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Guest on THE INFRA BLOG

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The Good Side of the FAST Act

There are some positives in what Congress has done with the 5-year FAST Act. The first positive is it's 5 years. It's what the industry has said and the agencies have said that they've really needed for the last decade, which is some level of certainty, some stable funding; they can count on doing bigger more complex projects that take multiple years. So the fact that it's fully funded, it grows, it increases over time, not a substantial increase but it's not a cut in federal funding, it does grow; it's 5 years of certainty. It maintains a basic sense that there are multiple modes, at least, that mass transit is pretty fully funded for all the transit agencies trying to plan big, complex projects. So those things are good and then there are some smaller provisions in there that are really important, really on the loan side. There is new flexibility on the federal loan program called TIFIA. It lowered the minimum cost, project cost, for loans from $50 million to $10 million, which is actually important. We don't think it's actually the size of the project, it's really the bang for the buck, and there are a lot of local communities with some really interesting, innovative projects that just couldn't apply for TIFIA, just because their project wasn't expensive enough. And then it's provided a bit more flexibility in what you can spend that money on. And for the first time ever, since we're big fans of multi-modal approaches, they've got passenger rail in the surface transportation bill. It's not guaranteed funding. It doesn't really do anything substantially different than the typical passenger rail authorization acts, but the fact that it's actually in the surface bill is really good and there's a new loan program that they have restructured, and there's a lot of money sitting in that loan program called the RRIF, and it's billions of dollars there that we think now with these changes they've made could actually come off the side lines and start to spark investments around some of the rail, the passenger rail corridors and stations across the U.S.

A Bill to Maintain the Status Quo

I think at the end of the day, understandably because it's so hard to get anything through Congress these days, they basically took a lot of, I think, the bigger ideas and said, you know, if it's at all controversial we're not doing it—so in many ways this is a status quo bill. I do give credit for some efforts, and some attempts around research and advanced deployment of technology. We tried to get a freight program. We've been complaining for a while that saying you've got a freight policy but putting no money behind it is no good. And yet the program as they've constructed, it really kind of makes it a highway-only program. It doesn't allow ports and railroads; technology is harder to do. So it could have been a fabulous multimodal freight program, but I think unfortunately we've come to a point in the U.S. and in Congress that infrastructure writ large is still somewhat a bipartisan issue—and I think this sort of cemented that for at least the next 5 years—but the type of infrastructure is not. So we'd like to see a more performance driven system where you invest in the projects that give you the biggest bang for the buck, and unfortunately I think we're still going to be stuck in these kinds of 20th century silos for the next 5 years.

It's Time For Transportation Policy to Evolve

Really this is an important nuance: the transportation bill and the program is a federal aid program to the states, and it was set up that way all the way back in 1956 in the construction of the interstate highways. There was a big debate under Eisenhower and that Congress in 1956: will the feds build this, or will they basically finance the money and provide it to the state through an increase in the gasoline tax? And it was the latter approach. And so, number one—it's very important—the feds really don't build it, they finance it. Two, it's largely still a state-run program. States have important roles to play, but we think cities, metropolitan areas, other stakeholders, the local level, actually have a lot of great innovative ideas. They weren't really part of this bill, frankly. We talked about cities and how important they are, the resurgence of cities and the need for infrastructure, like anything from the 2nd Avenue Subway in New York to rebuilding a bridge across the Hudson, right? It's still run by the states 90-plus percent of this program. And then last but not least, this bill up to 2005, the last SAFETEA-LU Act which was two bills ago now for a 5-year program, was more and more earmarked projects, the very most infamous project being Alaska's "Bridge to Nowhere." That sort of process of earmarking specific projects ended largely because of that "Bridge to Nowhere," and they have really held the line. They've sort of been creeping back towards the line, but even in this bill Congress has really held the line on specific earmarks of very specific projects, which made it, I think in some people's eyes, harder to pass this bill when there weren't specific projects that members of Congress themselves thought would get built if they authorized the money. I think from our perspective, we are not a fan of earmarks. We think, again, that these projects should be picked at the local level, driven through performance measures, cost effectiveness, building support in the communities, and not picked by Congress. So that's not a bad thing but all this bill does is really enable the states to continue their programs which every state runs differently, and if you've got a project that you want to see done now that you've got this transportation bill, you're still going to have to go through the processes and the planning procedures that are peculiar to your particular state.

The Countdown to 2020

I think for all of the advocates of a federal role in infrastructure, this debate—which was raging just two years ago about whether the feds should just give up and get out of the business and we'd have 50 different state transportation programs—the federal advocates have won for now. But let me give you the following analogy. If we were sinking, if we didn't know how to swim, somebody has just thrown us—and basically the feds have been bailing out this program for a while so we've had sort of life preserver after life preserver with an expiration date on it—well we've just been given another, a bigger life preserver now for 5 years. That life preserver won't just slowly let its air out. It's going to go "boom" in 2020. Because the cliff that we have created for ourselves, because this is not sustainably funded—it's funded by a patchwork of all kinds of budget gimmicks—the cliff is going to be even bigger in 2020. So we bought ourselves time; we don't have to worry about sinking right now as federal advocates, but the debate that we're going to have in 2020 and who knows what the political climate will be in just 5 years, it's going to be an even bigger hill to climb. So the work is not finished.

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