Charlotte-Rock Hill Area Transportation Alliance

SC REAUTHORIZATION UPDATE

by Michael Covington

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[Greetings… comments today are my own… etc..]

With everyone in the transportation community clamoring to get a six year bill passed, it may surprise you to learn that, last year, we advised our Congressional delegation that a lengthy extension would be preferable to the bill being considered at that time in the House Transportation Committee.

Why would we take this position?

- REASON #1, Spending in the committee bill exceeded available revenue by $35B/yr., not to mention the $50B for high-speed rail which was to come from some **as yet unidentified** pot of General Fund money.
  Sufficient revenues have not been identified to pay for the bill. Without increased funding, a new bill would amount to nothing more than a **re-shuffling of formulas** which, in our opinion, would have resulted in a retreat from the advances donor states made under TEA-21 and SAFETEA-LU. Also, without a secure funding source, any new authorizations that exceeded available funding would have been subject to future **rescissions.** This would make the planning and prioritization process even more difficult.
- REASON #2. The committee bill proposed to cancel all pilot programs that were inactive. This would have included the toll programs that are potentially a powerful tool for future Interstate construction if and when our states decide to go in that direction. The committee bill, at that time, had a distinct anti-tolling bias. I don't believe the new Chairman (Mr. Mica) shares that bias. South Carolina has never been particularly fond of tolls because of the high administrative costs associated with them. But, we would certainly like to keep tolling in our financial tool box.
- REASON #3. One provisions of the bill was a federal toll-rate oversight function that would have interjected unnecessary

bureaucracy into an already-challenging situation.   We do not need big brother telling us how to set toll rates. I can safely say that **we (the State of South Carolina) tend to favor decentralization over centralization.**

- REASON #4. The committee bill would have shifted a greater percentage of funds into transit and away from highways. That, **in and of itself** is not the main problem because we are certainly not opposed to transit. However, **South Carolina receives less than fifty cents return on transit dollars sent to Washington.** To shift more money from highways into transit without first equalizing the funding formula would **not make good business sense** for our state.
- Finally, the proposed reduction of programs sounds like a good idea until your consider the **scope of the Equity Bonus as it applies to the new programs.** [Note: The 'Equity Bonus' is the SAFETEA-LU version of the 'Minimum Guarantee' created under TEA-21.]
  Discretionary programs are not subject to the Minimum Guarantee. With its emphasis on discretionary programs, last year's committee bill would have reduced the scope of the Equity Bonus Program from 91% to somewhere in the range of 80% of all transportation dollars, leaving us with **no guarantee of a minimum return** on roughly 20% of our dollars sent to Washington.

Why is the rate of return so important? Simply put, it is because **the fastest growing part of the nation – the Southeast – has been sharing revenue with the Rust Belt** and other parts of the country for too long and **we** are the ones experiencing growing pains. **We are the future** and **we** have tremendous infrastructure needs, but **instead of investing in the future,** Congress has been shifting revenues to other areas. Based on our pro-rata share of highway funding in comparison to motor fuel taxes collected, South Carolina's rate of return is currently 87% and North Carolina's is 88%. So, we certainly do not want to lose ground on that issue.

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There are some basic things that need to be done to improve transportation policy in American and make the next transportation bill better, but first we must figure out a way to **put special interests in the proper perspective.**

In his book “The Collapse of Complex Societies”, historian Joseph Tainter says that societies – from the Romans to the Mayans – tend to become more complex as they advance, and these complexities are the result of continuous exercises in **problem solving**. With **each problem**, the leadership tries a **new solution**. Eventually, the interwoven nature of all the solutions becomes so complicated that programs and initiatives begin to malfunction and self-implode.

This is what is happening in transportation policy today…. too many competing agendas and a lack of central purpose. According to the Center for Public Integrity, there are currently 1800 entities employing 2100 lobbyists to influence transportation policy in Washington. That doesn’t include the thousands of public officials and private citizens who are promoting their own interests in Washington. **All of these people have problems…. And, they are looking for solutions!**

Let me name a few:

- Advocates for trails, greenways and bicycle and pedestrian facilities
- Transit groups
- Scenic Byways group
- Manufacturers and other Freight interests
- Rail proponents
- Developers and development authorities
- Local governments
- Truckers
- Unions
- MPO’s and Regional Planning Councils
- Taxpayer groups
- Petroleum Marketers
- And…. Don’t forget the State DOT’s

Many of the lobbyists are themselves former Congressman or former Committee staffers. **The law-making process has become an industry and, quite often, common sense gets left out of the process as Congress tries to find a solution for every problem**.

Many of you are elected officials. You deal with people representing many different interests. Imagine yourself a member of Congress trying to get Transportation right. My advice would be to follow the KISS principle K-I-S-S. “Keep It Short and Simple.”

The Transportation Bill cannot be all things for all people.

Here are **seven guiding principles** that I hope we all can support:

1. **Fix it first**: We must protect our **investment**. Let's not build that beautiful addition to our house until we have repaired the leaky roof. [Mention Documentary :The Crumbling of America"on History International channel 9:00 o'clock tonight]
2. **Don't Divert User Fees**: When a **highway user** pays the motor fuel tax, put the money back into transportation with as much as possible going to support the highways **where** that fuel is being burned. And, let's **protect the budgetary firewalls** that keep the Highway Trust Fund from being raided.
3. **Streamline Programs**: Take a Quality Management approach that empowers the states and requires efficiency and accountability without undue micro-management from Washington. [AASHTO statement on this subject last week.]
4. On the subject of earmarks – Let's **allow states and MPO's to set project priorities**: In South Carolina we have a state-mandated methodology for selecting and prioritizing projects. Earmarks that take away formula dollars to partially pay for low priority projects interfere with our ability to achieve **functional optimum performance**. This interferes with our ability to achieve **strategic success in our highway program**.
5. **Make the Highway Fund Solvent**: Kicking the can down the road will result in disinvestment in critical infrastructure. In South Carolina, our state motto is

   Animis Opibusque Parati (▯ä-ni-▯mēs-▯ȯ-pi-▯bu̇s-kwe-pä-▯rä-tē) -

   Prepared in Mind and Resources. Let's prepare ourselves in mind **and resources** so that we can invest in the future of our nation.
6. **Don't create unfunded Programs**: Congress has designated 15 new interstates and numerous high speed rail corridors since the passage of ISTEA in 1991. Planning is good, but, at some point, you have to take the next step. What good is a new interstate designation, if the interstate construction programs go unfunded? What good is an unfunded rail corridor? What good is a $500,000 earmark on a $20 million project?
7. **Allow for Flexibility**: one shoe does not fit all. For example, the state of North Carolina owns and maintains nearly 80% of the road mileage in the state and the state of Michigan owns and maintains only 8% of road mileage in that state. States must be allowed to adjust for local conditions and needs. Of course, the ultimate form of flexibility would be *devolution……*

There is clearly a desire in Congress to pass a bill this year. Representative Mica and Senator Boxer are both from growth states and donor states, which should give us some level of comfort. The number we keep hearing is $500 billion over six years with a substantial passenger rail component coming from other funding sources.

We are cautiously optimistic that the economy will continue to recover and defense outlays will subside, thus allowing Congress to **invest in the nation's infrastructure**. We will continue to do all we can to keep our delegation informed and, until such time that a bill is passed, we will keep looking for efficiencies and **doing the best we can with what we have.**

Thank you