Fix It First, Expand It Second, Reward It Third: A New Strategy for America’s Highways

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Rationale

• The transport network plays a key role in the US economy

• Many highways and bridges were built long ago and now require significant investments in maintenance and repair

• The necessary annual expenditure to maintain current performance could be greater than $145 billion
Aging Infrastructure

Over 80% of the Infrastructure on the Interstate Highway System was built by 1972.

Source: Federal Aviation Administration (FAA) 2010.
Structurally Deficient Bridges

Source: DOT 2007b
Fix It First

• We propose that revenue from the federal gasoline tax no longer fund new highway construction.

• Instead, this revenue would be dedicated to preserving and reconstructing existing highways, which are reaching the end of their design life.
Expand It Second

- New highways will continue to be built.
- We propose to change the financing rules.
- Rather than receiving a 80% Federal subsidy, states would borrow (and have to repay from User Fees) the capital from the newly capitalized Federal Highway Bank.
- A major change in incentives.
Reward It Third

- We introduce formal performance standards for ranking investments.
- Formal criteria related to safety performance, pollution, and speed and accessibility will be evaluated by each state’s Department of Transportation.
- Projects that perform well on these criteria will receive an interest rate reduction.