



T2 Explainer: The Mica Highway Bill Cuts Spending, Spends Better

The Transportation Transformation Group is an unprecedented alliance of state government, finance, academic and private industry leaders who aspire to transform American transportation policy into a goal-based arrangement that maximizes flexibility to enhance the roles of the state and local public sectors and their private partners to solve the growing problems of congestion and mobility.

T2 publishes explainers to help policy makers and the public understand concepts essential to transportation transformation.

House Transportation and Infrastructure Committee Chairman John Mica has proposed a six-year \$230 billion highway bill to replace the temporary one on which the program has operated since 2009. Some opponents falsely attack the Mica proposal as a 40 percent transportation cut. The bill proposes cuts to align spending with revenues – but the cuts total 17 percent compared to pre-stimulus levels and before excessive spending and declining revenues broke the Highway Trust Fund.

The attacks on the Mica highway bill depend on the false assumption that stimulus spending is the baseline and any spending below stimulus levels is a cut.

The Mica bill would spend \$35 billion in the first year, rising to \$42 billion when the bill expires. The proposal would reduce spending from pre-stimulus amounts (\$42 billion in fiscal 2008) by 17 percent.

The old highway bill expired September 30, 2009, but has been given several temporary extensions so Congress could enact a new law. The White House Office of Management and Budget abandoned the Department of Transportation's draft six-year \$550 billion highway bill early in 2011. No proposal was ever suggested about how to pay for the spending increase.

Senate Environment and Public Works Committee Chairman Barbara Boxer and Ranking Republican Jim Inhofe are negotiating a two-year Senate highway bill. Senator Boxer proposes to spend \$54 billion per year, about the same level as fiscal 2011 spending, including stimulus funds, but has not identified the revenue needed to fund it.

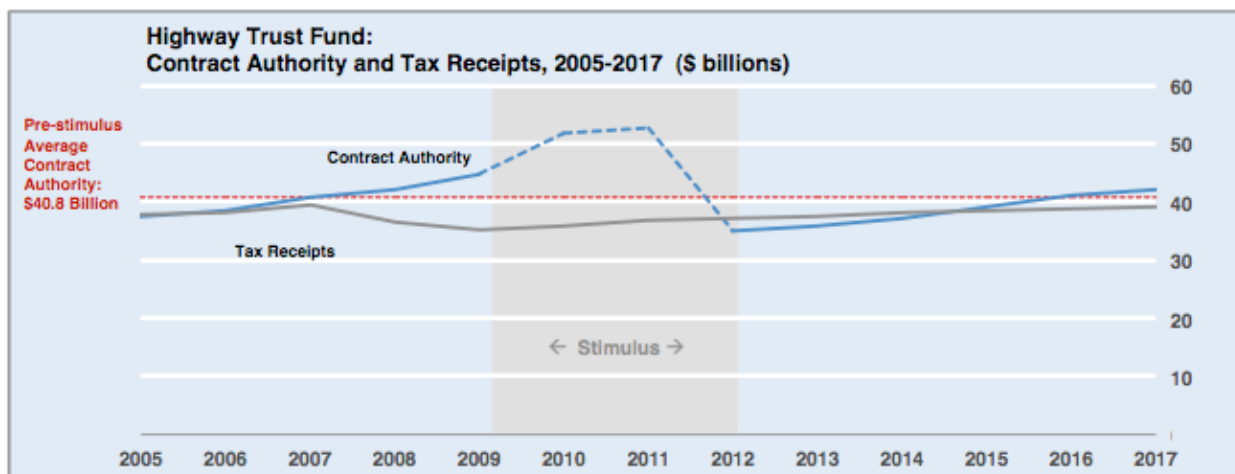
While Representative Mica would plainly spend less, his plan would also stretch America's transportation dollars more. His plan would leverage funds through state infrastructure banks and an enhanced TIFIA loan program. The measure would stretch dollars further by eliminating red tape and consolidating programs to focus on traditional core programs. The Mica proposal would fund new highway lanes by asking users to pay for them through tolling. These improvements could significantly increase the effectiveness of the highway program.

Yet, the \$230 billion six-year pricetag has sent some transportation advocates into panic when compared to the stimulus spending level proposed by Senator Boxer or President Obama's proposal for a \$550 billion program.

The initial question transportation policy-makers must address is whether Congress should move forward with a Mica proposal that has some likelihood of enactment this year or postpone action in the hope that tax increases can be passed perhaps sometime after the 2012 election.

Chairman Mica deserves praise for advancing fiscally responsible legislation that offers more options to transportation providers, such as streamlining project approvals, reversing the trend of too many programs, and providing a wider range of financing and tolling options that bring additional resources to bear in solving transportation challenges.

While some demand that Congress simply spend more, Chairman Mica suggests we should concentrate on spending better, and less where we can. Congress should follow Chairman Mica's leadership.



T2 is happy to exchange ideas about this or any other matter related to the next surface transportation bill. Contact Billy Moore at (202) 288-0892 to set up a discussion. You can also get additional information at our website www.trans2group.com