

2009 Highway Funding Issues Overview

Where do we want our transportation system to be in 10 years?

Highway funding has quickly gained traction as a major component of a proposed economic stimulus package because it has the potential for putting people to work now.

- According to the Federal Highway Administration, every \$1 billion in highway construction sustains nearly 35,000 jobs.
- Nationally, there are tens of billions of dollars in unfunded, “shovel-ready” highway projects that could begin as early as this spring.
- PennDOT is in the process of prioritizing more than \$1 billion in highway projects that are ready to go, but which do not currently have funding.

In addition to the immediate economic benefits, highway projects are an essential component of long-term economic prosperity and improved quality of life.

- Infrastructure investment fueled America’s economic growth through the last half of the 20th Century, but that capacity has been used up.
- Other countries are now spending a significantly larger proportion of their gross domestic product on infrastructure improvements compared with the U.S., and we are in danger of losing our historical competitive edge.

Regardless of the level of resources committed to highways in the stimulus package, it will not solve the highway funding dilemma.

- In 2006, the Transportation Funding and Reform Commission estimated the transportation funding gap at \$1.7 billion *per year* in Pennsylvania. (This is only for existing highway and mass transit assets; it did not include capacity expansion for either.)
- The National Surface Transportation Policy and Revenue Study Commission concluded that the U.S. should be spending at least \$225 billion annually on surface transportation, yet we are barely spending a third of that.
- The stimulus package will provide a one-time allocation only.

We cannot afford to let the stimulus package divert our attention from the long-term need for an adequate, sustained funding stream.

- Additional highway funding needs must be addressed during the 2009-10 state budget process. Act 44 monies diminish by \$200 million in FY 2010.
- Reauthorization of the federal highway funding bill also must be addressed this year. The Federal Highway Trust Fund will again be “broke” without congressional action by September 30, 2009.
- We must develop a vision and maintain a focus on what we need our transportation systems to be 10 years from now.

The American public is coming around to the idea that infrastructure is important, and there is growing willingness to make the investment.

- Industry polling shows that 56 percent of voters are willing to pay at least an additional \$8 per month to solve the highway funding dilemma.
- New poll results show that 81 percent of Americans are prepared to pay 1 percent more in taxes to rebuild America's infrastructure, and 64 percent of Americans are either “*extremely*” or “*very*” concerned about the condition of the infrastructure.

Pennsylvania needs a long-term, comprehensive solution for transportation infrastructure, not the quick-fix, band-aid approach we have been taking.

- Nothing shows this more clearly than the fact that the gas tax has not been adjusted in 12 years. Had it been increased by only a penny each year, today we would have an additional \$780 million available annually for roads and bridges.
- The stopgap measures that have been proposed over the past few years, including Act 44 and the lease of the Turnpike, have not succeeded. At this time, we are borrowing money to fix 400 of the 6,000-plus structurally deficient bridges while capacity expansion projects are delayed or eliminated. This strategy will ensure a highway system that is closer to the 1940s than 2020.

This problem can be solved with the correct approach and framing of the issue.

- The solution must be comprehensive, not piecemeal.
- It must not pit geographic regions or classifications of motorists against one another.
- We must think of this as an investment, not merely a cost.
- We must differentiate between general taxation and the imposition of higher user fees (tolling, gasoline tax, miles-driven fees) over which people have some degree of choice and control.

We see possible resistance from several different directions:

- The “conventional wisdom” that “people are not willing to pay more to fix the problem.”
- The naïve notion that “amenities” are a better investment than infrastructure in revitalizing America.
- The dogmatic assertion that raising user taxes and fees is synonymous with general tax increases and, consequently, unacceptable. We can’t maintain the existing highway system, let alone provide much-needed capacity improvements, without more resources.

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