Transfer
Surface Transportation Policy Project's Electronic Update

IN THIS ISSUE

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Congress Returns to Challenging Transportation Agenda

Congress resumed work after Labor Day, confronting a full agenda that includes several key transportation issues, from making a final determination on the fate of the multi-year TEA-21 renewal, to the length and content of another TEA-21 extension bill, and how to calibrate the pending Fiscal Year 2005 Transportation Appropriations bill with Members' desire for projects and a bigger share of highway dollars for their states.

As Members returned to work September 7 after the lengthy summer recess, the debate over TEA-21 renewal took several turns, with key leaders clarifying positions and offering varying interpretations of prior agreements that guided months of bipartisan work on the reauthorization bills (S.1027/H.R. 3550).

In comments to a hometown newspaper, TEA-21 Conference Committee Chairman Jim Inhofe (R-OK) dismissed earlier bipartisan agreements that underpinned the Senate's strong position on a $318 billion, six-year renewal bill. This and other developments have led to various public statements by Inhofe and other Senate leaders on how that chamber will proceed with deliberations on the bill. The House position is now being driven by Speaker Dennis Hastert (R-IL), who repeatedly has indicated a desire to get a $299 billion renewal package adopted this year, including projects for Members in key districts who need help.

While clearly the bipartisanship that has defined House and Senate action on this renewal, like others before it, is now at risk, there are still real challenges within the Republican majority on funding issues and how resources are allocated among various states. As one example, Senator John McCain (R-AZ), a TEA conferee, has indicated his strong opposition to a renewal package that doesn't guarantee his state an immediate 95% percent rate of return on highway funds and assurances that project funds are included in the calculation of each state's share. Republican leaders in the House and Senate are continuing to meet and consider options on TEA-21 renewal, including considering how to take a run at pushing a Republican-based agreement to a vote before Congress recesses October 8.

With few legislative days remaining, it appears that reaching a TEA-21 agreement will be difficult but not yet entirely impossible. Also, some Congressional leaders want to avoid a lame duck session and, as such, are accelerating legislative efforts to complete action on numerous appropriations bills, including the FY'05 Transportation-Treasury Appropriations bill (see story below), now pending before both chambers.

Republican Leaders Weighing Partisan Renewal Bid

In an effort to move away from prior agreements with their Democratic counterparts that shaped House and Senate action on TEA-21 renewal legislation, Republican leaders in both chambers are actively pursuing one strategy that essentially calls for ramming through a Republican-directed renewal plan prior to the election. The intended effect of such a lopsided approach to this historically bipartisan issue would be to try to setup Congressional Democrats, especially in the Senate, to vote against a renewal proposal, hoping to shift the political blame for the bill's failure, if that comes to pass, to the minority party prior to the election.

In recent days, leadership talks and committee efforts have focused on finding ways to enlist House and Senate Republican conferees solidly behind such an approach. The particular challenge in the Senate is the need for unanimous agreement among the eleven Senate Republican conferees since the remaining ten conferees – nine Democrats and one Independent – remain solidly committed to the Senate's original $318 billion six-year plan and the multiple objectives this level of funding supports. The deal on the Senate's renewal plan, including its overall funding level, was struck with numerous Senate Republicans, including Senators Inhofe and Kit Bond (R-MO) who are key leaders on Senate transportation issues.

The transparency of this partisan move has shaken many transportation interests off Capitol Hill who for so long have embraced, and benefited from, the bipartisan legislative tradition on transportation issues. The move is driven by a convergence of interests who are seeking a final agreement. Some states, particularly those that have diverted state transportation funds to other purposes or those struggling to pay growing debt service on borrowed transportation funds, want to pump up their depleted transportation accounts regardless of the overall funding level. There are some highway groups are fundamentally partisan in their political posture. Finally, there are key leaders in Congress who want to use the bill to help ailing Members in their races or simply see the bill as an opportunity to enhance their state's relative funding position.

Within this context of money and political expediency, the underlying policy concerns before the nation are being dismissed or given short shrift. These policy issues include: how the bill helps us get more out of the existing system for immediate congestion relief and other benefits, what the bill does or does not do to respond to homeland security concerns, how it helps the public combat high gas prices and growing oil dependency through investments in more travel options, or how it reduces the health effects and costs due to transportation emissions and auto dependency on people and their communities. Emphasizing the pressing need to address these and other issues in any final agreement renewing TEA-21, STPP President Anne Canby has stated repeatedly that "Congress has a very real opportunity to take the time and get this bill done right, instead of just getting it done quickly."

Another TEA-21 Extension in the Works

All the while transportation leaders have been focusing on what to do about TEA-21 renewal, the underlying TEA-21 law is again bumping up against its fifth extension deadline. As decided before the August recess, Congress set a September 24 deadline – when funding for the Federal Highway Administration and all federal highway programs expires – to give transportation leaders one more opportunity before remaining FY'04 highway funds are released to address some outstanding funding issues. All other transportation programs, largely FTA and its transit programs, expire September 30.

Outside of enacting legislation that simply extends the 24th deadline by one week to the end of the fiscal year, House and Senate Republican leaders are starting to consider their options for extending TEA-21 into next year, with the potential for a six-month or even twelve-month extension under review. Acknowledging the many challenges before Congress with limited time available, President Bush during a campaign swing through Missouri recently indicated his willingness to support a one-year TEA-21 extension to allow more time to craft a comprehensive bill.

Importantly, most transportation interests are coalescing behind a "clean" extension of current law, urging Congress to advance any policy and formula changes within the content of a longer-term renewal bill.

Senate Panel Restores Funding Commitments to Amtrak and New Starts Program

The Senate Appropriations Committee September 14 approved its version of the FY'05 Transportation-Treasury Appropriations bill, reversing reductions made in the House Committee that would bring havoc to Amtrak's national intercity rail network and would substantially slow or disrupt future federal funding commitments to rail transit projects now in the New Starts program.

The Senate Committee unanimously accepted the recommended funding levels for transportation programs that were developed last week by the Transportation-Treasury Subcommittee, led by Chairman Richard Shelby (R-AL) and Ranking Minority Member Patty Murray (D-WA).

Transit funding would increase substantially, with the Senate panel providing $7.75 billion for the new fiscal year, up from current spending of $7.27 billion. The House panel approved $7.25 billion, a cut in current spending. The Senate bill also rejects deep reductions in New Starts funding recommended in the House bill, largely developed at the direction of Subcommittee Chairman Ernest Istook (R-OK). Importantly, the Senate bill provides $1.47 billion for the New Starts program, up from the $1.03 billion level in the House bill (although the House bill would offset a portion of its proposed reduction by recapturing funds from prior years). On the Job Access and Reverse Commute program (JARC), the Senate bill provides $125 million for FY'05, up from the current funding level of $104 million but below the House proposal.

On Amtrak funding, the Senate panel essentially continues current funding levels for the nation's intercity passenger rail system, which at $1.22 billion is a substantial improvement over the House level of $900 million. Amtrak President David Gunn has been urging Congress to embrace his request of $1.8 billion for the new fiscal year, given the many capital needs in the system. Funding for Amtrak was the subject of correspondence by 51 Senators who recently wrote to Senate Appropriations leaders to urge stronger funding commitments to Amtrak. Senator Robert Byrd (D-WVA), the Ranking Minority Member of the full Committee, took the lead in finding additional revenues to support the panel's funding level.

House efforts to approve its version of the FY'05 Transportation-Treasury Appropriations bill (H.R. 5025) stalled during House floor action, due to a number of disputes between transportation authorizers, led by Transportation and Infrastructure Committee Chair Don Young (R-AK), and Istook and other appropriators. Specifically, Young and others objected to numerous provisions in the funding bill that they believe trampled on the prerogatives of the House Transportation and Infrastructure Committee, the panel which is responsible for authorizing aviation, Amtrak, rail, highway, safety and transit programs. In the ensuring struggle between the two sides, a special motion was offered and accepted that had the effect of striking any funds in the bill for programs without a current authorization, a step that stripped for now all funding for TEA-21 programs, both highways and transit, and Amtrak.

During floor action, the House did adopt an amendment offered by Rep. Richard Pombo (R-CA) that prohibits the Administration from using any transportation funds to implement programmatic agreements with states on the listing of any Interstate facilities on the National Register.

After two days of consideration, House leaders postponed further consideration of the measure until September 21. Removal of the funds is not viewed as the final word, as House leaders pledged to restore funding to these programs in negotiations with the Senate on a final appropriations agreement for FY'05.

To view a chart of the proposed funding levels in the bill, click here.

Congressional Quarterly Graphic Puts New Starts on the Map

Prior to House floor action on the FY'05 Transportation Appropriations bill, one of the foremost periodicals on Capitol Hill, *Congressional Quarterly Weekly*, reviewed the House Committee's proposals cutting New Starts funding and imposing other restrictions on future rail transit projects.

As part of the September 11, 2004 article written by Isaiah Poole, CQ mapped all of the pending rail transit projects now in final design and in construction under the New Starts program, based on information provided by the Center for Transportation Excellence. It demonstrates dramatically how the New Starts program is advancing rail transit investment in every region of the country, countering more traditional views that only certain parts of the country benefit from this Federal Transit Administration program.

The September 11 article in CQ Weekly prominently features the Charlotte, NC area and the benefits its leaders believe will come from New Starts support of that region's transit investment program, which includes a new light rail system, a restored historic trolley line and other integrated transit investments.

To view the map, click here.

GAO Report Questions State Funding Commitments during TEA-21

A recent report by the U.S. General Accounting Office concludes that states used the recent increases in federal highway funding to substitute for their own financial commitments to transportation. It reports that state and local "investment from 1998-2002 decreased by 4 percent in real terms, while the federal investment increased by 40 percent."

The August 2004 report, *Federal-Aid Highways: Trends, Effect on State Spending, and Options for Future Program Design*, finds that states accelerated their rates of substitution of federal dollars for state dollars, an option available to states given the current program structure and requirements, specifically the absence of maintenance of effort requirements.

With TEA-21 dramatically raising overall federal investment levels, as measured by highway funds delivered to the states, individual states had the option of reducing their overall financial commitments without placing any federal dollars at risk. Using a model to estimate the "substitution" effects, the report estimates that over the past two decades, the rate of substitution rose from about 18 cents on a dollar in the early 1980s to roughly 60 cents on a dollar during the 1990s, when ISTEA and TEA-21 were in effect. The point of these substitution estimates is to show that as federal dollars increase, states back out their own dollars at a higher rate.

The report also recommends to Congress various proposals for heading off substitution in the future, including varying federal matching shares and revising the current program structure.

Importantly, the report in its examination of non-federal spending did not differentiate between specific revenue efforts by states, which control most of the transportation user fees and other tax options, as separate from revenue efforts by local governments, which contribute substantially to highway investment, almost exclusively through non-user fee sources. It also did not delve into the mix of revenues that state and local governments are deploying, specifically the accelerating use of state borrowing to underpin state transportation spending. In an earlier STPP analysis of transportation revenue trends during the TEA-21 period, state debt was by far the fastest growing source of new revenue to transportation coffers, while federal and local government efforts outpaced states in providing new revenue for transportation investment.

The report, which was prepared for the Senate Environment and Public Works Subcommittee on Transportation and Infrastructure, drew a strong response from the organization of state transportation agencies, known as AASHTO, which raised questions about the findings and promised to a prompt and more in-depth response to the GAO report.

To view the full report, go to -- http://www.gao.gov/new.items

/d04802.pdf

Public Transit, Operations Make Inroads on Congestion

The Texas Transportation Institute released their annual congestion report last week, showing increased metropolitan congestion in 83 cities across the U.S. The annual study, which revises past year estimates each year, now shows an average of 46 hours of annual delay per peak traveler in the study areas. The Institute estimates the total time and fuel cost of this congestion at $63.2 billion. While the old story of "build more" is included in the report, the study also includes a look at what public transportation is already doing about congestion, namely sparing the economy an additional $20.6 billion annually in costs from avoided traffic congestion. The study notes that dismantling the public transportation available to peak travelers would result in a 32% increase in congestion costs.

Alternatives to new capacity, such as public transportation and operational improvements, were also supported by the Federal Highway Administration's statement on the study. "Today's report validates what we've known all along, the solution to road congestion isn't just pouring new concrete and paving new roads," said FHWA Administrator Mary Peters. Operational improvements, such as signal timing, ramp meters, and tow truck placement, were evaluated in the study for the first time this year, and showed a good return on investment for states and localities that are implementing them. The study authors estimate that 52 to 58 percent of all congestion stems from incidents unrelated to roadway capacity.

While several news stories on the report highlighted Anchorage's inclusion in the traffic congestion pool, a closer look at the size of the congestion burden in this and other cities shows that the suffering is not equal across the board. While commuters in Anchorage suffer an average of 5 hours a year of congestion delays – or 38 seconds each way on an average day – Los Angeles commuters have an average of 12 minutes of delay each way on average.

The full report is available on TTI's website at http://tti.tamu.edu/.

Landmark Study Shows Ill Effects of Air Pollution on Children's Health

Researchers in Southern California studied the health of nearly 1800 children over an 8-year period, documenting how exposure to polluted air from particulate matter and other pollutants affects the lung development of children, showing diminished lung capacity of less than 80 percent of normal capacity.

The study, published September 9 in the New England Journal of Medicine, found that children exposed to more polluted air were five times more likely to have reduced lung development by age 18 than children raised in more pristine areas. The study also documents the other health risks that go along with slower lung growth in children, including more illness later on in life.

"These findings are applicable to any urban area, with the higher the levels of pollution, the worse the effect on children," said James Gauderman, the key researcher on the study.

The findings are particularly timely as Congress continues to review renewal options for TEA-21, with fine particulate matter (PM2.5) among the contaminants that state and local officials must now more fully consider. Importantly, the pending Senate bill commits more resources to furthering air quality improvements than the House bill, but weakens some of the existing procedures that would hold transportation decision-makers more accountable. The House bill, on the other hand, preserves many of the current clean air protections, but its funding commitments to the Congestion Mitigation and Air Quality (CMAQ) program inadequately respond to the challenges posed by new air standards now taking effect.

To view the report, go to -- http://lang.dailybulletin.com/projects/pdfs/090904_smog_report.pdf

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Biodiversity Report Receives Kudos

Second Nature, a report from STPP and Defenders of Wildlife, received an achievement award September 8 for outstanding work in conservation. The Natural Resources Council of America's Conservation Community Awards praised the report for encouraging partnerships among federal agencies, Congress, and state officials on issues of transportation infrastructure and urban growth stewardship.

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