

The Future of Federal Transportation Programs

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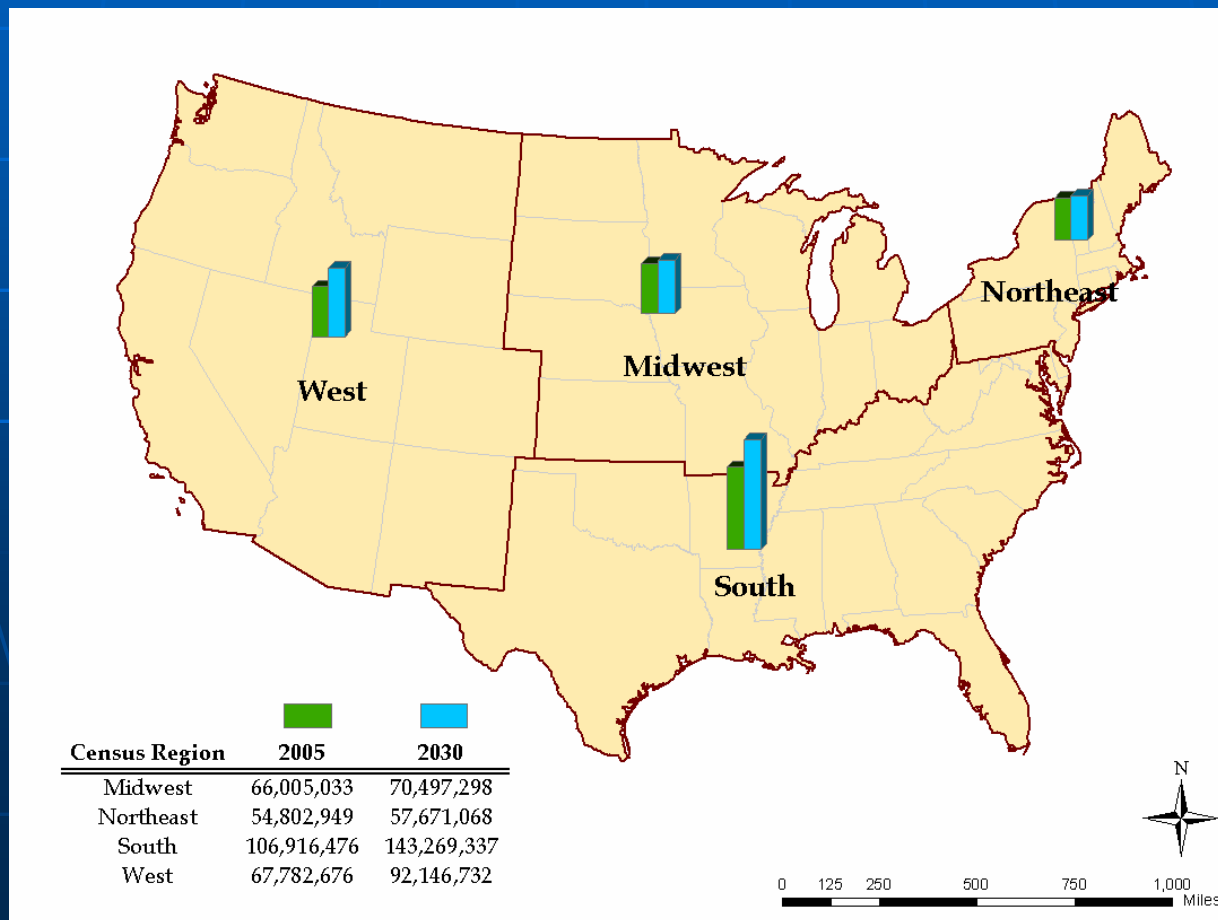
Challenges Facing U.S. Transportation

<u>Year</u>	<u>Population</u>	<u>Vehicle Miles Traveled</u>
1955	145 million	600 billion
2007	300 million	3 trillion
2055	435 million	7 trillion



Regional Growth

- 88% of growth to concentrate in South and West



Huge Increase in Freight

- Demand expected to exceed capacity of many ports by 2010
- Tsunami of freight from Pacific Rim expected.
- Truck freight expected to double by 2035.
- Rail freight expected to increase 65% by 2035

National Transportation Visions Over the Last Century

1915	Get Farmers Out of the Mud
1956	Coast to Coast Without a Stoplight
1991	ISTEA: Safe and Intermodal
2008 and Beyond	New Strategy Which Goes Beyond What Has Been Done Before

Transportation Vision Summit May 21-23, 2007, Cambridge, MD

- Partnering Organizations

AASHTO

AAA

ACEC

APTA

ARTBA

AGC

ATA

AAR

- 17 Organizations Jointly Submitted
Vision Report to National Commission

Key Strategies

A multi-modal approach is needed which:

- Preserves what has been built to date
- Improves system performance
- Adds substantial capacity in highways, 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 compete as North American Market by integrating transportation of the U.S., Canada and Mexico
- 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
- Improve Access to Ports

New Dynamics Require New Solutions: Global Climate Change

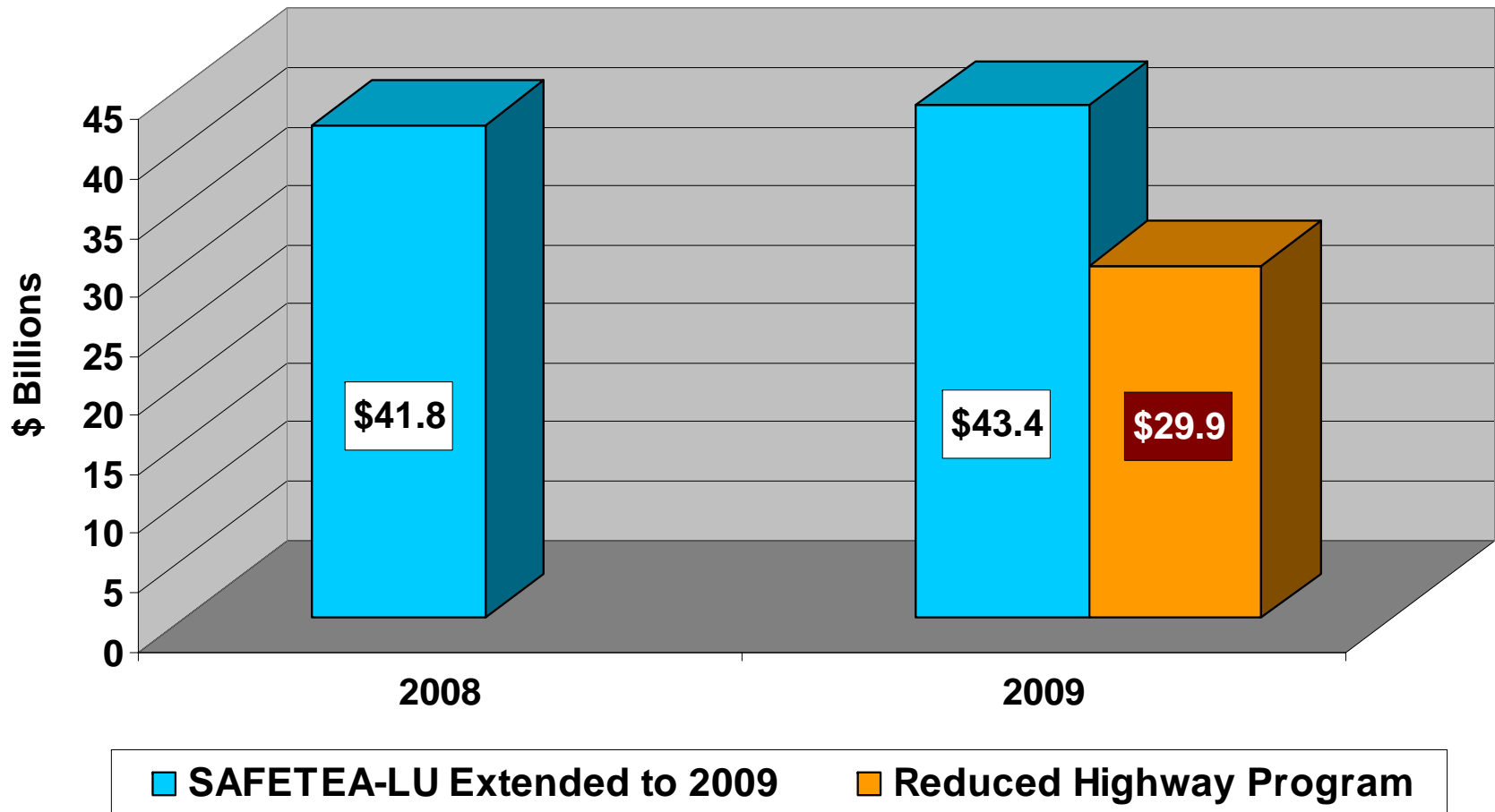
- Double the fuel efficiency of the light duty automotive fleet by 2020
- Cut the rate of growth in VMT by 50%, increase it from 3 trillion today to 5 trillion, instead of 7 trillion by 2055.
- Increase percent who walk, bike, and work at home

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



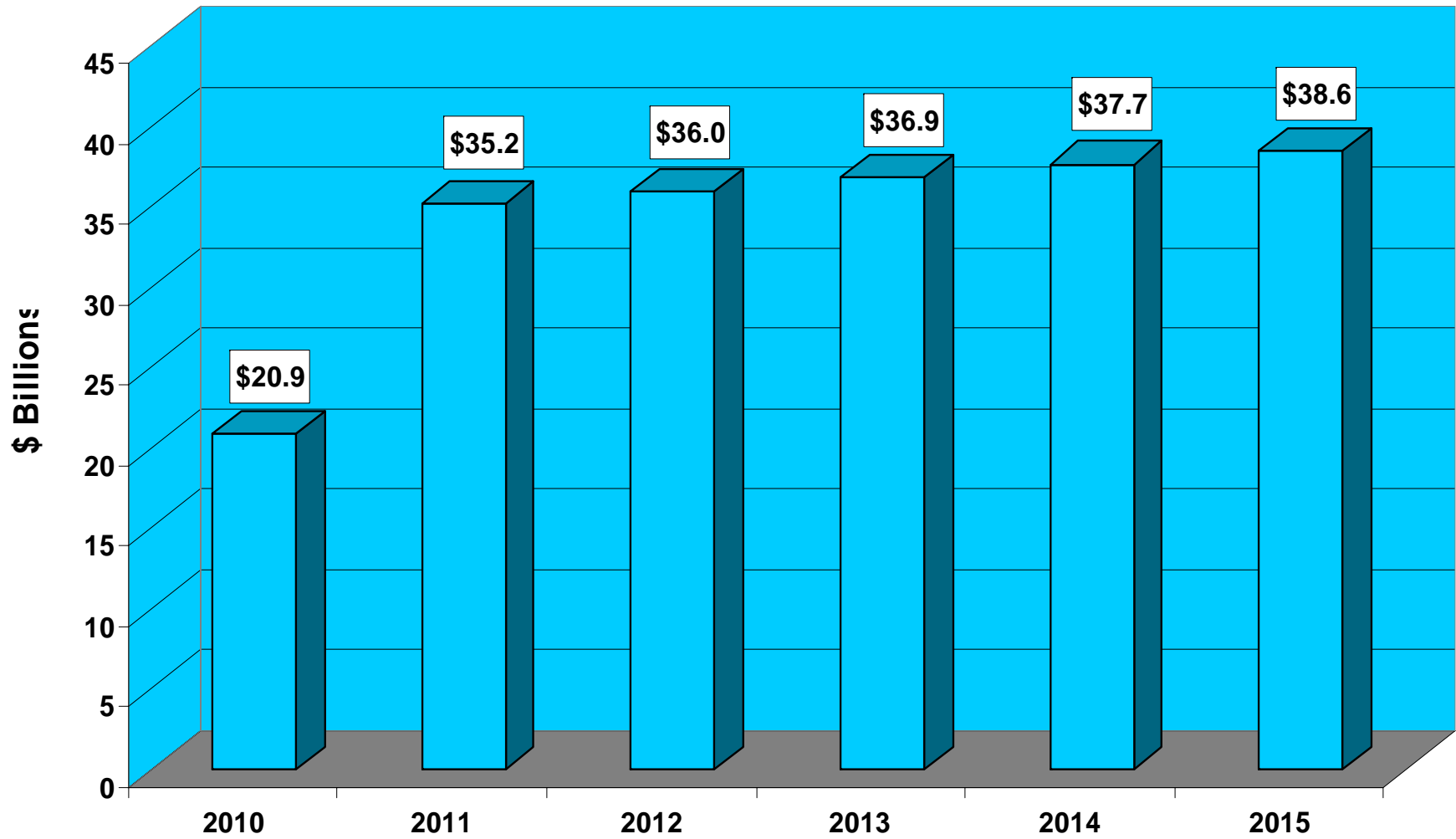
**Obligation level proposed in the President's 2008 budget request, which includes a suspension of \$631 million in RABA*

Problem 2: U.S. Construction Costs Will Increase by at least 70 percent, 1993-2015

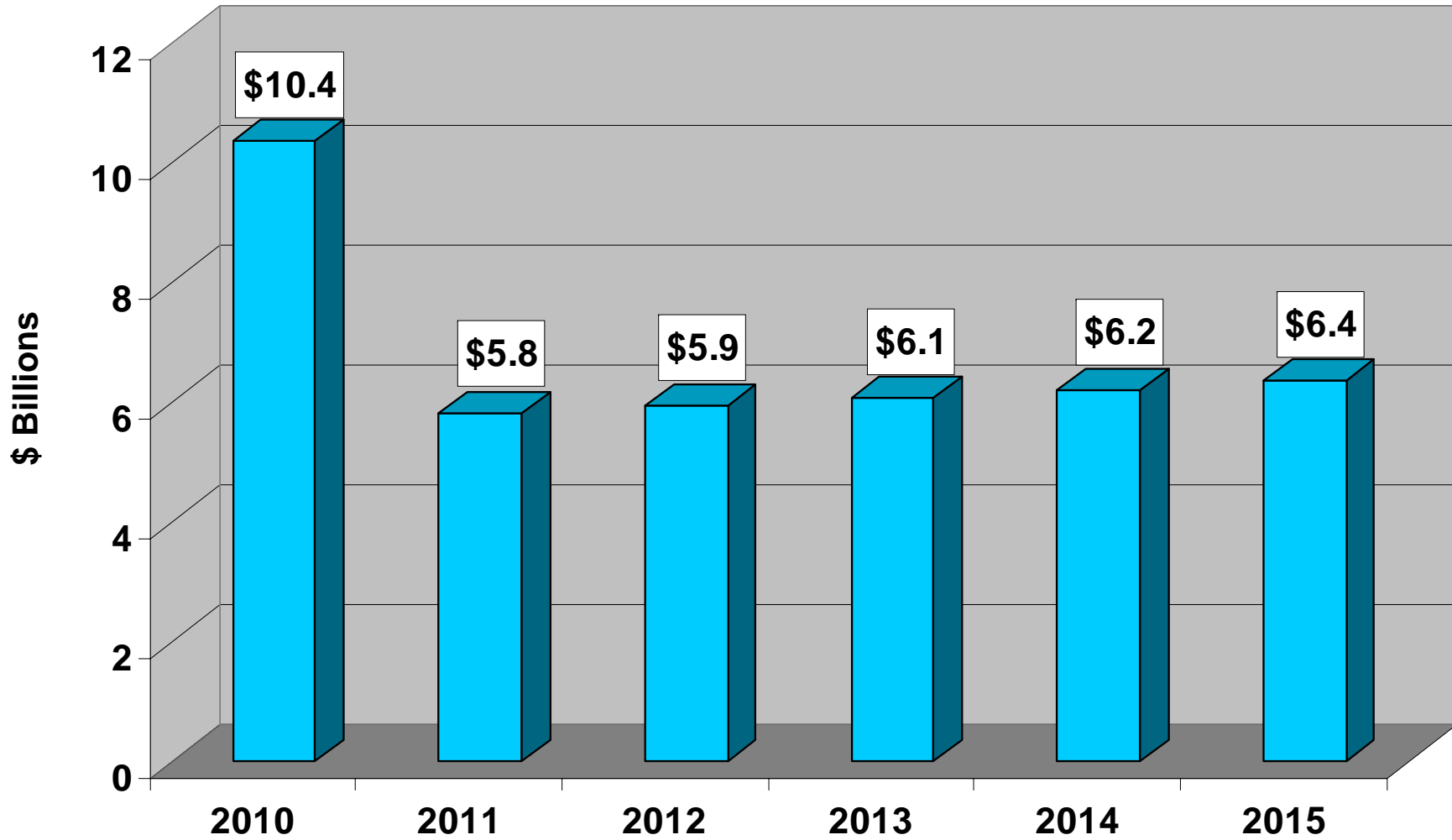
- Asphalt
- Steel
- Construction Machinery
- Petroleum



Reduced Highway Program Levels Beyond 2009



Reduced Transit Program Levels Beyond 2009



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 January 15

- Created under SAFETEA-LU to examine whether the gas tax was still viable, or needed to be replaced. Scope broadened to address Surface Transportation Policy.
- Commission included 12 members.
 - Five Republicans and four Democrats signed the report
 - Secretary Mary Peters and two others signed dissenting views

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

Revenue Recommendations

- Raise the Gas Tax
- Greater use of tolls and public-private partnerships
- Freight improvements funded through user fees such as container fees, Percentage of customs fees
- Investment tax credit for railroads

Economic Stimulus

- First Package did not include infrastructure investment
- AASHTO report documented \$18 million in ready to go projects.
- Senator Wyden has 22 co-sponsors ready to try again.
- Governor Gregoire urged President to support \$12 billion for infrastructure.

Thank You

<http://www.transportation.org>

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