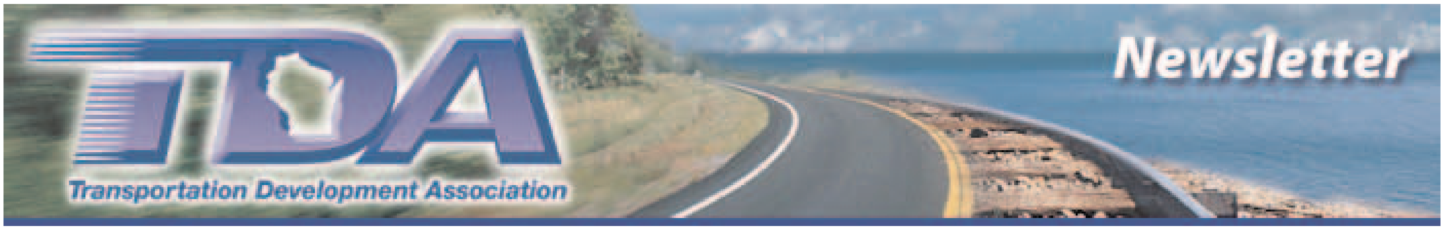

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The Transportation Development Association of Wisconsin is a statewide, nonprofit educational organization working for an efficient and environmentally responsible transportation system that addresses safe mobility and economic growth.

If you would like to receive this publication by email please contact the TDA office at (608) 256-7044 or general@tdawisconsin.org.

National Surface Transportation Commission Releases Final Report

On January 15th, the National Surface Transportation Policy and Revenue Study Commission issued its report that recommends a radical restructuring of surface transportation programs and incremental increases in the federal gas tax while broader changes are implemented. The report is supported by nine of the twelve commission members. Secretary Mary Peters, former Deputy Secretary Maria Cino, and Professor Rick Geddes filed a dissenting view.

The commission concludes that the United States needs to invest at least $225 billion annually from all sources (federal, state, and local) for the next 50 years to repair the existing transportation system and create a more advanced system. Today, only 40% of the recommended amount is invested each year. This significant increase in funding is needed to sustain strong economic growth and keep the United States competitive.

For the next approximately 15 years, the commission believes the most reliable way to pay for the system needs identified is to significantly raise the federal gas tax. Accordingly, the commission recommends that the federal fuel tax be increased five to eight cents per year over the next five years, after which it should be indexed to inflation. States would be encouraged to enact even larger increases.

Recognizing the size of the funding gap, the commission also recommends new federal ticket taxes to help pay for transit and passenger rail, a federal freight fee to help finance freight-related improvements, and new flexibility regarding tolling and congestion pricing. The commission also encourages public-private partnerships with certain stated conditions.

Over the long term, the commission acknowledges that increased fuel efficiency and alternative fuels will erode the gas tax's equity and effectiveness. The commission recommends the gas tax should be replaced by a new system such as a vehicle-miles traveled fee by 2025.

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Most of the news coverage on the report has dealt with the commission's recommendation to raise the federal gas tax. However, the report also includes a number of other bold proposals. The commission states the current federal transportation program should not be reauthorized in its current form and recommends a new program with the following structural features:

- Develop a comprehensive, performance based approach and a national strategic plan to guide investment. Funding would be distributed based on needs not formulas.
- Reform program and project development processes to reduce the time required to move projects from start to finish. This will reduce the overall cost of the project and allow the benefits of the project to be realized sooner.
- Reduce the number of federal surface transportation programs from over 100 to the following 10 programs:

  Rebuilding America: A National Asset Management Program

  Freight Transportation: A Program to Enhance U.S. Global Competitiveness

  Congestion Relief: A Program to Improve Metropolitan Mobility

  Saving Lives: A National Safe Mobility Program

  Connecting America: A National Access Program for Smaller Cities and Rural Areas

  Intercity Passenger Rail: A Program to Serve High-Growth Corridors by Rail

  Environmental Stewardship: A Transportation Investment Program to Support a Healthy Environment

  Energy Security: A Program to Accelerate the Development of Environmentally-Friendly Replacement Fuels

  Federal Lands: A Program for Providing Public Access

  Research, Development, and Technology: A Coherent Transportation Research Program for the Nation

- Establish an independent and permanent National Surface Transportation Commission (NASTRAC) – similar to the Base Closure and Realignment Commission and the Postal Regulatory Commission – that would recommend appropriate authorization and revenue levels to the Congress based on the national strategic plan. Congress could only veto the recommendations.

The Dissenting View

In a minority statement included in the report, Secretary Peters and Commissioners Maria Cino and Rick Geddes explain the areas of agreement and disagreement with the commission. They agree on the following: the transportation system and sustained investment is vital to the nation's economy, opportunities exist for simplification, consolidation and streamlining the federal program, and greater accountability and rationality is needed for investment decisions.

However, they disagree on fundamental issues such as the size of the federal government's role. The minority calls for a renewed national focus on infrastructure policy, but in their view, this doesn't necessarily lead to a larger federal role in directly financing and managing projects. They vehemently reject the proposal to raise the federal gas tax.

They also disagree with how the commission determined the $225 billion in annual needs, the practicality of the independent governance commission (NASTRAC), and what they see as additional federal restrictions on tolling, pricing and private investment.

The minority, which not surprisingly, echoes the Bush Administration, recommends leaving the federal gas tax at the current rate and refocusing federal efforts on: a) maintaining the Interstate; b) alleviating freight bottlenecks; and c) providing states with analysis, incentives and flexibility as they adopt market-based reforms. While the federal program

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Financing Commission Releases Interim Report

The National Surface Transportation Infrastructure Financing Commission is one of two commissions created by SAFETEA-LU – the other, the National Surface Transportation Policy and Revenue Study Commission (see previous article). The Finance Commission is charged with analyzing future highway and transit needs and the finances of the Highway Trust Fund and making recommendations regarding alternative approaches to financing transportation infrastructure.

The Finance Commission recently released its interim report titled *The Path Forward: Funding and Financing our Surface Transportation System*. This report outlines the current issues facing transportation funding and how the commission will analyze funding options and finally make recommendations.

The interim report includes the following preliminary observations:

- Demand for transportation is out pacing investment;
- Maintenance costs are increasing and reducing the funds available for system expansion;
- The fuel tax is not sufficient at current rates;
- Direct user fees should be explored;
- Along with increased investment, more intelligent investment and better operation of the system is needed.

The commission will issue a final report by the end of the year.

Dr. Robert Atkinson, chairman of the Finance Commission and president of the Information Technology and Innovation Foundation, a Washington, DC-based technology policy think tank, has agreed to speak at the TDA Fly-in on April 9th.

Visit http://financecommission.dot.gov to view the report.

$600 Million State Budget Shortfall

As the economy slows and the talk of recession increases, state officials will have to make tough decisions to deal with a projected shortfall in state revenues. The Legislative Fiscal Bureau (LFB) is predicting state revenues could be up to $400 million short over the next 17 months. With the $200 million of unidentified cuts included in the budget deal passed last fall, Wisconsin is now facing up to $600 million in red ink.

According to Todd Berry of the Wisconsin Taxpayers Alliance, Wisconsin is poorly equipped to deal with this problem compared to other states that build more of a cushion or reserve into their budgets. Wisconsin has no choice but to find new revenue sources or cut programs.

There will likely be a budget repair bill in the near future. Wisconsin is already 7 months into its 24-month biennial budget, and choices will only become more difficult.

The segregated transportation fund and other state funds will likely be targeted to make up for the missing revenue. In a Wisconsin Radio Network interview, Berry cautioned against raiding such funds. He said that it leads to more shortfalls down the road or could result in lawsuits, such as one by doctors over a raid in the state's patient compensation fund.

TDA will be making the case that now in a weakening economy is absolutely the wrong time to cut transportation investment. Transportation investment creates jobs and stimulates the economy.

The revenue projections from the LFB are preliminary. In a letter to lawmakers, Director Bob Lang says he will wait until early February for final figures, to make sure the numbers are as accurate as possible.

Guest Perspective by Frank Busalacchi, Secretary Wisconsin Department of Transportation

National Commission Unveils Transportation "Vision" for the Future

"Our unity as a nation is sustained by free communication of thought and by easy transportation of people and goods. Together, the unifying forces of our communication and transportation systems are dynamic elements in the very name we bear – the United States. Without them, we would be a mere alliance of many separate parts."

This statement by President Dwight Eisenhower is as true today as it was when he made it back in 1955. Transportation is the foundation of our everyday lives, getting people to jobs, products to markets and providing the freedom we cherish. But a system constructed largely in the 1960's and 70's is getting older and increasingly congested. Between now and the year 2050, the nation's population will increase by 50% to 450 million people, generating additional freight and service needs. As transportation demands and improvement costs continue to escalate, the financial resources necessary to address these growing needs are either stagnant or declining. We urgently need a strong federal vision and partnership to confront these pressing issues.

A national commission has put forth a bold blueprint for the future. I was proud to serve as one of 12 members on the National Surface Transportation Policy and Revenue Study Commission. I am equally proud of the multi-modal plan that the bi-partisan Commission forwarded to Congress following a 20-month fact-finding mission. It outlines a national transportation strategy to enhance mobility for all users – urban commuters, rural residents and freight haulers. It envisions a system that is user-financed, environmentally responsible and technologically advanced. Much broader than roadways, it emphasizes the need for a cultural shift from current travel habits, a greater role for public transit, and utilizing the untapped potential of passenger rail to connect major population centers.

The Commission report recognizes that implementing this ambitious vision requires significant new investments, along with tough accountability standards and performance-based measures to ensure public dollars are used wisely. Over the last 15 years, the country has witnessed dramatic changes, yet during the same period, the federal motor fuel tax that helps support our personal and economic independence has remained stagnant. A federal gas tax increase would provide the interim funding needed to bring our infrastructure into a new century until innovative new revenue streams can be fully developed. Most promising is a vehicle-miles-traveled, user-fee based system that must clear technological and privacy hurdles. For the present, our transportation infrastructure needs are serious and so are the consequences of further inaction: urban congestion that wastes time and resources; the human toll of additional traffic fatalities; and America's ability to compete in a global economy.

The House Transportation and Infrastructure Committee has already started holding hearings on the Commission report which can be viewed on the Internet at **www.transportationfortomorrow.org**. A long overdue discussion on a national transportation strategy is finally underway. Now is the time for all transportation advocates to make their voices heard. A phone call, letter or e-mail to your Congressional representatives can and does make a tremendous difference.

A half-century ago, the national Clay Commission outlined a vision and a funding plan that created the Interstate Highway System. The nation embraced that vision as a necessary investment in jobs, national security and personal freedom. I hope you will join me in encouraging Congress to enact a similarly bold plan that will support our country's economic and mobility needs for another 50 years.

Bush Issues Last Budget

The President's $3.1 trillion 2009 budget proposal includes $68.2 billion in new spending commitments for the United States Department of Transportation (USDOT). This amount is $2.13 billion less than the amount enacted in the 2008 omnibus appropriations law. Program details are as follows:

Highways

The budget requests an obligation limitation for the federal-aid highway program of $39.4 billion. This amount is $1.8 billion less than the total obligation limitation in 2008 (including the extra $1 billion for bridges) and the amount authorized by SAFETEA-LU for 2009. This reduction is the result of a revenue aligned budget authority adjustment (RABA) and an additional reduction proposed by the White House.

The 2009 RABA calculation results in a $1 billion reduction in obligation limitation due to lower-than-expected Highway Trust Fund tax receipts. Historically, Congress has ignored negative RABA adjustments. However, given the expected 2009 trust fund shortfall [currently estimated between $1.1 billion (Congressional Budget Office) and $3.2 billion (Treasury Department)] by the end of 2009, it is more likely the RABA reduction will be included in the final 2009 appropriations bill.

The Administration also reduced its highway proposal by $800 million to offset most of the extra $1 billion in obligation limitation added to the bridge program in 2008. The remaining $200 million would come from transit programs.

The President's budget includes a $3.15 billion rescission of contract authority. This is the same amount as in 2008. In addition, there is an $8.54 billion rescission of contract authority in SAFETEA-LU to take effect on the last day of the bill, September 30, 2009. The total rescission of contract authority balances held by states in 2009 would be $11.69 billion. The budget also proposes to rescind any unobligated earmark money from the 1991 ISTEA law and the 1998 TEA21 law.

In its budget proposal, the Administration recommends a patch for the projected shortfall in the Highway Account of Highway Trust Fund (HTF). Rather than increasing revenue or reducing expenditures, the Highway Account would be allowed to borrow cash from the Mass Transit Account (MTA) of the HTF. The MTA account is projected to have enough money to cover proposed funding for public transportation programs, lend amounts to the HA to cover the projected deficit and still end 2009 with a $1.2 billion balance. Secretary Peters has said that the transfers would be temporary and that MTA would be repaid.

Public Transportation

The Bush budget proposal includes a total of $10.14 billion for the Federal Transit Administration (FTA) in 2009, an increase of $644 million over 2008 (6.8%) but $200 million less than SAFETEA-LU guarantees.

The Formula and Bus Grants, the largest transit account, receives the amount authorized in SAFETEA-LU – $8.36 billion, a $593 million (I7.6%) increase over 2008

The other three transit accounts, which are funded by the general fund as opposed to the Highway Trust Fund, are collectively $202 million below the amount authorized by SAFETEA-LU. Presumably, $200 million is part of the reduction to make up for the extra $1 billion in 2008 bridge funding (see discussion in highway section).

The Capital Investment Grants (a.k.a. new starts) would receive $1.62 billion in 2009, an increase of $51 million (3.3%) over 2008, but less than the $1.809 authorized by SAFETEA-LU.

The budget also proposes $94.4 million for FTA operations (a $5 million increase) and $59.6 million for Research and University Research Centers (a reduction of approximately $6 million).

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Aviation

The Federal Aviation Administration (FAA) would receive a total $14.64 billion, a cut of $272 million (2%) from 2008, if the President's budget were enacted. This budget proposal largely restates the Administration's FAA reauthorization and funding proposal from last year. The aviation reauthorization legislation, which expired September, 2008 is currently stuck in the Senate. Aviation programs and the related taxes are operating under a temporary extension that expires at the end of February.

The driver of the proposed decrease in aviation funding is the President's $2.75 billion request for the Airport Improvement program (AIP) – $765 million less than last year. The Administration has proposed similar cuts in previous budget which Congress ignored.

FAA operations would receive approximately a 3% increase, and there is a $210 million funding increase primarily for Next Generation Airspace System activities.

Rail

Consistent with his previous budget proposals, President Bush puts forward a 40% cut in Amtrak funding for 2009 – providing $525 million for capital and debt service grants and $275 for "efficiency incentive grants" compared to 2008 with $850 million for capital and debt service and $475 in operating subsidies. Like the previously proposed cuts, these are unlikely to make it through Congress.

Federal Railroad Administration (FRA) safety and operations would receive $157 million in 2009 under this budget, an increase of $6.5 million, while research and development would be reduced by $2 million. This budget proposal eliminates the stand-alone appropriation for the Rail Line Relocation and Improvement Program, which received a little over $20 million in 2008.

The budget also proposes $100 million for the new interstate passenger rail grant program, which received $30 million in 2008.

Maritime

The budget includes $313 million for the Maritime Administration, roughly the same amount as last year's level. Funding for the Maritime Security Program is increased by 11.5% to $174 million, while operations and training is reduced $4 million to $118 million.

The St. Lawrence Seaway Development Commission line item increases to $31.8 million from $17 million. This increase relates to a new U.S. and Canada ten-year capital program to modernize and upgrade the locks.

The President's budget is the first step in the budget process. Funding levels will not be established until the President signs appropriations legislation adopted by Congress prior to the 2009 fiscal year, which begins October 1.

Bush Limits Earmarks

Setting his sights on curbing the number and cost of future earmarks in appropriations bills, President Bush signed on January 29th an executive order directing all federal agencies to ignore Congressional earmarks unless those earmarks are specifically written out in the text of the law. Historically, earmarks have not been contained in the actual legislation voted on by Congress but instead in the report language issued by the Congressional committees.

This order is prospective and will not affect earmarks in the recently enacted 2008 appropriations laws. However, it will apply to the final year of the Bush Administration and future administrations unless the order is rescinded.

In his State of the Union address the night before the executive order was signed, President Bush chastised Congress for not voluntarily reigning in earmarks stating, "Last year, I asked you to voluntarily cut the number and cost of earmarks in half. I also asked you to stop slipping earmarks into committee reports that never even come to a vote. Unfortunately, neither goal was met." The President then threatened to veto any future appropriations bills that don't reduce the number and cost of earmarks by half.

GAO Report: Increased Reliance on Contractors

The Government Accountability Office (GAO) recently released a report entitled *Federal-Aid Highways: Increased Reliance on Contractors Can Pose Oversight Challenges for Federal and State Officials*. The GAO recommends United States Department of Transportation (USDOT) officials work with the Federal Highway Administration to better ensure state oversight controls.

The GAO expressed concerns about some states' procurement and oversight practices including lack of aggressive price negotiations and inconsistent assessment of the quality of consultant and contractor work. Perhaps more important, the GAO warns that increasing reliance on the private sector may lead to a shortage of "in-house expertise that could affect the state DOTs' ability to adequately oversee the work of contractors and consultants in the long term."

With highway design standards, quality control, material specifications and assurance guidelines, most state officials believe they have sufficient tools and procedures to oversee contractors and consultants. USDOT did not comment on the report.

The report may be downloaded by visiting http:/www.gao.gov/new.items/d08198.pdf.

Wisconsin Moving to Protect Great Lakes

Wisconsin will spend $6 million to invest in experimental ballast water treatment systems for the state's Great Lakes ports. Ballast water is carried in unladen ships to provide stability on the open seas and is discharged in exchanged for cargo once at port. Contaminated ballast water has been blamed for the decline of native fish, an increase in algae and a host of other environmental problems.

A portion of the $6 million in grants will go toward building an on-shore facility at the port of Milwaukee that will treat ballast water before it is discharged into the lake. It is estimated that such a system will cost between $1 million and $2 million.

The ports of Green Bay and Superior are also eligible to use theses funds for similar purposes.

TDA has long advocated for federal legislation establishing consistent national – rather than state – standards for the treatment of ship ballast water to prevent the introduction and spread of aquatic invasive species and a federal research program to develop ballast-water treatment technology. However, Congress has been slow to act.

"The federal government is failing to take serious action, and it's our time to be leaders in treating ballast water here on Lake Michigan," Governor Doyle said.

I-35W Replacement, NTSB Recommendation

Minnesota Department of Transportation (MDOT) officials say that the new I-35W bridge is ahead of schedule and should be open before this Christmas. The completion date is December 24th, but with $27 million in incentives for early completion, MDOT expects the project to be done early.

MDOT Metro-District Engineer Khani Sahebjam said during a panel discussion at the Transportation Research Board's recent annual meeting that one of the hardest things MDOT had to deal with was the assumption people made about the cause of the bridge failure. "The people assumed that it was a lack of inspection, done by non-qualified people," said Sahebjam.

An interim recommendation released by the National Transportation Safety Board (NTSB) points to a design flaw in the gusset plate as the cause of the bridge failure, but the investigation is ongoing. The recommendation is "for all non-load-path redundant steel truss bridges within the National

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Transportation in the News

Wisconsin Statewide Multi-modal Improvement Program (SMIP) – Under SAFETEA-LU, the Wisconsin Department of Transportation (WisDOT) receives federal funding for the Transportation Enhancements (TE) Program. This program is designed to fund projects that increase multi-modal transportation alternatives and enhance communities and the environment. The new Bicycle and Pedestrian Facilities Program and TE are jointly managed under SMIP.

WisDOT is preparing for another round of applications for 2009-2011. Applications are due Friday, April 18th. Visit http://www.dot.wisconsin.gov/localgov/aid/te.htm for more information

Brookings Report – A new report from the Brookings Institute entitled *America's Infrastructure: Ramping Up or Crashing Down* finds that structural failures, economic competitiveness, quality of life and fears of government mismanagement of public funds are driving a renewed focus on U.S infrastructure.

To download the complete report, visit http://www.brookings.edu/papers/2008/01_infrastructure_katz_puentes.aspx.

Transportation and Global Warming – In a first study of its kind to specifically measure the impact of transportation on greenhouse gas emissions, the Center for International Climate and Environmental Research in Oslo, Norway finds that 15 percent of manmade carbon dioxide (CO2) in the atmosphere comes from cars, trucks, airports, trains, and ships. The remaining 85% comes from industry, buildings and agriculture.

Within the transportation sector, road transportation (cars, buses and trucks) contribute the most greenhouse gases.

To view the report visit http://www.pnas.org/cgi/reprint/0702958104v1

Arizona – Phoenix area business leaders are joining with Governor Janet Napolitano in an effort to get a transportation tax increase on the ballot this year. The group of business and corporate interests called the Time Coalition fears traffic congestion will stifle economic growth unless a long-term revenue stream is enacted.

According to a spokesperson for Governor Napolitano, transportation is a top priority for the governor this year. The Arizona Department of Transportation is expected to release a list of projects that would be funded by the proposed tax increase in March.

Georgia – The Georgia Department of Transportation (GDOT) lacks the expertise to negotiate multi-billion deals with contractors on toll road projects according to new commissioner Gena Abrahamson. The program which invites private companies to invest in public toll roads is being reviewed as part of Abraham's wholesale evaluation of GDOT. Abraham is evaluating which if any of the projects should go forward.

"I laid the question out on the table," Abraham said. "Some of these proposals came to us unsolicited. So the question is, if we had a clean slate, what would we really want to do at GDOT?...The reality of it is GDOT should be driving the train about what are the right steps for the state."

Illinois – The state legislature passed and the governor signed legislation authorizing the Regional Transit Authority (RTA) to increase the sales tax in Chicago and the suburbs to bail out Chicago's cash-strapped mass transit system. Specifically, the RTA is given the authority to increase the sales tax in Cook County by one quarter of one percent. In DuPage, Kane, Lake, McHenry and Will Counties, the sales tax rate is increased a half percent. In the collar counties – where a half percent rate increase is authorized – the legislation provides that half of the tax receipts are to be distributed to the RTA and half are to be distributed to the county for use for transportation or public safety needs.

The funding plan also called on the Chicago City Council to increase the real-estate transfer tax to

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would focus on achieving federal objectives, states would have to find a way to fund all other projects and programs.

Wisconsin

At the core of the commission's recommendations (and the dissenting view), there is a focus on national priorities and a moving away from discussions of formula distribution – donor vs. donee. However, parochial concerns run deep. How Wisconsin or any state would fare under the commission's recommendations is unclear, but it would be reasonable to assume that focusing on national priorities may also serve to focus money on large population centers, primarily the coasts.

This report and the work of the National Surface Transportation Infrastructure Financing Commission, the other commission created by SAFETEA-LU, will provide important information as TDA begins reauthorization discussions with the Wisconsin delegation.

TDA thanks Secretary Busalacchi and all the commissioners for their work on these important commissions.

Visit transportationfortomorrow.org to download the entire report.

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Bridge Inventory, require that bridge owners conduct load capacity calculations to verify that the stress levels on all structural elements, including gusset plates, remain within applicable design requirements, whenever planned modifications or operational changes may significantly increase stresses."

NTSB Chairman Mark Rosenker emphatically stated that the cause of the collapse was not due to inspection failures. "What caused the [gusset plate] failure has yet to be determined. It is important to understand the bridge inspections would not have identified the error in the design plate," said Rosenker.

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provide more money to help cover Chicago Transit Authority employee pension and health costs. The council grudgingly approved by a 41-6 vote an increase in Chicago's real-estate transfer tax from $7.50 per $1,000 of sale price to $10.50 beginning April 1.

Oklahoma – An infusion of general fund revenue for highways and bridges seems to be vanishing as a softening economy drives 2008 estimated income tax revenue to fall below expectations.

In 2006, legislation was enacted that would appropriate $50 million more per year for road and bridge improvements if there is at least 3% growth in revenue. It is doubtful that threshold will be met when revenue projections are finalized next month, and the current year appropriation may be closer to $17.5 million. If the threshold is not met for several years up to a $100 million may be lost to the road and bridge programs.

Tennessee – Interstate 40 in Tennessee is the best road in the nation for the second year in a row according to a poll of truck drivers. Tennessee also ranked third for best overall roads.

The poll conducted by a trucking industry magazine included opinions about the pavement quality and smoothness, road markings and construction detours of the roadways.

West Virginia – West Virginia Secretary Paul Maddox requested the legislature find a new revenue stream just to help the West Virginia Department of Transportation maintain the department's workforce and to finance a new computer system.

A lack of funding in recent years has reduced the workforce and the upcoming retirement of baby boomers will further exacerbate the issue. Additional funding would help maintain the department's ability to provide expected services.

Many lawmakers have expressed support for the department. However, no lawmaker has offered a potential solution.