



MEMORANDUM

To: CMAP Board

From: CMAP staff

Date: June 4, 2014

Re: Draft CMAP Reauthorization Principles

On July 6, 2012, President Obama signed into law Moving Ahead for Progress in the 21st Century (MAP-21), a two-year surface transportation bill. Authorizing some \$52.6 billion in annual transportation funding, MAP-21 implemented several meaningful **programmatic and policy changes** but failed to provide a sustainable funding mechanism for the federal transportation program. With MAP-21 set to expire on September 30, 2014 and the federal Highway Trust Fund **expected** to reach insolvency in mid-2014, a national conversation is currently underway on a new surface transportation bill.

CMAP's adopted **reauthorization principles** date from September 1, 2009 as the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the previous federal transportation bill, was scheduled to expire. The Chicago region's perspective on transportation policy has evolved since then, reflecting the adoption of GO TO 2040, the regional comprehensive plan, in 2010. The plan calls for strategic investments in transportation, an increased commitment to public transit, and the creation of a more efficient freight network.

GO TO 2040 and CMAP's adopted **federal agenda** offer detailed positions on specific issues, and CMAP recently coordinated with other large metropolitan planning organizations (MPOs) to develop common **reauthorization principles related to freight policy**. While CMAP continues to support these positions, the agency's overall stance on federal reauthorization can be summarized in the following four high-level principles:

The federal government should provide sustainable, robust funding for surface transportation.

Perhaps the single greatest shortcoming of MAP-21 was its inability to provide a sustainable funding source for the federal transportation program. Despite substantial funding needs, MAP-21 did not increase funding levels beyond a modest inflation adjustment. Moreover, MAP-21 relied on a number of totally unrelated revenue

sources, not transportation user fees, to patch together funding. Those offsets and one-time revenue sources now appear to be insufficient to keep the Highway Trust Fund solvent through September 2014.

A strong federal role in transportation is vital, and commensurate funding levels are required to support that role. Transportation projects can be large and complex, and can require multiple years to plan and construct. For those reasons, it is important to continue funding the federal transportation program through user fees that accrue to dedicated trust funds.

Congress and the Administration should identify sustainable revenue sources to support an increased level of funding, and these revenue sources should be based on transportation user fees. As the past several years have demonstrated, the nation's existing transportation user fees have failed to keep pace with inflation and rising fuel economy. Enhancing the rates for existing fees, including the motor fuel tax, and pegging them to an inflationary measure are appropriate short-term solutions, but a different approach will be required in the long term as vehicle technologies and travel behavior continue to evolve.

Congress and the Administration should continue to support the greater participation of private capital in transportation funding, along with other innovative approaches to project financing.

The federal government should implement performance-based funding.

MAP-21 initiated a performance measurement process, marking a shift toward monitoring the outcomes of the federal program. While performance measurement is an important first step, MAP-21 falls short of the direction envisioned in GO TO 2040; performance targets appear to be somewhat narrow in scope and will not generally be tied to funding allocations. MAP-21's reporting requirements should improve the transparency of federal transportation spending, but it is unclear whether the bill will meaningfully affect transportation outcomes.

As the federal performance measurement process matures, the next step is to tie funding to performance. The next transportation authorization is an opportunity to ensure that both the formula (i.e., the core programs) and discretionary (i.e., the competitive programs) components of the federal program are based on strong performance measures. Apportionments of funding should not be based solely upon blunt measures like population and lane-mileage or the previous year's funding levels, but rather on meaningful measures of need and performance. And highly-competitive discretionary funds should be awarded to the most meritorious projects with the greatest national impacts.

A truly performance-based approach would establish a framework for the distribution of federal transportation funds, bringing the federal program toward a greater emphasis on meaningful outcomes. Performance-based funding must move beyond traditional

engineering criteria to also embrace broader measures of transportation's impact, for example on land use, the economy, and the environment.

The federal government should provide appropriate tools to regions to support the transportation system.

A strong federal and state role must be complemented by a robust role for metropolitan areas. The federal transportation program has long worked in partnership with states, but regions have traditionally played a smaller role. Given regions' importance as transportation nodes, centers of economic activity, and their greater knowledge of local conditions and preferences, the next reauthorization bill should build upon this partnership by providing appropriate tools to strengthen the roles metropolitan areas.

Namely, the federal restriction on tolling the Interstate system should be removed, and the decision to pursue tolling should be left to local leaders. Tolling is a pure user fee, and sustainable over time if indexed to inflation. Additionally, tolling allows for the implementation of congestion pricing, a proven strategy to manage travel demand. Allowing local decision-makers to toll the Interstate system provides them with the tools to effectively fund and manage the most critical component of the National Highway System.

Additionally, the next reauthorization bill can strengthen the federal partnership by further empowering MPOs to make strategic investment decisions and allocate resources directly. This reform would build upon current practice to better link MPOs' planning responsibilities to investment decisions. Other federal reforms could ensure greater coordination between the review process under the National Environmental Policy Act and the metropolitan planning process.

The federal government should support a robust freight program.

Freight is the lifeblood of the American economy, but has not traditionally been emphasized by the federal transportation program. In order to maintain the nation's long-term economic competitiveness, it is vital for the federal government to support the efficient movement of freight via planning, investment, and oversight. It is equally important for the federal government to help mitigate the negative impact of goods movement on local communities; while the benefits of freight are felt nationally or globally, its costs of congestion, pollution, and community disruption are experienced locally. Working with MPOs representing other major metropolitan regions, CMAP calls for three principles for freight in the next transportation reauthorization bill:

- Integrate metropolitan regions into the freight investment decision-making process.
- Dedicate a range of funding sources and authorize a minimum of \$2 billion funding per year for freight investments, consistent with proposals from national freight advocacy organizations.
- Redefine the national freight network to comprise a multimodal transportation system.

CMAP will monitor the reauthorization process as it unfolds. Staff will continue to analyze various legislative proposals as they emerge, and will continue to advocate for the above three principles in its communication with national, state, and local partners.

ACTION REQUESTED: Approval

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