

## ***MOVING BEYOND 1956. . .A NEW VISION FOR TRANSPORTATION***

***By Jason Segedy, Director***

In 1956, President Eisenhower signed the Federal-Aid Highway Act into law. This sweeping piece of legislation appropriated \$25 billion in order to construct the Interstate Highway System, the largest and most visionary public works project in American history. It also established the Highway Trust Fund, which paid for 90 percent of the cost of building the system, using revenues that were generated through taxes on fuel.

This brief bit of history is instructive for two reasons:

First, it is a reminder that there once was a time when our federal government was capable of establishing a coherent vision for transportation, mobilizing public support for it, and working tirelessly to complete it. The 47,000 mile Interstate Highway System remains the largest and most comprehensive highway network in the world, and the vast majority of it was constructed in just 20 years.

Second, it demonstrates that the American public will support a massive expenditure of federal tax dollars - \$425 billion when adjusted for inflation - if it is confident that it is bankrolling a worthwhile endeavor.

Today, 54 years later, our federal government is rudderless and broke. There is no strategic vision from Washington guiding our national transportation future. Even more disturbingly, our existing system of transportation funding is in deep trouble. Last year, for the first time in history, the Highway Trust Fund went broke. Congress had to provide an emergency infusion of \$8 billion in general revenue funds in order to keep the fund solvent. Earlier this year, another \$19.5 billion was transferred to a fund that is supposed to be self-supporting. Essentially, we are now borrowing money from China to pay for our transportation infrastructure. This is a future that President Eisenhower would never have imagined.

On the fiscal side of the transportation equation we have three options: cut spending, increase revenue, or do some combination of both. Reduced federal funding levels will mean that already cash-strapped local governments and states will have to tighten their belts even further. It will mean that our aging bridges and roads will continue to deteriorate and become more unsafe. It will also mean that transit systems will have to cut their already limited service even further, making it yet more difficult for our low-income residents to access jobs and economic opportunities.

On the policy side of the transportation equation, the situation is equally dysfunctional. The previous transportation bill expired in 2009, and Congress has yet to pass a new one. There is no national transportation plan, and the federal government is unwilling or unable, to come up with a coherent vision for transportation that everyday Americans can easily understand and embrace. Our current national transportation policy is schizophrenic. Over 30 percent of

federal transportation funds go toward expanding highway capacity, but, at the same time we are spending \$8 billion on high speed rail. We say we want people to consider alternatives to driving, but provide little real incentive to do so. Meanwhile, our existing network of roads and bridges continues to crumble. Washington is trying to be all things to all people and not doing any of them particularly well.

So what should we do?

First, the difficult truth is this: We do not have enough money to pay for the transportation system that we need. Although a tax increase may not be politically palatable, a massive national debt and decaying infrastructure is even less appealing. It is not fiscally responsible and it is not in the public interest for our federal government to resort to deficit spending and rely on other countries to pay for our transportation infrastructure. The beauty of the Highway Trust Fund has always been that it is a self-supporting source of revenue based upon a “user fee” – the gasoline tax. This is no longer the case.

The current gasoline tax of 18.4 cents per gallon has not been increased since 1993. Because the tax was not indexed to inflation, its actual purchasing power has declined significantly. Meanwhile, there are 53 million more people living in the United States than 17 years ago.

In the short term, the federal tax on gasoline needs to be raised by 10 cents per gallon, and indexed to inflation. This would generate an additional \$20 billion per year in revenue. In the long term, a new mechanism for funding transportation should be found; preferably, one that is not predicated upon encouraging people to purchase more gasoline.

Second, Congress needs to pass a new transportation bill. This legislation should clearly define national transportation goals and priorities. It should adopt the same ambitious call-to-action that went into creating the Interstate Highway Act, but one that recognizes our current problems of urban sprawl and an uncertain energy future. It should also reform the convoluted system of dozens of separate federal funding categories, most of which contain cumbersome and outdated rules and regulations. This would improve flexibility and efficiency, and would allow states, MPOs, and transit agencies to better meet locally identified transportation needs. One example of this type of reform would be to allow transit agencies to spend federal funds on operating expenditures. They are currently prohibited from doing so.

Even though 2010 is an election year, and Americans are justifiably concerned with high taxes, I believe that people would support an increase in the federal gasoline tax if they understood why it is necessary. According to a recent poll conducted by *Building America's Future*, 60 percent of the American public erroneously believes that the gasoline tax is raised every year. At the same time, 62 percent correctly believe that funding decisions are too often based on “politics” rather than the “public good.”

As transportation professionals and policy makers, I believe that it is our duty to provide leadership on this issue; both to ensure fiscal responsibility and to establish a transportation vision that the public can support. We did it in 1956, and we can do it again.

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