 Democratic edge); eight toss-up seats
- House remains Republican by thinner margin (now: 242-193)
The New Congress Organizes

• House Transportation Chair Mica term limited out
• Heir apparent seems to be Bud Shuster Jr. (Pennsylvania)
• At least nine House Transportation Members depart; more changes post-election as Members switch committees
• Senate Committee (EPW) appears stable
Macro level

- Who wins White House
  - Obama: does Secretary LaHood follow through on resignation?
  - Romney: selecting USDOT Secretary & appointed positions
- Which party controls Senate
  (impacts new bill, policy, funding)
- November-December budget debate and vote (impacts 2013 funding level)

Micro level

- Who chairs House Transportation Committee
- Who joins House & Senate Transportation Committees
- WA state Member committee assignments, including our three new Representatives
When Do We Start Work on the Next Bill?

MAP-21 expires October 1, 2014
• Anticipate Congressional hearings in mid to late 2013
• Same issues will surface – especially funding
• End of long-term bills?
• Ten extensions, nearly three years to MAP-21

What to watch for:
• Never too early to organize and advocate
• “Three Keys to Success With Next Federal Transportation Bill”
• Congressional hearings schedule
When Do We COMPLETE the Next Bill?

delay in renewing current bill is not one party’s fault.

Nor unusual: SAFETEA-LU was enacted 22 ½ months late, after 12 extensions.

<table>
<thead>
<tr>
<th>Signed into law</th>
<th>Duration</th>
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<tbody>
<tr>
<td>ibration control White House, Congress</td>
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</tr>
<tr>
<td>1 October 1, 2009</td>
<td>1 month</td>
</tr>
<tr>
<td>2 October 30, 2009</td>
<td>1.5 months</td>
</tr>
<tr>
<td>3 December 19, 2009</td>
<td>2.5 months</td>
</tr>
<tr>
<td>4 March 2, 2010</td>
<td>2 weeks</td>
</tr>
<tr>
<td>5 March 4, 2010</td>
<td>9.5 months</td>
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<tr>
<td>November election – GOP takes House</td>
<td></td>
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<tr>
<td>6 December 21, 2010</td>
<td>3 months</td>
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<tr>
<td>7 March 2, 2011</td>
<td>7 months</td>
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<tr>
<td>8 September 13, 2011</td>
<td>6 months</td>
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<td>9 March 29, 2012</td>
<td>3 months</td>
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<tr>
<td>??</td>
<td></td>
</tr>
<tr>
<td>November election</td>
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What will delay us?
• Website: www.TransportationIssuesDaily.com

• E-newsletter (weekly): Larry@TransportationIssuesDaily.com
Underinvestment *hurts our economy*

Standard & Poor's April 2012 report, "*Increasingly Unpredictable Federal Funding Could Stall U.S. Transportation Infrastructure Projects,*" noted that since the start of the last recession, state and federal funding for transportation infrastructure has become increasingly unpredictable. This can result in a domino effect of severe consequences, to the economy and to public safety." The report noted transportation investment has "a significant impact on GDP."

http://www.standardandpoors.com/ratings/articles/en/us/?articleType=HTML&assetID=1245332126232
Underinvestment *hurts our economy*

Financial analyst John Jordan observed that "Industry analysts concur that increased infrastructure spending could help construction equipment makers like Caterpillar boost domestic growth. However, the analysts also warn that **uncertainty over federal legislation is holding stocks back.**"

Underinvestment costs you

Under-investment in fixing rough roads costs people more on vehicle maintenance: “Rough roads add an average of $335 to the annual cost of owning a car – in some cities an additional $740 more – due to damaged tires, suspensions and reduced fuel efficiency.”

(“Rough Roads”, AASHTO, 2009; http://roughroads.transportation.org/)
Underinvestment costs you

Delaying investment in road maintenance simply increases a project’s eventual cost: Every $1 spent in keeping a good road good precludes spending $6-$14 to rebuild one that has deteriorated.

(“Rough Roads”, AASHTO, 2009; http://roughroads.transportation.org/)
Postponing congestion relief projects costs people time and money: The cost of congestion is more than $100 billion, nearly $750 for every commuter in the United States.” It also increases the costs of goods we buy.

(2011 Mobility Study, Texas Transportation Institute, http://tti.tamu.edu/2011/12/01/mobility-study/)
Gubernatorial candidate McKenna Gets Specific on Transportation Investment

Washington State gubernatorial candidates Rob McKenna (R) and Jay Inslee (D) recently talked about transportation, climate change, and energy issues....

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Highways

MAP-21 Learning Center