



Cultivating Creative Leadership, Framing Emerging Issues

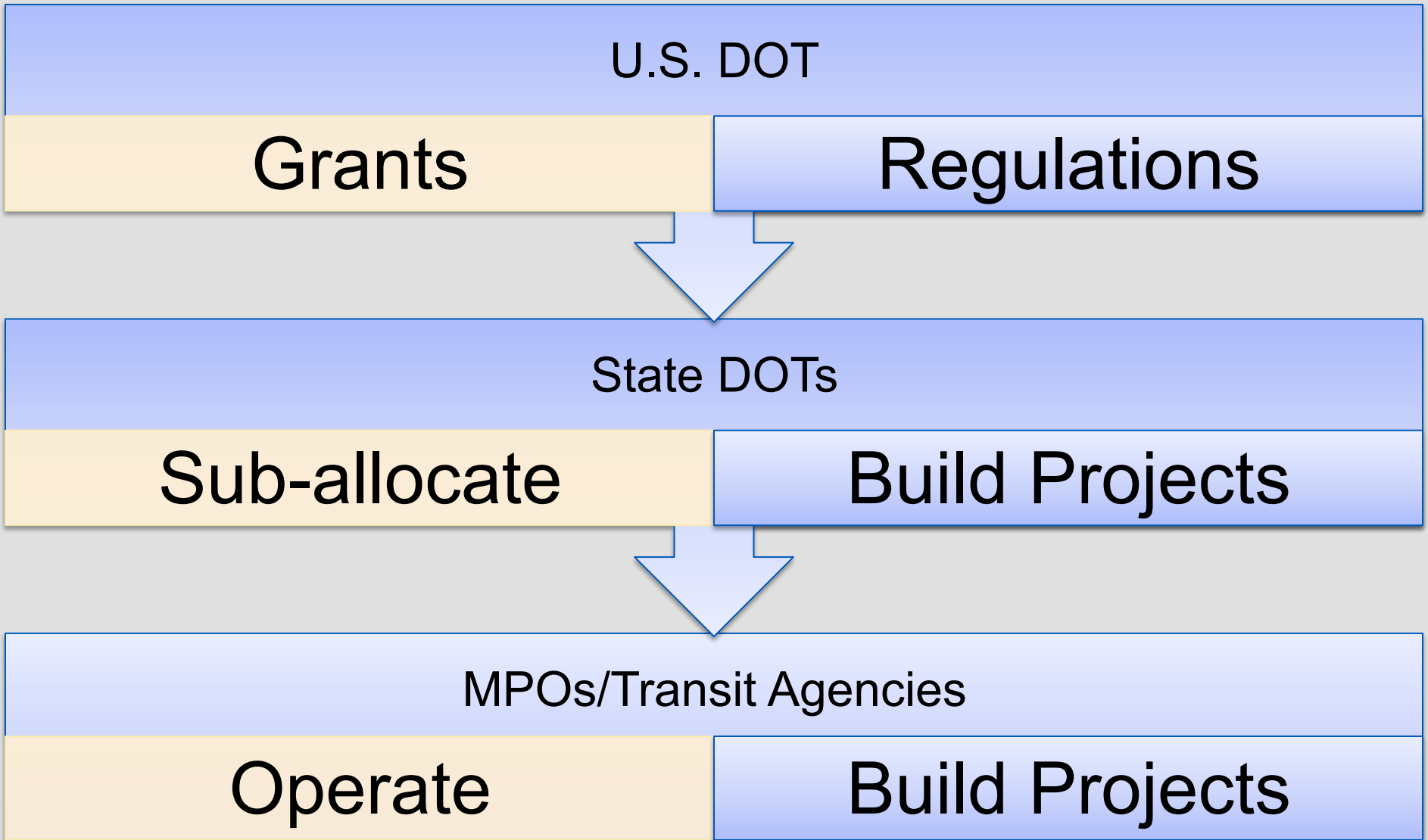
Performance-Driven or Bust: The Future of Federal Transportation Policy

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1. Where are we?
 2. How did we get here?
 3. What are the paths forward?
 4. Questions and Discussion
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Where are we?

What does U.S. DOT do?



Current Federal Funding Structure



Formula Programs
80% of All Funds

Discretionary Programs
20% of All Funds

108 Total Programs

CORE HIGHWAY PROGRAMS

- Surface Transportation Program
- Interstate Maintenance
- National Highway System
- Bridge Rehabilitation
- Congestion Mitigation and Air Quality
- Highway Safety Improvement Program
- Equity Bonus

SAMPLE PROGRAMS

- High Priority Projects
- Transportation Improvements
- Projects of National and Regional Significance
- New Starts/Small Starts
- Clean Fuels Grant Program
- Research

CORE TRANSIT PROGRAMS

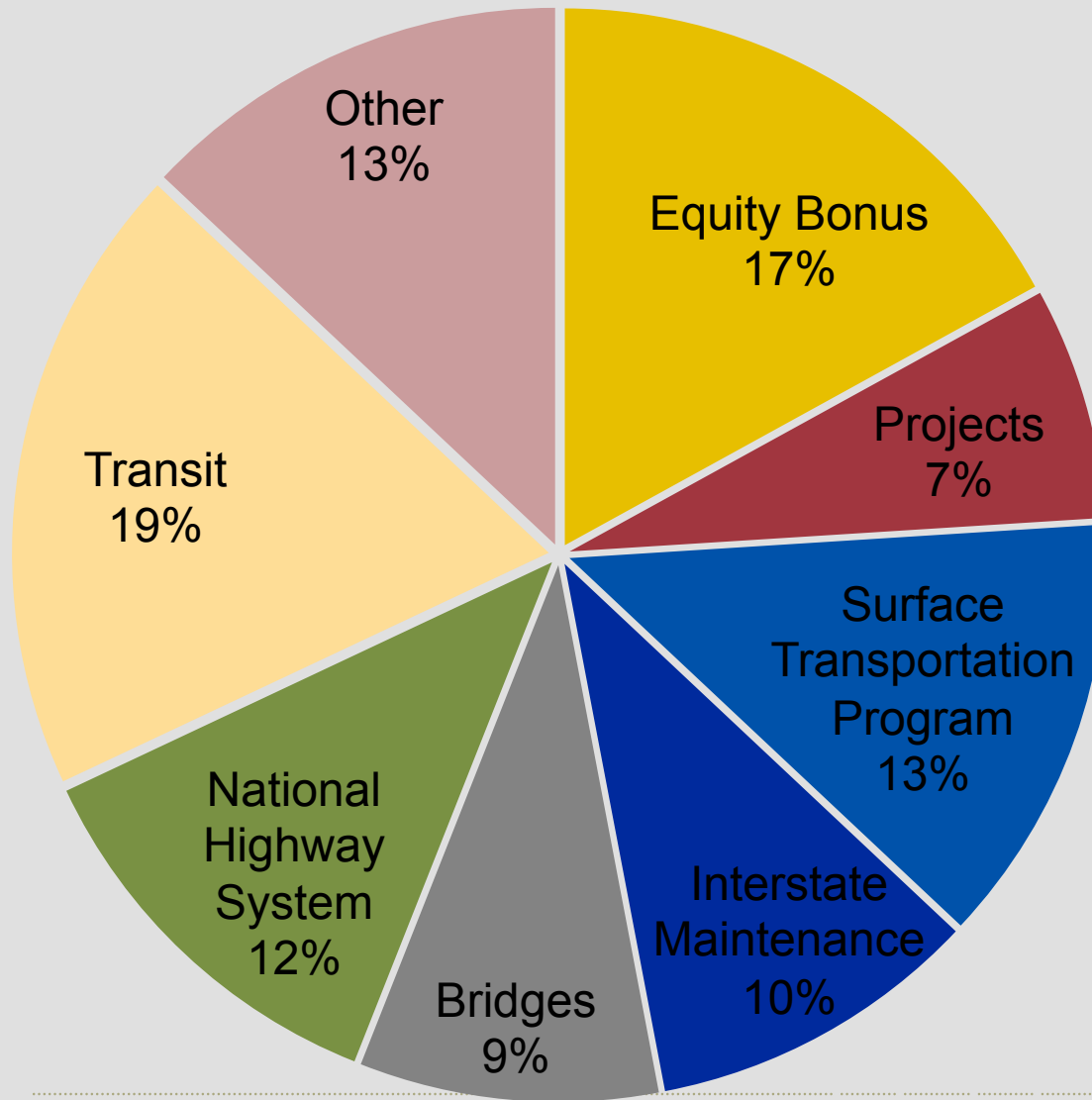
- Urbanized Area Formula
- Fixed Guideway Modernization
- Bus Grants

SMALLER PROGRAMS

Earmarked by Authorizers



Spending Under Current Program

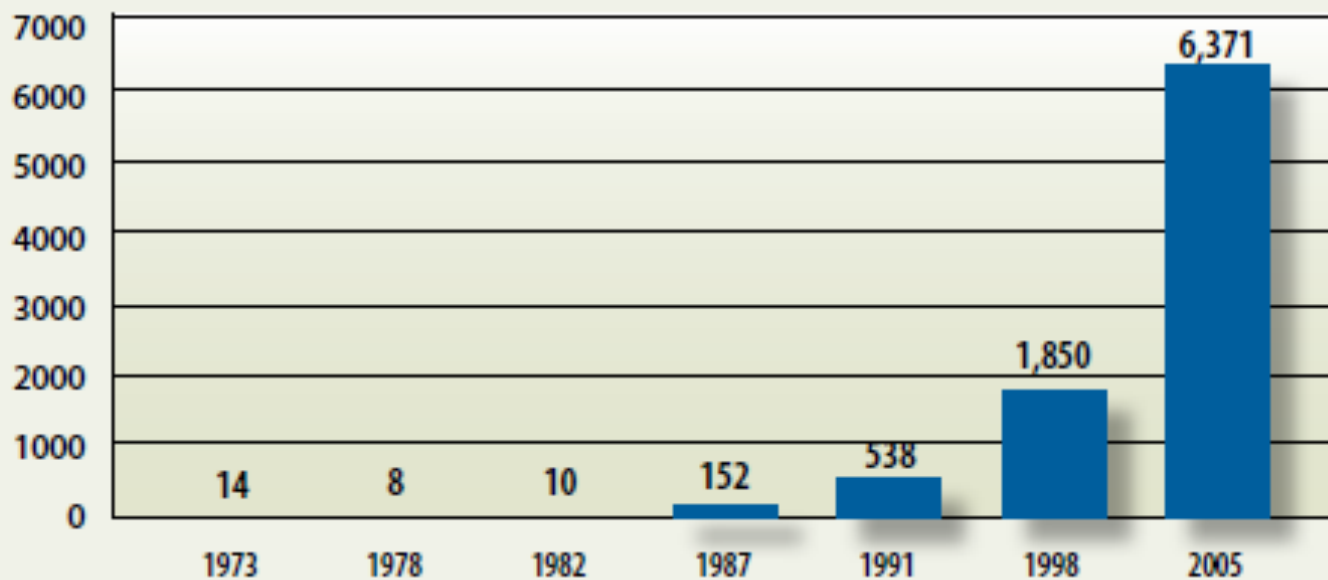


How did we get here?

Growth in “Pork”

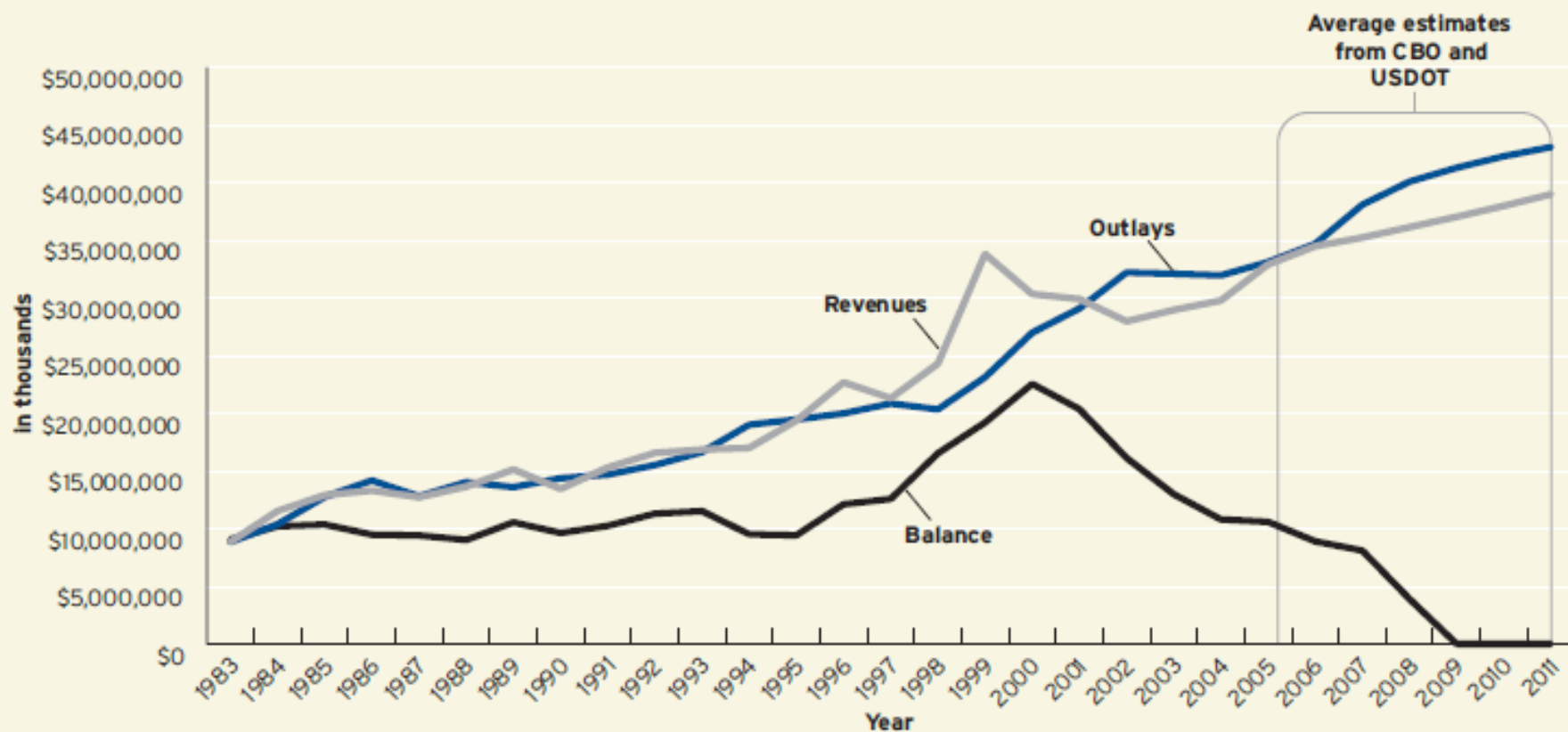


Figure 3: High-Priority Projects in Transportation Reauthorization Bills, 1973-Present



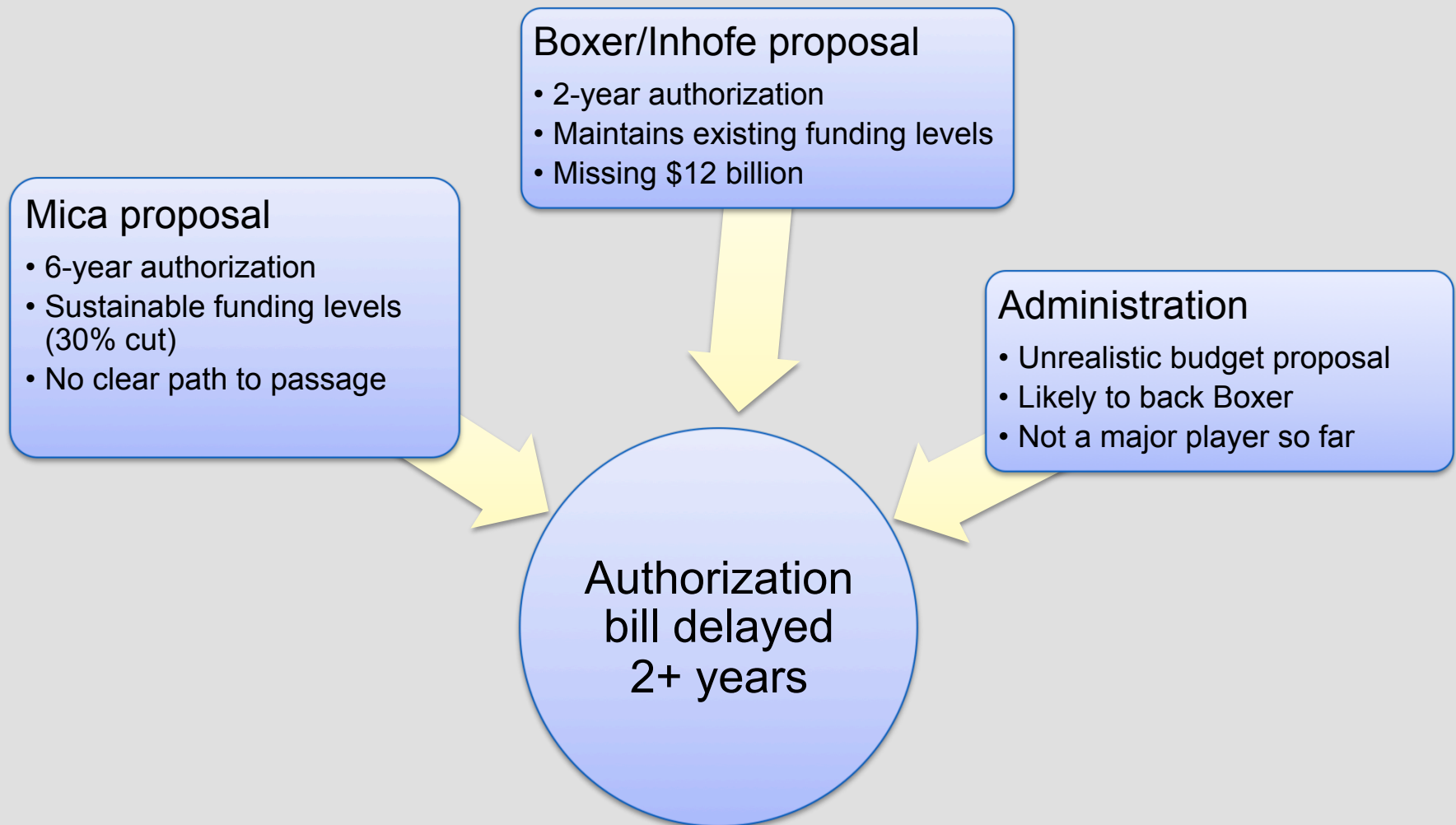
Funding Shortfall

The balance of the Highway Account of the Federal Transportation Trust Fund is falling



Source: Federal Highway Administration, Highway Statistics Series Table FE-210, Fiscal Years 1957-2005, plus CBO and USDOT estimates

Courtesy of Brookings Institution



Insufficient funds

- Not enough to even maintain the system
- No possibility of expansion

Existing funds poorly spent

- Lack of clear goals or performance measures
- Highly political process remains in place

No long-term planning

- States and transit agencies cannot anticipate federal funding levels
 - Future of federal program remains in doubt
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What are the paths forward?

Default Approach

- Spend more than we have
- Muddle about for a long-term solution
- React to crises as they happen to keep program going

Proposed Policies

- Do not increase the fuel tax
- Do not seek a long-term solution
- Promote innovative financing

Civilized World

- Increase fuel tax 10 cents (minimum) in short-term
- Transition to a new structure for the long-term

Default Approach

- Make no substantive changes
- Wait for the next election

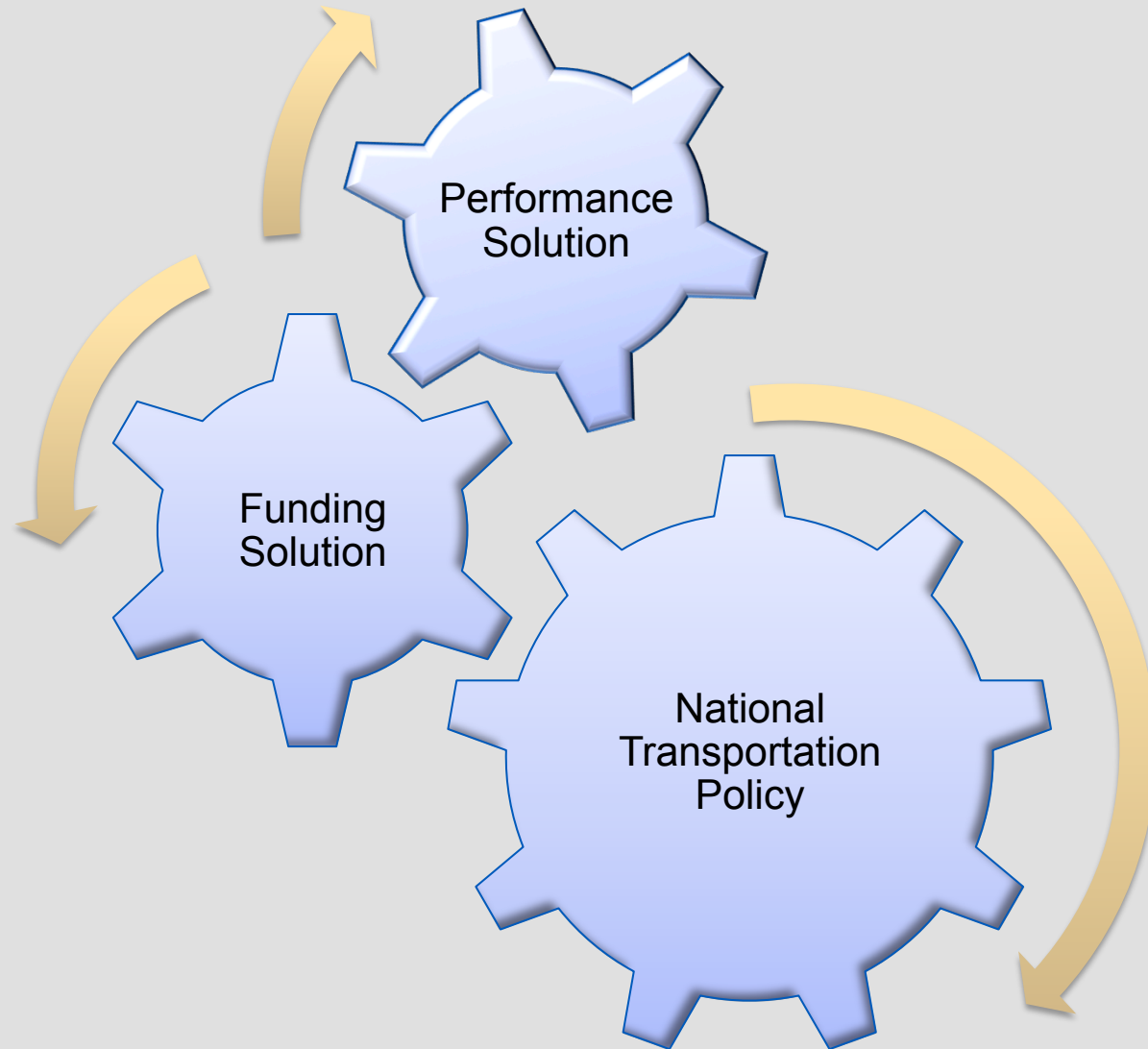
Proposed Policies

- No specific national goals
- Include rhetoric about performance
- Strict divisions between modes

Civilized World

- Articulate clear national goals
- Develop specific performance measures and hold grantees accountable
- Move to a mode-neutral system

Funding and Performance are Linked



Questions and Discussion

Funding Options

- Future options besides VMT
- Examples from other countries

Performance Measures

- Economic measures are the most challenging
 - Something better than jobs multiplier
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