

InfrastructureUSA

Guest on THE INFRA BLOG

Congressman James Oberstar (D-MN), Chairman, House Transportation and Infrastructure Committee

Conversation with Steve Anderson, Managing Director, InfrastructureUSA

James Oberstar:

InfrastructureUSA and the need to spread infra awareness

Hats off and cheers to InfrastructureUSA for your service and contribution to the better understanding of America's needs and how to meet them. I think that is a great initiative. It's not just highways. In our stimulus program we had four billion dollars, roughly, for the Clean Water State Revolving Loan Fund. Over 1,836 projects are under construction today. The EPA, using these funds, has attacked 46 Superfund sites—\$531 million. They have undertaken work on 114 ground field projects of the 186 in our country. The General Services Administration is underway with 400 projects, converting Federal Civilian office space to solar-paneled roofs and structures, and making buildings more environmentally friendly. The Federal Aviation Administration has undertaken 704 runway projects, over \$1.2 billion, 95% complete. These are tangible benefits that not only create jobs, but also leave behind permanent improvements in our nation's wastewater treatment; drinking water facilities; our Superfund sites to prevent pollution of the ground; airport improvements; bridges; Amtrak, over 208 projects to improve and replace ties, to make the track safer. These are great, but all of the stimulus is a down payment on what is needed to be done.

The huge challenge of maintaining and improving our roads

We have a massive issue, documented by two national commissions. The first, a National Transportation Policy and Revenue Study Commission, found that all levels of government are investing only \$62 billion collectively a year on our nation's highway, bridge and transit systems, and that we need to be investing somewhere in the range of \$125 billion collectively—nearly double—just to maintain a state of good repair, the engineering term that applies to our potholed highways and our sagging, decrepit bridges. And to go beyond that, we need to invest another \$40 billion a year collectively, by all levels of government. I'll give you an example of how massive the challenge is. The stimulus act: \$34.4 billion in highway and transit, and \$62 billion for a whole range of government agencies. But just on highway, fixed guideway and bridges, we have 100% of the funds obligated and 5,000 projects already completed. We built 34,438 miles of road improvements; restored, expanded, resurfaced 1,262 bridges. That's a massive amount, in one year, and that 34,400 miles represents the equivalent of three fourths of the interstate. Yet it's only 4% of the backlog of highway repair needs.

A huge challenge lies ahead of us to bring our roads and bridges up to a serviceable level, and beyond that, to add capacity and to accommodate our transportation growth.

The beginning of highway user fees

I think there is certainly a feeling that “Well, it’s all been done. We don’t have to do much more,” but in infrastructure it’s never done. It’s always a case of continually maintaining, repairing, renewing and adding capacity. And the nation’s infrastructure systems have been on autopilot for quite a long time. In 1956, when the highway user fee was established to create the highway trust fund and fund the interstate highway construction, the fee on fuel was three cents a gallon. Gasoline was selling for something like thirty-something a gallon. That was ten percent of the cost of fuel. Nobody blinked an eye. The House and the Senate passed, Eisenhower signed, the bill went into effect, and construction started within three months after signature to law. A year, two years later, the Bureau of Public Roads came back to the Congress and said, “Our calculations reveal that we need an additional cent. Three cents is not enough.” That one penny passed the House on a voice vote. You could hardly pass a prayer on a voice vote today; there is so much contentiousness in the air. I give that example because it was from 1956 to 1982 before an additional increase in funding was needed.

Reagan, Bush and Clinton increase the gas tax

We had such enormous growth in vehicle miles traveled and fuel consumed, revenues were pouring into the Highway Trust Fund. But by 1982 an additional nickel was needed. President Reagan opposed it at first, but signed it, saying, “This increase is deficit-neutral. It has no effect on our national deficit—budget neutral—the users are paying for the system that they’re driving on. And this five cents,” said Reagan, “is the equivalent of two shock absorbers over the course of a year.” Then it was ten years before President Bush proposed an additional increase in the user fee, half of it to go for deficit reduction. That was another three years and President Clinton proposed a 4.3-cent increase in user fee, again to be used in deficit reduction, but in each case those revenues were repatriated back to the Highway Trust Fund. And so, from ’94 through ’98 you had a steady increase in revenue and we could vote a 40% increase in funding for what became known as T21, the \$218 billion, in 1998. Then in 2005, another 40% increase in funding without an increase in the user fee. But all during that time, lulled by the complacency and the revenues flowing into the trust fund, and each year Americans driving 10-12% more than they did the year before, the fund was vanishing before our eyes.

The need for another user-fee increase

The value of the construction dollar eroded 47% in ten years, from 1998 to 2008, and then with the financial meltdown from October of 2008 through early summer

of last year, we had the first experience of the interstate era, and the post interstate era, of fewer VMTs – fewer Vehicle Miles Traveled – in that period of time, than the previous year. So we had a decline in miles traveled, a decline in revenues into the Highway Trust Fund, an economic recession, all driving our Trust Fund further away from the ability to sustain the investments needed. None of these two national commission studies made recommendations, and you'd think with the intellectual support provided by well-documented reports, that there'd be a public rush to embrace the idea and accept an increased user fee. But, unfortunately, what we have is a no-tax mindset over the last decade and a half. There's just a fear of—in the legislative bodies—not only in the Congress, but the state legislatures, to increase tax of any kind, including this, which I rightly call a user fee. Minnesota increased their revenues. The governor vetoed it, but the state legislature overruled his veto. There are a few others, but there has to be a national awakening to the need for increased investment in our highway and other transportation infrastructure.

Preventing infra disaster

Unfortunately, the public doesn't awaken until a bridge is collapsed or until traffic backups go halfway around your city, and goods move evermore slowly and more costly. I accused the FAA, many years ago, of having a graveyard mentality of responding to the need for more stringent oversight of aircraft maintenance only when a plane crashed, people died, and then they got busy and improved things. Well, I think there's something of that mindset here as well, in the surface transportation. After the collapse of the I-35W Bridge, lives lost, traffic disrupted for a year, people said "Oh, my goodness. We need to do something," and there was a rush to re-inspect all the bridges in the country, especially the 416 bridges of the identical design and structure of the I-35W Bridge, fracture-critical facilities. To paraphrase Benjamin Banneker, a tragedy is a terrible thing to waste. Had Congress remained in session for just one week longer, I think the movement, the momentum was there, the mindset was present to accept the establishment of a bridge trust fund, and an additional five-cent user fee to fund reconstruction of all the structurally obsolete and functionally obsolete bridges in this country, but the House and Senate remained in session just simply long enough to pass the emergency funds needed to rebuild the I-35W. I introduced a bill with five cents, it was widely applauded, people said "I'll vote for it," but by the time we came back after the August recess the crisis had passed, the bridge replacement was under contract, work was being prepared, and normalcy took its death grip again.

The dollar cost of congestion

What keeps me going is that I am convinced this is the right thing to do, to make these investments. I think it's vital for the next generation, I think bringing the case, making the case to the American public in ways they can feel, see, understand is going to prevail. An example in support of the increase is the

Minnesota user fee: the Twin City business community and University professors and building trades unions got together to form a group called Minnesota 2000, and financed a study of the cost of congestion in the Twin Cities. One of the startling facts they came up with was that General Mills spends \$694 million a year moving its Betty Crocker and Wheaties and other cereals to market, but every mile an hour that their trucks travel below the speed limit costs them two million dollars because of overtime charges for their drivers, late delivery fees for their customers. Nationally, United Parcel Service, did a review of their similar circumstances and found that for every hour their trucks travel below the speed limit, and for mile-an-hour that their trucks drive below the speed limit, for every five minutes' delay nationwide that their trucks experience, costs them \$100 million for overtime payments to drivers and late delivery fees to customers. Those are the real, hard-fact marketplace costs of congestion. The Texas Transportation Institute, every year, does a study of congestion in the 75 major metropolitan areas. Their computer model placed the cost of congestion for 2009 at \$87 billion, meaning that people in those major metropolitan areas are spending forty to nearly a hundred hours in many cases – more in their cars a year than they would if they could at close to highway speeds. They're buying four to five more tanks of gasoline than they would if they could drive at close to highway speeds. There are real, tangible, real-world costs to delay, to congestion. Measure that against an additional ten to fifteen-cent increase, even 20-cent increase in the user fee. Compared to 50 years ago, with the start of the interstate, when the three cents equaled ten percent of the cost of fuel, that percentage today would put you at, in some cases, a 30-cent increase in the user fee. But the benefits are immense. Just think of living in a center city and calling a plumber. The answer is "We'll be there between eight and noon," and the home contractors have told us that, where they used to make—their staff used to make eight calls a day—they're now making four. Their business is reduced because they can't get through the congestion of the cities in which they work, to serve the people who are their customers.

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