

ADMINISTRATION PROPOSAL FOR STAGE I REAUTHORIZATION

This document outlines the Administration’s proposal for the first stage of surface transportation reauthorization, consisting of an 18-month plan to address the Highway Trust Fund shortfall and implement discrete, leading-edge capacity-building measures that a long-term reauthorization should expand upon. The following are the Administration’s core principles for this proposed 18-month reauthorization, which should be considered “Stage I” of the broader reauthorization process:

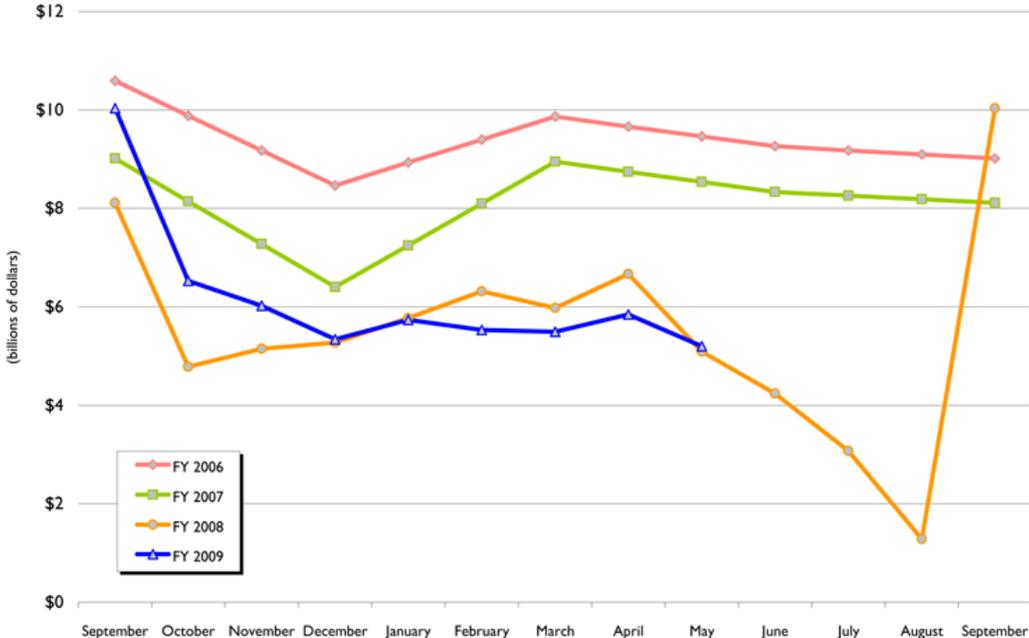
- A general fund transfer to the Highway Trust Fund is necessary to maintain its solvency.
- The general fund transfer should be paid for. The Administration will work with Congress to identify revenue-raising measures that will reimburse the general fund for the transfer over ten years.
- Stage I reauthorization should include State and MPO capacity-building measures. These measures are a “downpayment” on longer-term improvements in data-driven decision making, transparency, and accountability.
- As appropriate, the Stage I reauthorization should include measures to improve regional mobility and access and enhance the livability of all communities.

Highway Trust Fund Solvency

Analysis by the Department of Transportation shows the Highway Trust Fund running short of cash in late August or early September of this year. To extend the program 18 months at the baseline funding level will require \$18 billion for the highway account and \$2 billion for the transit account. Legislation to address the HTF shortfall should pass before August recess to avoid disruptions to state cash management and further strain on state budgets.

The Administration believes this transfer should be repaid to the general fund over the next ten years. A revenue measure that repays the general fund contemporaneously (i.e., over the two year period) is not feasible given the economic situation and the pressing needs of the transportation system. Instead, the Administration would support a range of options, including international tax enforcement proposals the President included in his budget.

Highway Account Balance



Ending balance for FY 2008 includes \$8.017 billion transferred from the General Fund in September 2008 pursuant to Public Law 110-318.

Downpayment on Reform

Although an extension of the HTF is urgent, the Administration believes that this opportunity can be used to put in place a limited set of carefully thought-out reforms that can form the basis for further reforms in a full six-year reauthorization.

Investing for Performance

The Administration strongly supports improving investment decisions at the federal, state, and local levels of government. Establishing performance goals and basing project selection on merit criteria will increase returns to transportation investment, which have fallen precipitously in recent decades. The following are concrete reform proposals with 18-month costs:

Improving state and MPO project evaluation capacity (Cost: \$300 million). The Administration proposes funding to help states and localities build capacity for collection and analysis of data on transportation goals. States and MPOs that choose to participate would be given funding to establish project evaluation infrastructure, including information on usage or ridership, accidents and fatalities, average speeds and travel times, and environmental impacts. This voluntary program would provide participating entities the opportunity to integrate analysis into investment decisions and prepare for improved accountability standards and merit criteria in the long-term reauthorization.

Improving project assessment tools (Cost: \$10 million). As states and localities build informational and analytic capacity, the federal government must work to refine assessment tools and develop standards for cross-modal comparisons of projects. The Administration proposes funding for USDOT to develop performance goals and establish guidelines for states and localities on project evaluation.

Increasing transparency in state and local public reporting (Cost: Low). The Administration also proposes stronger requirements for tracking and reporting on the projected and actual outcomes of transportation investments that use federal dollars. These requirements would include information on project costs, timelines, and selection process as well as expected and actual outcomes of individual projects. Improved reporting requirements would increase the transparency of transportation spending and improve state and local decision-making. These requirements would also lay the groundwork for further accountability reforms in the long-term reauthorization.

Regional Access and Livability Initiatives

The Administration supports efforts to improve regional access and mobility and enhance the livability of communities. Possible reforms in Stage I reauthorization could include:

- **Regional Access:** developing guidelines for multimodal regional access plans, establishing local transportation governance standards and best practices, and funding approved multimodal access plans.
- **Livability:** developing guidelines for community plans and providing funding for approved projects with special emphasis on convenience of transportation options, reductions in travel times, smart growth, preservation of open space, and more integrated responses to land use and transportation needs.