

# INCREASING PUBLIC AWARENESS OF INFRASTRUCTURE COSTS & FINANCE

History tells us the dream of an interstate highway system began not with the man for whom it was later named, President Eisenhower, but with one of his predecessors, Franklin Delano Roosevelt, who one day in 1937 summoned the chief of the federal highway agency to the White House and drew on a map his vision for a cross-country, high level system of roads. Although it was an idea percolating around the country for some time, it wasn't until Roosevelt drew his map for Chief Thomas McDonald that a series of feasibility studies were set in motion that would begin to galvanize support among the American people and Congress and make people believe that such a dream was possible.

Flash forward 72 years and the Eisenhower Interstate Highway System is a reality. Now many contend such a galvanizing moment and an investment similar to the one that built the original highway system are needed to repair America's crumbling infrastructure, to alleviate congestion and to assemble the components of a system that better meets 21st century travel and commerce needs.

Despite the infusion of cash states received in 2009 from the American Recovery and Reinvestment Act for transportation infrastructure projects, the nation's transportation system still has billions of dollars in unmet needs and state governments face an uncertain future in trying to pay for them all. A bipartisan panel created by Congress, the National Surface Transportation Policy and Revenue Study Commission, said in its final report last year that an investment of at least \$225 billion per year from all sources for highways, transit and rail is required for the next four decades.<sup>1</sup> The American Society of Civil Engineers in its "2009 Report Card on America's Infrastructure" cited an estimated five-year investment need of \$2.2 trillion, or \$440 billion a year.<sup>2</sup>

The reasons for the uncertain future are varied and complex. They include fears about overtaxing Americans in the midst of a fragile economic recovery and, somewhat ironically, the stimulus package itself has convinced some that additional spending on infrastructure is not needed at this time, despite the amount provided for transportation infrastructure (\$48.1 billion) in the stimulus being barely a drop in the bucket compared to the estimated need. Congress moved on to health care reform and a new funding bill to restructure federal transportation programs may be put on hold, bringing more uncertainty to state governments. But many believe now is a critical time



to invest further in the nation's infrastructure. This brief examines the framework for effective communication of infrastructure needs to both the public and leaders and details some initiatives aimed at galvanizing support for additional investment.

## Public Concerned About Infrastructure

Larry Moscow, senior vice president of Luntz Maslansky Strategic Research, a strategic communications and market research consulting firm, assessed results from polls and focus groups his company conducted on behalf of transportation advocacy groups and found the following:

- ▶ Americans are concerned about infrastructure and believe good maintenance and improved capacity are important for the economy. "Rarely do we find an issue that has such bipartisan support," Moscow told an audience at a Washington, D.C., briefing hosted by

the American Association of State Highway and Transportation Officials—known as AASHTO—earlier this year.

- ▶ All projects should have measurements to demonstrate the taxpayers' money is being spent wisely. It's all about accountability. "It's making sure the projects are on time and on budget," Moscow said in his remarks at the briefing.
- ▶ The broader the definition of infrastructure, the greater the support for funding improvements. The broadest definitions of infrastructure include not only transportation, but also communication systems, water and power lines, and public institutions such as schools, post offices and prisons.
- ▶ How you fix it is just as important as what you fix.<sup>3</sup>

In a study earlier this year commissioned by the HNTB Corporation, a firm that provides architecture, engineering, planning and construction services, 81 percent of Americans surveyed said they agreed that making sacrifices to pay for infrastructure improvements now will make the difference between "a more prosperous or a more difficult future for the next generation." Sixty-eight percent of respondents said they were willing to pay more in taxes to support highway and bridge maintenance and new construction to reduce traffic congestion. But how much more will Americans pay? The survey said the average American is willing to pay \$22 a month to reduce the time spent in traffic by 20 percent. The survey further indicated more Americans trust state government above the federal or city governments and private sector companies to manage and maintain infrastructure projects.

Yet 61 percent of respondents said they were not confident taxes they pay to build roads in their area are used well and actually make a difference.<sup>4</sup>

That distrust in how tax dollars are spent is not helped by the public perception of what happened the last time Congress considered a transportation authorization bill, according to Washington State Secretary of Transportation Paula Hammond

"All anybody remembers (from 2005's SAFETEA-LU bill) was the 'bridge to nowhere' and earmarked funding for something that people have decided—whether it's true or not—is a waste of money," said Hammond, who chairs AASHTO's National Transportation Marketing Campaign Task Force and is a member of The Council of State Governments Transportation Policy Task Force.

One key to building the public's trust, many agree, may be further incorporating accountability and transparency into transportation projects. Those were key issues built into the 2009 federal stimulus legislation as well as many state initiatives to implement the act and distribute the funds. (More on that later in the brief.)

"I think in general most citizens feel like they pay plenty in taxes and it's hard for them to separate or distinguish or even know how those taxes are used and what they buy, what actually gets purchased with transportation taxes," Hammond said. "And I don't think people understand that in most states, their

basic transportation taxes—whether it's gas taxes, license and fees—there isn't enough collected to maintain and preserve the system at its optimum or basic level (let alone to improve) it. . . So I think it's a huge education effort nationwide."

That public confusion makes elected officials hesitant to pull the trigger when it comes to raising revenues for infrastructure, Hammond said. "I think the underlying issue for state legislators is always their next election and the cycles by which and opportunities those cycles present in terms of when you can raise taxes. . . And right now with our economic climate, nobody is too interested in raising taxes. So you sort of find yourself in this loop of there's a lot of people who know we need (infrastructure investment), but when (will) people have the guts or the fortitude to enact a revenue increase?"

The uncertainty about when Congress will revamp federal transportation programs and how much funding they will commit to the nation's infrastructure makes state policymakers even more hesitant, according to Hammond.

"The longer this reauthorization gets pushed out with the health care cloud overriding everybody's interest, I think it makes it almost as hard . . . to pass a state tax because people would love to think in our state—in any state—that the federal government will bail us out and we won't have to pass our own tax increase here," she said.

## Selling the Need for Infrastructure Investment

So despite public support for infrastructure investment, it may still take substantial efforts at both the state and federal levels to make it a national priority.

A number of marketing initiatives around the country are seeking to spread the word to both citizens and public officials about America's aging infrastructure and the impact of years of underinvestment in transportation to build support for increased funding.

- ▶ *Are We There Yet?* is AASHTO's online marketing campaign, which offers ideas for how to get transportation to where it needs to be (rebuilding infrastructure, reducing congestion, doubling transit ridership, etc.) and how to take action to ensure that it happens (working with coalitions is one). The campaign stresses three messages: that state departments of transportation are accountable; that their projects are community-driven; and that work is performance-based, meaning it's on time, on budget and using the most innovative technologies.<sup>5</sup>

Washington's Hammond said educating the public about what state government is doing with transportation dollars and how that work is accomplished can pay huge dividends politically.

"(In Washington) we had a nickel gas tax (increase) in 2003 and in 2005, the legislature came back and enacted a nine and a half cent gas tax (increase) and very quickly the initiative machine started up and there were those who

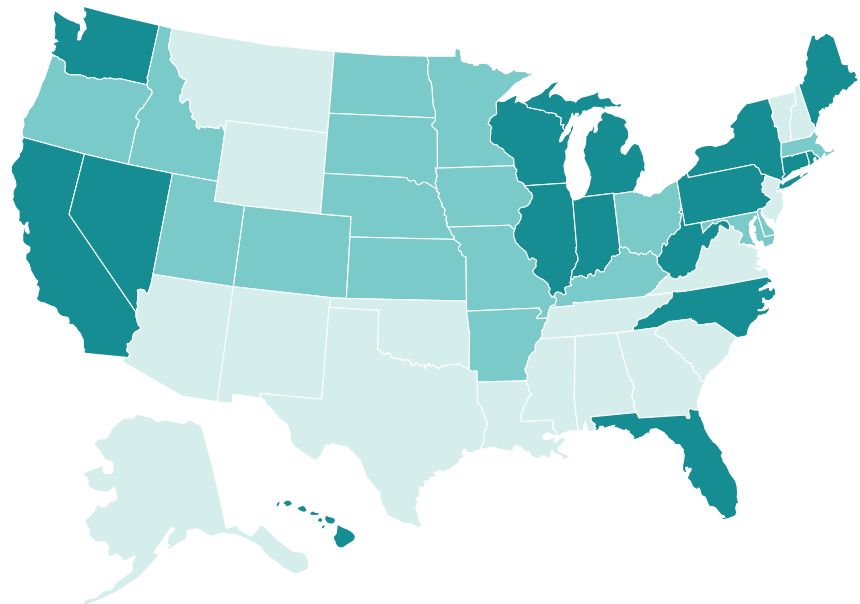
tried to repeal it in a public vote," she said. The agency, Hammond said, had been successful in the work it had accomplished with the first nickel, and that led to better credibility with the public. The projects were line items in the state budget, so the public knew which projects would not be accomplished if the tax were repealed. "And they decided to keep it," Hammond said. "So when you have those stars all align around people feeling like the money will be well-spent and I get this project and there's a promise that if I spend this much in my gas tax then I'll get something that impacts me and my community or neighborhood, then they were willing to go along with it."

► **Transportation is Your Business** is an advertising campaign of the U.S. Chamber of Commerce's "Faster Better Safer—Americans for Transportation Mobility" initiative. A series of bus and subway ads include quotes from fake disgruntled commuters such as "A pothole swallowed my convertible," "I call it my 'mourning' commute," and "If those bagels don't get here, my business is toast," all with the tagline "Transportation is your business. Do something about it."<sup>6</sup>

As far as "doing something about it," the group hosted more than 100 business leaders from around the country at a July 2009 meeting in Washington, D.C., to allow them to share their views on transportation policy with members of Congress. They came equipped with a list of requests for the transportation authorization process, including:

1. Explore all funding options—including raising user fees, encouraging private investment and creating an infrastructure bank;
2. Safeguard money collected from gas taxes and other fees for transportation-specific projects; and
3. Cut bureaucratic red tape associated with those projects. U.S. Transportation Secretary Ray LaHood even

## Gasoline Taxes: Combined Local, State and Federal (in Cents Per Gallon) as of July 2009



■ > \$0.47 cents

■ \$0.40–\$0.47 cents

■ < \$0.40 cents

Source: American Petroleum Institute



promoted the group's efforts in his official blog. "The point is simple: Effective transportation improves economic growth—goods and services flow, productivity increases, American businesses maintain their competitiveness," La-Hood wrote. "Plus, maintaining, improving and expanding transportation infrastructure is itself a job creator; investing in transportation helps drive economic growth. This has been the message of the president's stimulus program, but we now need motivated folks like the Americans for Transportation Mobility to carry this message into the ... authorization process."<sup>7</sup>

## Seeking Public Input

One way to raise awareness of infrastructure needs and to seek buy-in from the public on finance and policy options is to engage them directly, analysts say. Collecting such public input can have the added benefit of providing political cover to lawmakers when they are faced with difficult choices, such as raising taxes, the thinking goes.

But it can be difficult.

"Not too many people want to come to a planning meeting unless they think that a bridge is going to be built in their backyard. At least that's my experience," Hammond said. "Typically on a planning-type conversation or an esoteric financing conversation, the public doesn't get too into it and they don't usually show up."

Still, some states have had success with various forms of public engagement. In 2008, then-Kansas Gov. Kathleen Sebelius formed the Transportation-Leveraging Investments in Kansas Task Force, nicknamed T-LINK, to produce recommendations for a strategic transportation approach for the state. In an effort to solicit public input, the T-LINK calculator was created. It allowed users to create their own Kansas transportation program by making assumptions about current and new funding sources and allocating revenues among several modes of transportation. The state Department of Transportation tallied statewide and regional averages based on the ideas submitted. A series of local consultation meetings in Kansas communities in September 2008 also allowed for additional input on local and regional transportation needs.<sup>8</sup>

The task force's recommendations were submitted to the state legislature in February 2009. They recommended the state spend \$790 million annually to preserve, increase capacity on and modernize the state's highways. But budget constraints are expected to make that nearly impossible. The legislature this year cut \$106 million from the State Highway Fund. The state Department of Transportation also saw its budget trimmed by another \$55 million since May due to declining tax revenues in the slow economy. Kansas Transportation Secretary Deb Miller outlined a plan to spend \$336 million on road projects this year, another \$312 million in 2011 and \$270 million in 2012. However, that's less than half what the state spent annually during each of the past 10 years when a comprehensive transportation program was in place. That program expired June 30 and the Kansas Legislature is

expected to debate a new state highway program when it next convenes in January.

"The truth is, that level of funding simply doesn't meet the needs of our system and, if fiscal conditions continue to worsen, our short list of projects could get even shorter," Miller told the *Lawrence Journal-World* in July.<sup>9</sup>

It remains to be seen what will transpire as a result of Kansas' public engagement. But even when these efforts are made, things don't always go as planned when those ideas are taken into the legislative realm.

Idaho's Transportation Department in 2008 sponsored seven meetings around the state to engage the public on how best to pay for repairing, maintaining and improving the state's crumbling roads and bridges. The meetings were promoted via post cards to the public, interest groups and industry, e-mails, newspaper ads and media interviews. Written comments were received at the meetings and through other means. Among the most common responses:

- ▶ Idaho's roads and bridges need improvement.
- ▶ There is a need to make certain the Idaho Department of Transportation and local road jurisdictions are efficient.
- ▶ Phase in any increases (don't hit the public all at once with tax increases).
- ▶ Spread increases across multiple areas (don't hit the public in just one place).
- ▶ Make tax or fee increases fair.

A survey distributed at the meetings and on the department's Web site gave the following results:

- ▶ 92 percent of Idahoans don't believe the state's transportation needs are adequately funded.
- ▶ Most Idahoans believe good roads and bridges are important to Idaho's economy, lifestyle and safety.
- ▶ 95 percent of Idahoans would support raising additional revenue to fund Idaho's roads and bridges if they were confident Idaho's transportation agencies are efficient and proven needs are addressed accordingly.
- ▶ 71 percent chose increasing fuel taxes as the best way to raise the money over increasing registration fees and raising revenue but not the fuel tax.<sup>10</sup>

With the results of the survey in hand, Idaho Gov. C.L. "Butch" Otter proposed a \$174 million tax increase for transportation. But an audit released in January 2009 said that even if tax and registration fee increases generated an additional \$240 million annually, Idaho still would fall \$55 million short of what is needed to preserve its highway and bridge infrastructure by 2013. The audit showed about a third of the state's 5,000 miles of roads are in mediocre or poor condition, a higher share of crumbling roads than in surrounding states.<sup>11</sup>

Otter won support in the Senate for increasing the state's gas

tax but the House voted down a tax increase six times during the 2009 session.

"I understand that these are difficult economic times and many of our Idaho families are struggling," Otter pleaded in a commentary published in the Idaho Statesman. "However, that does not eliminate the need or our responsibility to act."<sup>12</sup>

After the governor vetoed 35 unrelated bills and demanded the House remain in session until it agreed to provide more funding for transportation, a compromise was ultimately reached in May. The compromise will produce only about \$55 million in new transportation revenue, well short of the \$300 million analysts said the state needs and short of Otter's proposed \$174 million tax increase. Lawmakers removed an ethanol tax exemption, increased Department of Motor Vehicles fees and shifted funding for the state police and state parks out of the transportation fund but did not raise the gas tax,<sup>13</sup> which was the preferred revenue option recommended by 71 percent of Idahoans.

## Building Trust: Transparency & Accountability

But getting public input is only part of the equation. Many initiatives are about building trust both in state government's ability to manage transportation spending and in the kinds of transportation projects that receive funding.

Some of the most significant examples of government transparency that may increase public confidence in transportation decision-making have arisen from the American Recovery and Reinvestment Act. The 2009 stimulus legislation produced a slew of new tools that in some cases allow American taxpayers to scrutinize every dollar spent on the nation's infrastructure. On both the federal Web site, Recovery.gov, and state recovery Web sites, state-of-the-art mapping technologies allow those with a computer to gauge the progress of "shovel-ready" projects in their state. As of July 2009, many of these Web sites were still works in progress. While many of them make available lists of projects, only a handful have begun to put up project-by-project detail, including details on contractors and subcontractors who do the work.

But several state transportation departments are already distinguishing themselves in the kinds of information they are making available.

- ▶ California's site offers downloadable spreadsheets that report the status of each transportation project, including contractor names.
- ▶ Colorado's site makes available a list of all current projects and includes information on cost, status and contractor awards.
- ▶ Maryland's recovery Web site, which was ranked number one in a July 2009 evaluation of state government Recovery Act sites by the nonprofit national policy resource group Good Jobs First, has been made part of StateStat, a measurement and management tool that tracks the performance of various state agencies.

An interactive map on the site allows users to see where each project is located and access detailed information on project type, contractor name, cost and estimated jobs created.<sup>14</sup>

- ▶ Washington's Recovery Act Web site for highway reporting ranked number two in the Good Jobs First report. (The state's main Recovery Act Web site ranked third.) As in Maryland, Hammond said the state owes its success to an accountability system that predates the stimulus.

"The transparency and accountability and project reporting and project delivery detail we started in 2003," she said. "And the rest of the nation I think is really catching up and other states are doing this well now too."

Hammond expects the stimulus' transparency and accountability initiatives to have a lasting impact.

The public now expects the type of accountability reporting available in a handful of states, Hammond said. "I wish more government spending fell in line with that so that you actually could figure out where (the money) goes and how it benefits the public. And I don't think we're ever going backwards."

## Conclusion

Some observers in recent years have said the condition of the nation's infrastructure is such that a major effort is needed along the lines of building the interstate highway system or putting a man on the moon. But America today is in a far different place than when Roosevelt captured the imagination of the American people with a map of linked highways or when John F. Kennedy kicked the space race into high gear. The nation's competing priorities—including health care reform and others—seem to dim the prospects for the major transportation overhaul many say is needed. Hammond said the goals should be a bit less ambitious during what is a potentially transformative moment for the nation's infrastructure.

"That's not where transportation is right now," she said. "If there's a transformation point, it's how to optimize the use of the system, use every inch of pavement that you have in the best way that you can for freight and people movement and then how do you encourage, incentivize and provide options for people not to have to drive alone everyday to work through central Puget Sound." But that's just not a sexy issue, she said.

In what may be a difficult year to accomplish significant transportation spending at the state level, it may be necessary for proponents to simply ride out the recession until the political and economic climate is more favorable toward additional infrastructure investment.

But Hammond said it's important to do more than that: "To continue to demonstrate the need (for transportation investment) and the benefit to the economy so that people are fluent on it and at the right point we'll say 'we've had enough, we can't wait anymore.'"

—Sean Slone is a Transportation Policy Analyst at The Council of State Governments.

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