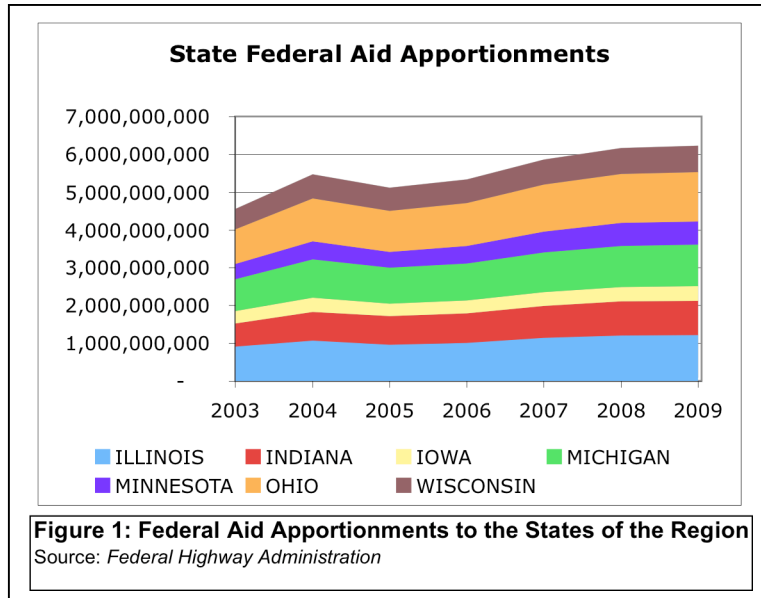
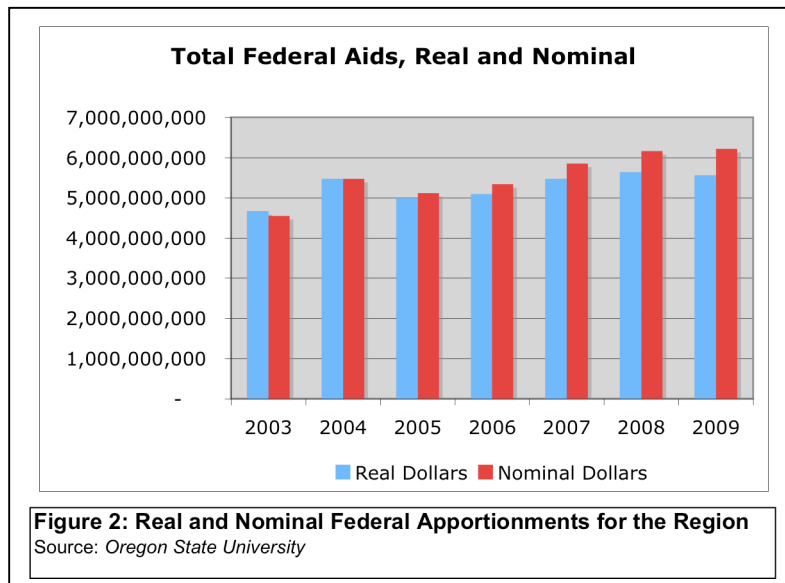


Applying Regular Federal Aids to Highway Freight Capacity Issues

When the prospect of new transportation initiatives is discussed, the billions of dollars that the federal governments provides the states and the flexibility that the states have in using those aids is noted with the implication that they already have dollars that they can use for this new purpose. Indeed the states of the Upper Midwest will receive in the range of five billion dollars per year through 2009 under the recently passed surface transportation act. Figure 1 provides an overview of the amounts that will be apportioned to each of the states under the new act. The overall trend is for an increase in funding in the regular apportionments.



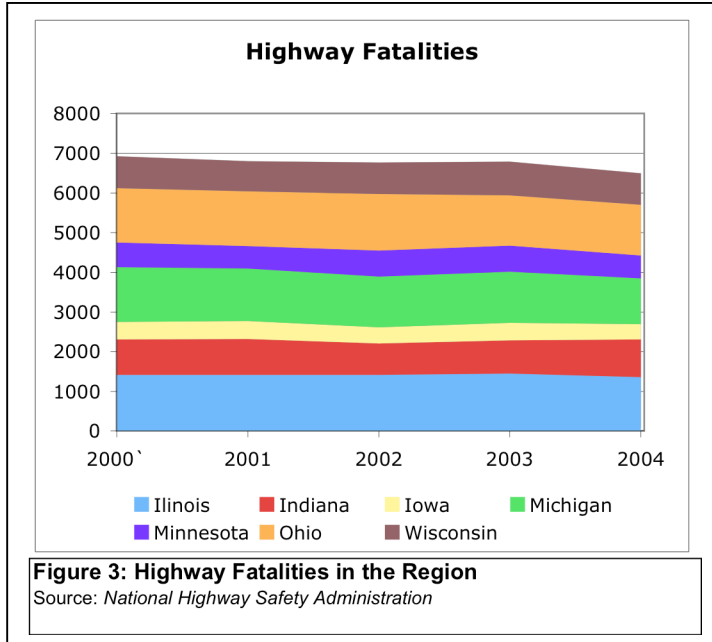
Two cautions should be applied to this data. First of all, apportionments are always larger than useable dollars. Typically, the appropriations process reduces the funding by as much as 20%, so Figure 1 portrays the highest amounts that might be received. Secondly, as shown in Figure 2, the purchasing power of the dollar is constantly being eroded. Even Figure 2 uses projections of the



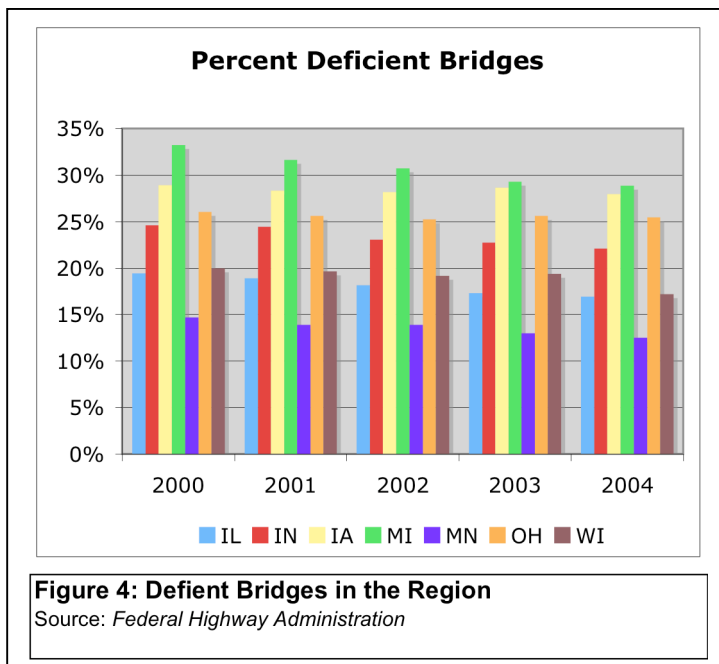
consumer price index that do not capture the impact of the recent surge in oil prices. Since construction prices, particularly for paving and earthmoving, are heavily influenced by the price of fuel and asphalt cements, we can expect the real purchasing power of future federal aids to be constant at best.

While five billion seems like an enormous resource, the demands on the states of the region are

also enormous and the federal resource was anticipated in the investment planning for the region. States normally develop their investment plans, or programs, on a five to eight year cycle. They must anticipate both state and federal resources in each future budget period of the planning cycle. Rarely will they underestimate the resources that will be available, so the federal dollars have already been anticipated and assigned to projects. Those projects are associated with the needs of the region. Any use of regular federal aids for an initiative in freight will require that some existing regional needs be abandoned or postponed. Additional resource will be required if this emerging need is to be met.



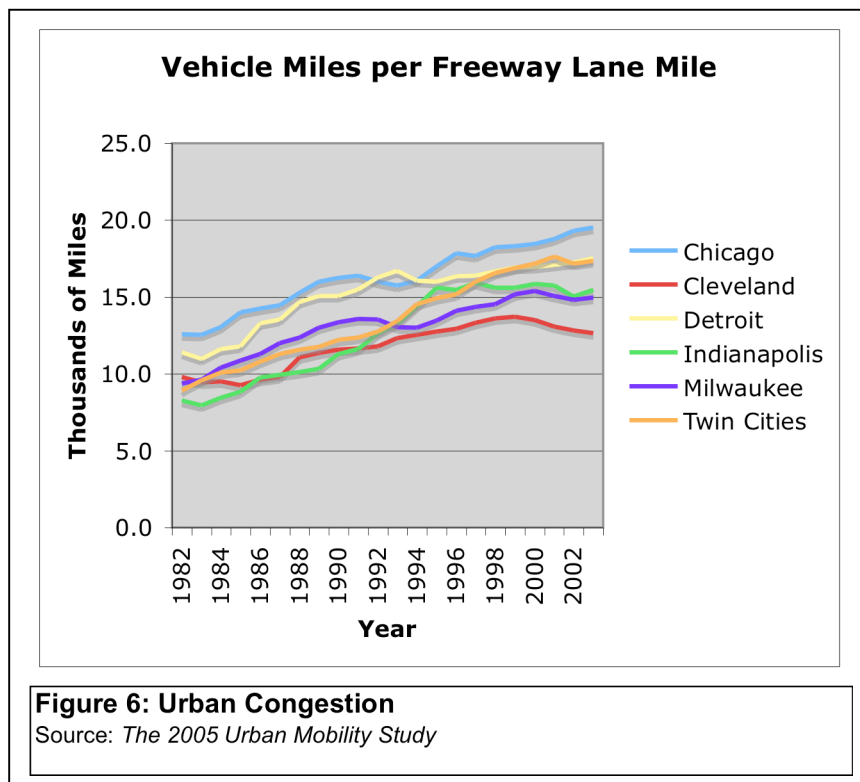
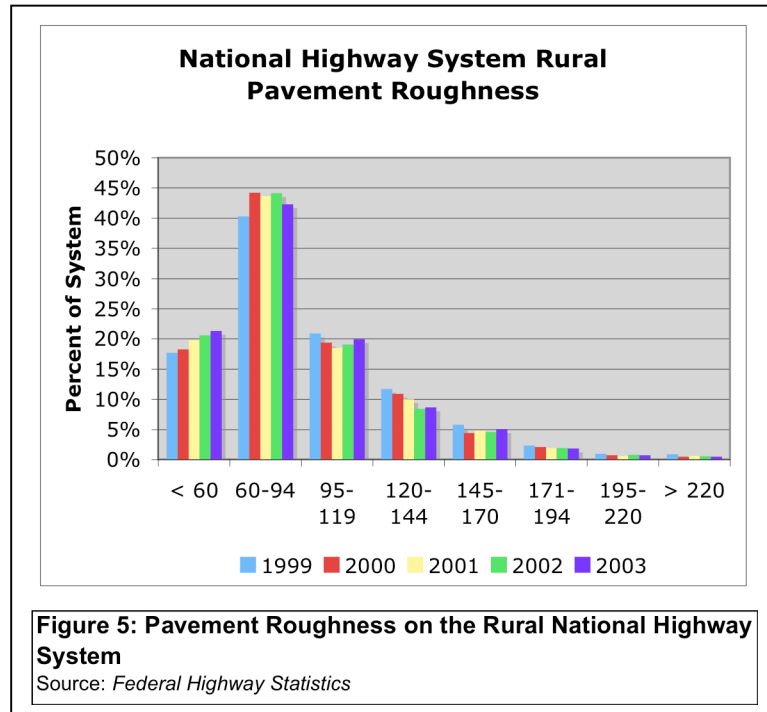
Safety is a priority of all of the agencies in the region. Yet, as shown in Figure 3, nearly 7,000 people lost their lives on the roadways of the region in each of the past five years. The trend line, such as it is, is downward; but this safety issue confronting transportation agencies in the region remains significant.



Safety is not the only demand upon the resources of the region. Despite a recent downward trend in some states, 22% of the bridges in the region remain deficient, as shown in Figure 4. These bridges could be structurally deficient such that they cannot carry expected loads, or they may be functionally deficient because they are too narrow or poorly aligned with the surrounding roadway. In either case, they pose

some safety threat to the traveler.

Figure 5 contains information on the smoothness of the rural National Highway System. The figure shows the distribution of the pavements into categories of pavement roughness, as measured by the international roughness index, (IRI). The smaller the number, the better the pavement. The bulk of the pavements are in the less than 119 categories, indicating reasonable ride quality, but about 8% of the total remain in the greater than 145 categories, the categories that probably would not pass the seat test if you drove them at the speed limit.



In addition to safety and the condition of the highway system in the region, the states must also respond to ever increasing demands in the use of the system. Figure 6 gives a measure of congestion in some of the major urban areas in the region. The measure is daily freeway traffic by freeway lane mile. This is a

simple measure of the use to which available capacity is being put. All of the cities show major increases in traffic per lane. For example, Chicago had 12,600 vehicle miles per lane mile in 1982. In 2003, it has 19,500 vehicle miles per lane mile, a 55% increase in 21 years.

In summary, the states in the region do get significant levels of funding from the federal government and they do have flexibility in how those dollars are used. Unfortunately, the states also have significant needs and demands that they must use these resources to meet. The safety of the system, its structural integrity and the growing demands placed upon it all require resources. While federal regulations would allow "regular" federal funds to be used for freight-driven initiatives, such use would come at the expense of existing activities needed to keep the entire system operating. New resources will be needed if the demands of freight are to be met.