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SAFETEA-LU's Positives Get Swamped in the Aftermath of Katrina

With enactment of the *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU) in August, Congress and the Administration finally agreed on a multi-year renewal of the nation's surface transportation law, which had previously expired September 30, 2003.

Congress had to enact a dozen extensions of the existing law, known as TEA-21, before SAFETEA-LU was signed in to law. In the end, the new legislation provided for substantial growth in highway, transit and safety funding over the TEA-21 law, totaling $286.5 billion over six fiscal years (FY'04-09). As a practical matter, the legislation is effectively a four-year law since nearly two full years of transportation spending was set in the numerous extensions of TEA-21.

Administration officials, Members of Congress and others barely had time to complete their first victory lap touting the many positives of the new federal surface transportation law before hurricane Katrina struck, dousing most celebrations in its aftermath.

Specifically, the many thousands of project earmarks in the new SAFETEA-LU law became the message on the legislation, not the other positive features of the legislation that will further ongoing state and local transportation reform efforts. There is now a broad public perception that taxpayer dollars were being committed to less pressing needs, all the while significant national problems, such as responding to the devastation in the Gulf Coast or reducing the nation's dependency on imported fuels to reduce costs for families and businesses, are being underfunded or overlooked.

Perceptions of SAFETEA-LU Shaped by Project Earmarks

Since late August, positive messages about how the new SAFETEA-LU law addresses critical transportation infrastructure needs have been overtaken by an emerging consensus that the legislation is simply a metaphor for Congressional excess.

Shifting the debate to the positive aspects of the legislation has not been helped by a law (PL 109-59) that contains more than 6,200 project earmarks, claiming nearly $24 billion in total resources and encumbering untold billions more in state and local dollars to fully fund these projects. The sheer number of projects is now challenging federal agency officials and state and local transportation officials as they struggle to consider how and when these projects will be undertaken, with many local officials discovering that the projects are displacing other federal program dollars they expected.

Project earmarks in the highway title now consume more than twelve cents of every new federal highway dollar to the states, up significantly from about six cents per dollar under TEA-21. As a result, the share of federal dollars dedicated to core highway program activities, such as maintenance of the Interstates, bridge repair, and clean air, among other priorities, declined by nearly the same amount.

Surprisingly, SAFETA-LU’s project earmarks continue to dominate news stories and opinions pages weeks after the legislation was enacted, displacing important messages about how the legislation can be used to respond to high gas prices, foreign oil dependency, community safety concerns or pressing environmental challenges.

STPP Agenda Fares Well in Renewal

Beyond project earmarks, STPP and its many coalition partners have generally praised Members of Congress and Administration officials for their many efforts on SAFETEA-LU, producing a final agreement that adheres strongly to the basic tenets of the ISTEA/TEA-21 framework.

The STPP Coalition branded its list of largely modest recommendations for renewal as “Stay the Course”, many of which were reflected in the final SAFETA-LU agreement. The core program categories remain in place, continued with the flexible features of current law, including selected provisions adding more flexibility. Current law funding shares for transit and highway programs were preserved, even though raising transit’s share of overall funding was not achieved. New commitments to public engagement, financial transparency and accountability, metropolitan planning, small transit starts, Safe Routes to School and the safety of all system users were key parts of this agenda.

Importantly, industry-led attacks on the most fundamental protections for the public, communities and resources under NEPA, Clean Air and Section 4(f) were largely defeated, with Congress embracing improvements emphasizing early involvement in project planning and review as its response to environmental streamlining. Certainly, there are challenges and areas where more vigilance will be needed, but state and local agencies are still empowered, as ISTEA first provided in 1991, to craft transportation solutions with the public that fit their local, regional and state needs.

STPP and its partners are now developing a SAFETEA-LU Implementation Guidebook, which will be available this year, followed by a series of regional workshops on the new law beginning in January.

Safe Routes to School Program Garners Public Attention

Among the positive stories on SAFETEA-LU is the increased focus on renewing commitments to safety of all system users, particularly the safety of school age children. Specifically, the relatively modest funding commitment to the Safe Routes to School (SRS) program – about one of out of every three hundred federal highway dollars – is one of the few policy initiatives in the new law that is garnering any public attention in local areas across the country (see recent Washington area newspaper).

The Examiner. WASHINGTON

Walking, pedaling get 5-year, $5 million boost

Grant aimed at keeping D.C. children safe when they walk, bike to school

Congressman Jim Oberstar (D-MN), the ranking minority member of the House Transportation and Infrastructure Committee, deserves much of the credit for his efforts in making this initiative a priority throughout the Congressional deliberations on SAFETEA-LU, backed by a broad range of STPP coalition partners.

The program, which commits about $120 million annually to programmatic and infrastructure improvements in each of the states, targets funds to make walking and bicycling safer for elementary and middle school children for travel on any public road or facility, not just highways on the federal aid system.

To get the program up and running, the Federal Highway Administration recently requested each state transportation department to designate a program administrator who will be responsible for ensuring the full implementation of this new initiative, since SRS funds will be allocated by state transportation departments, unless state legislatures create another mechanism. See FHWA memo on this subject, noting the attached language on the program – http://transact.org/transfer/pdfs/FHWAMemoSRS_Coordinators.pdf

Also, to view FHWA's fact sheet on the SRS program (and view other SAFETEA-LU Fact Sheets), go to -- http://www.fhwa.dot.gov/safetealu/factsheets/saferoutes.htm

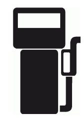
Federal Officials Seek Input, Share Information on SAFETEA-LU

Key federal agencies have been working to get the message out on the new SAFETEA-LU law, through listening sessions with key constituencies including members of the STPP community and the development and distribution of more user friendly information on the legislation.

The Federal Highway Administration has created a specific site to help the public access information on SAFETEA-LU at -- http://www.fhwa.dot.gov/safetealu/index.htm. This site provides specific information and links to state-by-state highway program funds and urban area-by-area transit funding for the current fiscal year (FY'06), by clicking on Funding Tables. This display of the information is much more transparent and usable than earlier efforts. In addition, the Federal Transit Administration has also created a site for key program information, fact sheets and funding tables related to SAFETEA-LU, which can be found at -- http://www.fta.dot.gov/17003_ENG_HTML.htm

While not all of the information is up on these sites, they are being updated continuously so it is helpful to check periodically. The FHWA, FTA and other agency officials are now developing proposed rulemakings to implement the many legislative changes contained in the SAFETEA-LU legislation, many of which are fairly modest adjustments. While the agencies have not issued a specific schedule for completion of specific regulations, officials are hoping to complete final rules on key provisions during this fiscal year.

Record Gas Prices Alter Travel Behavior, Transportation Assumptions



Record gas prices, which topped out at more than $3.00 per gallon, have already altered the political landscape, shifted driving rates and transit use, increased public demand for more travel options, raised uncertainty about future transportation revenues and placed more pressure on state and local officials to move beyond 'business as usual' transportation practices. Many of these changes are occurring simultaneously and are not yet fully understood or particularly well documented.

While gas prices have retreated from last month's record high, the current nationwide average still remains about $1 per gallon above the 2003 level.

Gas prices helped put domestic economic concerns back on the national agenda and certainly underpinned President Bush's recent call upon Americans to conserve energy, including driving less and increased transit use, while directing federal agencies to find ways to reduce their energy use.

American Public Transportation Association President William Millar recently wrote to President Bush to underscore the need for a continuing commitment to public transit. To view this letter -- http://www.apta.com/government_affairs/letters/051019bush.cfm

Transit Use Rising, Driving Declines

There is ample evidence to suggest that gas prices are forcing changes in travel choices and behavior, with Americans driving less and using transit more, among other changes. For many transit providers, recent ridership gains, if sustained, would translate in to growth rates that previously took several years to achieve. The American Public Transportation Association recently touted recent ridership gains in statement that was issued on the eve of their Annual Meeting held late last month in Dallas, TX. For APTA's statement, go to -- http://www.apta.com/media/releases/050926gas_prices.cfm

Data on driving rates is limited since there is currently no system in place for real time tracking of vehicle miles traveled (VMT). Polling data indicates Americans are driving less, with surveys showing large majorities of people reducing their driving to cope with higher gas prices. Anecdotally, toll authorities are reporting slower than expected growth or even no growth in traffic, as compared to the prior year. Reports from the U.S. Department of Energy, which closely tracks gasoline use, show that less gasoline is being consumed when compared to the same periods last year. These reports show that current gasoline demand is down about 2-3 percent compared to last year's levels, and about 4-5 percent below projected consumption.

Gas Tax Receipts below Projections

Reduced gasoline consumption is already raising alarm bells for state transportation agencies, as state gas tax receipts fall below expected levels. Some states are reporting negative revenue growth, as compared to last year, and actual receipts well below projections. The State of Maryland recently indicated that its 6-year revenue forecast was about $120 million below projections. On a related issue, there are numerous reports from both state and local agencies that rising gas and diesel prices are affecting both maintenance and new construction costs. Rising fuel costs lower transportation receipts while increasing construction and maintenance costs. Similarly, transit operators are registering concerns about rising operating costs due to higher fuel bills and higher construction costs on major projects.

While state transportation officials are increasingly attuned to changes in gasoline use and the clear implications for future revenues, there has been little acknowledgement by state and regional transportation leaders about what declining driving rates portend for future highway capacity expansions efforts and overall investment programs, many of which are rooted in now unrealistic assumptions about future VMT growth. In fact, one state transportation leader recently proclaimed that higher gas prices will have no effect on the state's transportation investment plan, stating that "nothing has changed." Yet, it is clear from rising rates of transit use across the nation, as one example, that transit in many markets is now absorbing a larger share of the growth in commute trips, which is one of the significant changes in longstanding assumptions about the future.

At the federal level, there is growing concern that trust fund revenues will not be sufficient to sustain SAFETEA-LU's funding levels through FY'09. In order to reach final agreement on the six-year, $286.5 billion bill, Congressional conferees structured the legislation to draw down nearly all of the trust fund balances by the end of FY'09. At the same time, the agreement assumed a steady rate of growth in trust fund revenues, which means the legislation didn't anticipate high gas prices and any associated effects on federal revenues. As a result, the recent spike in gas prices has already reduced federal revenues flowing to the trust fund, a development that ultimately will force some Congressional action well before SAFETEA-LU expires September

30, 2009.

Senate Clears FY’06 Transportation Funding Bill Following Raucous Debate

On October 20, the Senate approved its version of the Fiscal Year (FY) 2006 Transportation-Treasury appropriations bill (H.R. 3058), following heated debate on proposals that threatened certain funding earmarks contained in the recently-enacted SAFETEA-LU legislation.

Specifically, an effort by Senator Tom Coburn (R-OK) to reduce funding for the now famous Alaska bridge projects led Senator Ted Stevens (R-AK) to threaten resigning his Senate seat if the amendment was adopted. The Senate defeated this Coburn amendment on an 82-15 vote.

“The American people expect their elected officials to make sacrifices in a time of war, rising deficits, and disaster recovery. Unfortunately, many members of Congress are more committed to protecting a system that allows them to fund extravagant projects at the expense of the common good. Our refusal to prioritize spending and exercise restraint has created a rumble among the American people. Tonight’s vote will only cause that rumble to grow,” said Coburn following final Senate passage of the spending bill.

Funding for the two bridge projects in Alaska has now become a national metaphor for excessive Congressional earmarks, occurring at the same time Congress is struggling to find spending cuts to meet FY’06 budget targets and to offset growing spending commitments to the rebuilding of the Gulf Coast.

Measure Includes Higher Funding Commitment for Amtrak

While the major highway and transit funding issues for FY’06 were largely settled when SAFETEA-LU was enacted, funding levels for Amtrak and other key transportation program areas (including specific commitments to TCSP projects, New Starts, and a significant share of the Bus/Bus Facilities program commitments) are still set in the annual appropriations process.

In the Senate-passed FY’06 funding bill, Amtrak is slated to receive $1.45 billion, an increase of $243 million over last year’s funding and about $1 billion more than the Administration requested.

The FY’06 Transportation-Treasury appropriations bill now heads to a House/Senate conference committee, with the House-passed level of $1.2 billion for Amtrak. The Administration remains strongly committed to its request for deep cuts in Amtrak until such time as its reform proposals are adopted. Congress, for its part, has not embraced the Administration’s recommendations in a series of actions that it has taken on

Amtrak funding and authorization issues.

Broader Budget Issues Still Loom over Funding Bill

There is still some uncertainly about how the broader Congressional debate on reducing total federal spending will ultimately affect transportation program funding levels.

Congress is expected to complete action on most funding and appropriations matters before adjourning just before Thanksgiving. At this time, it is believed that the Transportation-Treasury Appropriations bill, along with other measures, will likely become part of an omnibus spending measure. In this omnibus package, specific spending reductions to meet FY’06 spending targets could affect FY’06 funding levels for some transportation programs.

Amtrak Posts Another Record Year for Ridership, Overcomes Key Challenges

While media reports continue to focus largely on gasoline prices and Congressional project earmarks, this coverage has largely overshadowed the systematic gains that Amtrak is making in attracting new riders in markets all across the country.

In fact, according to Amtrak’s most recent report on ridership for FY’05 which ended last month, Amtrak ridership reached 25,374,998, marking the third straight year of passenger gains for the nation’s intercity passenger rail system. What makes this achievement so notable is that it has occurred despite service disruptions due to hurricanes in the South, the suspension of the Acela Express service for five months in the Northeast and considerable uncertainty about future federal funding commitments to the system.

While Amtrak ridership jumped on nearly every route throughout the system, gains in the Midwest are particularly notable. The Chicago-Milwaukee Hiawatha Service, which is supported by the States of Wisconsin and Illinois, carried 525,239 passengers, an increase of 14.1 percent. The Chicago-St. Louis service posted a 13.7 percent gain.

In Michigan, the Chicago-Detroit/Pontiac Wolverines service was up 11 percent, with the state-supported Chicago-East Lansing/Port Huron Blue Water up 18.3 percent in its first full year of service and the Chicago-Grand Rapids Pere Marquette increased 9.9 percent. Other state-supported trains in the Midwest posted strong gains, including the Oklahoma City-Fort Worth Heartland Flyer which was up 23.1 percent and the Chicago-Carbondale *Illini* in Illinois which was up 10.3 percent.

For Amtrak’s press release on FY’05 ridership, go to http://transact.org/transfer/docs/Amtrak_FY05_ridership.doc

Driven to Spend Report Still Relevant to Debate on Gas Prices, Transportation Cost Burdens on Families, Regions

In June, STPP with the Center for Neighborhood Technology (CNT) released its updated transportation costs study, Driven to Spend: Pumping Dollars out of Our Households and Communities, showing how families and regions are paying a high price to meet their transportation needs, especially families in areas with fewer transportation choices.

This report placed particular emphasis on the economic effects of rising gas prices, documenting the estimated economic losses due to gasoline prices through May, 2005 (which at that time averaged $2.09 per gallon for the five-months of 2005). While the report understated the actual effects of gas prices in 2005, some simple adjustments can be made in the tables to show the broader effects of higher than expected gas prices on families and regional economies in the 28 metropolitan areas included in the study. The report's discussion of the anticipated economic effects of rising gas prices on families and local areas also remains timely and relevant to the current debate.

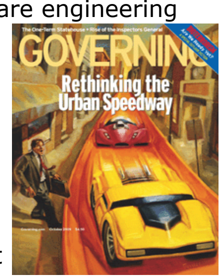
Importantly, the report shows how households in regions that have invested in public transportation reap financial benefits from having affordable transportation options, even as gasoline prices rise, and that low-income families are particularly affected by higher transportation costs, claiming a higher share of their family budgets.

The final section of the report provided recommendations on how state and local decision-makers can implement the SAFETEA-LU legislation in ways that respond to the growing transportation cost burdens on families and local economies.

The study can be found at – http://www.transact.org/report.asp?id=238

Governing Magazine Article Cites New Solutions, Changing Attitudes at State DOTs

The cover article of this month's Governing Magazine examines how several state transportation departments are engineering their way to new transportation solutions that save money, strengthen communities and reduce the need for new highway capacity.



The article, "Rethinking the Urban Speedway", features the efforts of leading engineers at the New Jersey Department of Transportation who are challenging the traditional orthodoxy about bigger roads as the solution, crafting other alternatives that are not only more popular with the public and communities but yield greater economic return.

It is a must read and can be found at -- http://governing.com

/articles/10speed.htm

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