



TEA-21 Reauthorization Policy Paper

The legislation that authorizes federal highway and transit funding, the Transportation Equity Act for the 21st Century (TEA-21), expires on September 30th. Consequently, Congress has begun work on reauthorizing this legislation for the next six fiscal years.

While transportation infrastructure funding is important for all of the United States, a number of factors make timely reauthorization of TEA-21 critically important to the New England region. With its harsh climate, the uniquely multi-modal nature of its transportation infrastructure, and some of the oldest infrastructure in the country, New England is even more dependent than other regions of the United States on receiving adequate transportation infrastructure funding. When one also considers that New England is a border region with Canada, that it has a mix of extremely dense and very rural populations, and that it is the region of the country with the most reliance on heavy trucks for freight delivery, it becomes even clearer as to why the timely reauthorization of a needs-driven transportation bill is absolutely necessary for New England's economy and overall well-being.

The following tables give a snapshot of highway funding totals for New England for the last two transportation authorization bills (the Intermodal Surface Transportation Efficiency Act (ISTEA) and TEA-21). Although overall funding increased about 40% during the TEA-21 years compared to the ISTEA years, New England actually received less highway money overall. Five out of the six New England states saw increased highway revenues, but Massachusetts, the most populous New England state, saw a severe dropoff in funding and was, in fact, the only state in the union to receive less funding during the TEA-21 years than during the ISTEA years.

Apportionments and Allocations from the Federal Highway Trust Fund for the ISTEA Period – FY 1992-1997 (Highway Account Only)¹

STATE	Apportionments and Allocations 1992-1997
Connecticut	2,208,710,000
Maine	736,919,000
Massachusetts	5,036,381,000
New Hampshire	553,893,000
Rhode Island	684,574,000
Vermont	496,077,000
NE TOTAL	9,716,554,000

¹ Information for the two tables provided by the Federal Highway Administration (FHWA)

**Apportionments and Allocations from the
Federal Highway Trust Fund for the
TEA-21 Period – FY 1998-2003 (Highway Account Only)**

STATE	Apportionments and Allocations 1998-2003
Connecticut	2,641,349,000
Maine	947,774,000
Massachusetts	3,169,837,000
New Hampshire	912,257,000
Rhode Island	1,036,619,000
Vermont	820,745,000
NE TOTAL	9,528,581,000

It is unfortunate that a region for which highway funding is so critical saw flat or even a slight dropoff in funding when overall spending for the country as a whole rose 40%. Over the next six years, transportation funding for the New England states must rise considerably under the transportation reauthorization legislation that Congress is now constructing.

TRANSPORTATION REAUTHORIZATION ISSUES

While total spending rose 40% during the TEA-21 years when compared to ISTEA, the amount of spending on our nation’s transportation needs still was not enough to simply maintain our current transportation infrastructure, let alone add new infrastructure to help deal with the congestion that plagues so many of our nation’s roads.

Industry experts claim that highway funding needs to rise 42% simply to maintain our roads and bridges in their current physical state and to prevent congestion from worsening.

Given this fact, it is imperative that the next transportation bill’s budget authority grows significantly over the TEA-21 levels.

Drivers now waste an average of 62 hours a year due to congestion. Traffic congestion costs the economy more than \$67 billion each year and wastes more than 5.7 billion gallons of gasoline. In addition to the obvious economic benefits that reducing congestion would provide, every \$1 billion invested in our transportation infrastructure supports an estimated 47,500 jobs.

The Highway Trust Fund, which collects user fees through fuel taxes and other means, has been completely self-sustaining under TEA-21 and distributes almost all of its funds back into transportation infrastructure projects. This program structure should be continued, as should the “firewall” budget structure that restricts the use of transportation user fees to transportation projects. The current structure that mandates that a certain portion of the revenue collected in the highway trust fund is allocated to transit projects is also critically important to the New England region. States, regions, and localities have

already dedicated significant organizational effort to establish and then make this federal-state-regional partnership work.

With that being said, the growing use of alternative automobile fuels (hydrogen, etc.) in the coming years (which the New England Council supports) will necessitate that Congress find other funding streams to ensure that the highway trust fund retains an adequate level of funding in the future.

To begin growing the overall amount of revenue dedicated to federal transportation projects beginning in FY 2004, Congress should seriously consider transferring to the Highway Trust Fund the 2.5 cents per gallon of tax imposed on gasohol that is currently credited to the General Fund. In addition, Congress should seriously consider replacing the revenue lost due to the 5.3 cents per gallon gasohol tax exemption by transferring an equivalent amount from the General Fund to the Highway Trust Fund.

In addition to the need for additional revenue sources for transportation projects, there is also a need, as a supplement to federal funding, for innovative financing mechanisms such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) and State Infrastructure Banks (SIBs). Private sector investment can be an important supplement to the future health and expansion of our nation's transportation system. However, these innovative financing mechanisms should not replace, but should complement, adequate federal funding for surface transportation.

The basic structure and formulas of the highway program should be left as they are. Any changes to the minimum guarantee levels or the underlying formulas that would reduce New England's share of federal transportation funds would be an unfortunate departure from the longstanding practice of implementing a needs-driven federal transportation infrastructure program. While other regions of the United States receive comparatively more funding in such areas as flood relief, hurricane relief or agriculture subsidies, it is critical that New England continues to receive at least the same share of transportation funding that it has received under TEA-21. If any changes were to be made, priority should be given to projects targeted at strategic international cross border transportation investments. Facilitating international trade will lead to economic prosperity and a higher quality of life for all Americans, and thus it should be encouraged.

One adjustment to the current structure of federal transportation funding that should be considered is to "smooth out" the RABA (Revenue Aligned Budget Authority) calculations to avoid sudden unpredictable drops in funding. To get most efficient use out of our transportation dollars, funding needs to be predictable and stable over time.

In addition, the New England region would benefit from increased funding flexibility, especially for improved intermodal planning.

Safety is certainly a priority, as is the concern that increased transportation funding not have a negative environmental effect. However, overly restrictive mandates should be replaced with incentives to best achieve safety-related and environmental goals.

Finally, while homeland security concerns are obviously warranted and must be addressed, the federal funds needed to address our nation's homeland security issues, and specifically those related to transportation, must come from federal sources entirely separate from those used to fund our nation's surface transportation infrastructure.

KEY CONGRESSIONAL COMMITTEES

In the House, the key committees handling TEA-21 Reauthorization are the Transportation and Infrastructure Committee, which handles policy changes, and the Ways and Means Committee, which would authorize any changes in securing new revenue sources for transportation projects.

In the Senate, the Environment and Public Works Committee is in charge of highway program policy changes. The Banking and Urban Affairs Committee handles transit policy changes. The Finance Committee would be where new revenue for transportation programs would be authorized.