



# Transfer

Surface Transportation Policy Project's Electronic Update

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## Announcements



The National Trust for Historic Preservation is looking for advocacy success stories to feature during the Preservation Partnerships luncheon at its upcoming national conference.

For more information, contact Leslie Tucker at [leslie\\_tucker@nthp.org](mailto:leslie_tucker@nthp.org).

## [Transfer Archives](#)

## June 2, 2003; Volume IX, Issue 12

### Opposition to Baucus-Grassley Transit Bond Plan Grows

A proposal that would dismantle dedicated federal tax revenues for public transportation and substitute ever-mounting federal debt commitments to meet future transit needs is drawing growing opposition in Congress and within the broader transportation community, including STPP and its many partner organizations.



Senate Finance Committee Chair Charles E. Grassley (R-IA) and Ranking Member Max S. Baucus (D-MT) are proposing to redirect 2.36 of the 2.86 cents per gallon in federal gas taxes now dedicated to transit spending and shift it to highway programs, replacing dedicated transit revenues with proceeds from a largely untested tax credit-bond structure. The bond plan is seen as a threat to a generation of federal transportation policy, when President Ronald Reagan signed a federal transportation law in 1982 and dedicated a share of federal gas taxes to transit investment.

Leaders of the Senate Banking, Housing and Urban Affairs Committee - Senators Richard Shelby (R-AL), Paul Sarbanes (D-MD), Wayne Allard (R-CO), and Jack Reed (D-RI) - recently wrote to convey their opposition to what is being called the Baucus-Grassley transit bond plan. For more information, visit [http://www.antic.net/campaign/Sarbanes\\_Shelby\\_letter.pdf](http://www.antic.net/campaign/Sarbanes_Shelby_letter.pdf)

The nation's mayors (USCM), leaders of the transit industry (APTA), state DOTs (AASTHO) and the road and transportation builders (ARTBA), STPP and its many partners and others are now communicating their opposition to the bonding plan

### Lawmakers Introduce "SHARE" Plan Calling for a 95 Percent Return ◉

On May 22, House Majority Leader Tom DeLay (R-TX) and Senator George Voinovich (R-OH) introduced new House and Senate bills (H.R. 2208, S.1090) proposing to raise the minimum guaranteed funding level established in TEA-21 from 90.5 percent to 95 percent rate of return. The proposals, called the "Highway Funding Equity Act of 2003", would ensure each state a minimum 95 percent rate of return on all core highway programs as well as high priority projects. The legislation also applies to other highway-related programs which are discretionary and not covered by Minimum Guarantee (about 3 percent of total spending).



Endorsed by SHARE, whose members include donor states that were active in the former STEP-21 coalition during the debate on TEA-21, the proposal would adjust the formula to enable a greater than 95 percent return in gas tax contributions to large, low population states.

Key transportation committee leaders have previously suggested that a 95 percent return, as set forth in the SHARE proposal, is only feasible with an overall funding increase. "I've repeatedly stated that I want to ensure a minimum 95 percent return to all 50 states. This can be accomplished, but

we can only do so if we work to increase the revenues to the Highway Trust Fund," expressed Congressman Don Young (R-AK) who chairs the House Transportation and Infrastructure Committee. Senator Bond (R-MO) who chairs the Senate Subcommittee on Transportation and Infrastructure, said, "I support a bigger reauthorization program, and by sponsoring this (SHARE) legislation, it appears that my colleagues do too."

H.R. 2208 currently has 127 cosponsors and S. 1090 has 20 cosponsors. For more information on the legislation, visit <http://thomas.loc.gov/>

#### **DOT Inspector General Calls for FHWA to Improve Oversight of Projects**

Testifying before the Appropriations Committee on May 8, U.S. DOT Inspector General Kenneth Mead argued that improved project oversight by FHWA could "stretch Federal dollars" and help "minimize costly delays." The Inspector General faulted ineffective management and oversight by FHWA for the significant cost increases, financing problems, schedule delays, and technical or construction difficulties that have plagued major projects such as Boston's Central Artery/Tunnel (the Big Dig), and Northern Virginia's Springfield Interchange. The Central Artery project is now expected to cost nearly 6 times the original estimate, and the Springfield Interchange's current cost is almost 3 times the original projection.



The Inspector General identified eight key areas where FHWA could improve oversight:

1. Preparing Reliable Cost Estimates
2. Implementing More Cost-Effective Engineering Alternatives
3. Managing Project Schedules to Minimize Costly Delays
4. Recovering Overpayments from Contractors and Promptly Resolving Construction Claims to Control Project Costs
5. Preparing Finance Plans to Identify Cost, Schedule, Funding, and Risks to the Project
6. Ensuring that Statewide Plans Properly Represent to the Taxpayer How Funds Will Be Spent
7. Strengthening Efforts to Prevent and Detect Fraud to Minimize Losses
8. Refocusing FHWA Efforts on Project Management and Financial Oversight

To read Inspector General Mead's testimony, go to [http://www.oig.dot.gov/item\\_details.php?item=1089](http://www.oig.dot.gov/item_details.php?item=1089)

#### **Audit of FHWA's Survey on EIS Project Delays Finds Few Flaws**

Earlier this year, at the request of House Transportation & Infrastructure Chairman Young (R-AK), the Government Accounting Office issued a report on the accuracy of FHWA's survey, "Reasons for EIS Project Delays." That survey found that the most common sources of project delay were: (1) lack of funding or low priority; (2) local controversy; and (3) complexity of the project. The widespread use of the FHWA study (including in an STPP decoder, "Transportation Project Delays: Why environmental streamlining won't solve the problem") had prompted streamlining advocates to seek ways, including the GAO report, to discredit the FHWA's findings that had been seen as largely contradicting the basic tenets of various legislative proposals on streamlining. This is to say that pending proposals are not attacking the root problems that frustrate improved project delivery.



After nearly four months of review, the GAO found few flaws with FHWA's

survey methodology, and nothing significant enough to discredit the overall findings. Specifically, the published GAO report criticized the FHWA for relying on narrative responses rather than multiple-choice questions. The GAO noted that those narrative responses, such as "local controversy," were too general to allow FHWA to get at the underlying causes. Further, where multiple reasons were listed, FHWA staff assumed that the first reason listed was the primary reason for delay. The GAO also criticized FHWA's survey for its 75 percent "substantial response rate," and faulted FHWA for not properly disclosing its methodology, a problem which was subsequently remedied by FHWA.

Despite the flaws cited by the GAO, FHWA's survey still provides valuable information for stakeholders, and helps shed light on an issue that has been largely rhetoric-driven. More rigorous studies on the causes of project delay are due out from FHWA later this year.

To read GAO's report, please visit <http://www.gao.gov/new.items/d03338r.pdf>

The FHWA survey, "Reasons for EIS Project Delays," can be found at <http://www.fhwa.dot.gov/environment/strmlng/eisdelay.htm>

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#### **House Subcommittee Seeks Review of Highway Beautification Act**

On May 15, the House Small Business Subcommittee on Rural Enterprises, Agriculture, and Technology held a hearing on proposed changes to the Highway Beautification Act of 1965. Although Chairman Sam Graves (R-MO) and some witnesses suggested the law restricts small businesses and property owners, others believe that weak enforcement of billboard blight is hurting tourism and quality of life in scenic and rural communities.



According to Scenic America, whose membership includes small businesses, corporations, and advocacy affiliates, states such as Alaska, Maine, Hawaii, and Vermont have extensively removed commercial billboards to maintain their tourist economies, and over 750 jurisdictions have established moratoriums on new billboard construction in response to local residents overwhelmed by large, brightly-lit billboards and decreasing property values. The law bans new billboard construction along scenic byways on federal-aid highways, and requires states to establish control measures on outdoor advertising.

For more information, visit <http://www.scenic.org>.

For a copy of Scenic America's testimony, visit [Tea3](#)

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#### **Intermodal Surface Transportation Legislation Introduced in House**

Earlier this year, Congresswoman Eddie Bernice Johnson (D-TX) introduced the Intermodal Transportation Act of 2003. H.R. 1394 would establish a \$100 million grant program to fund intermodal transportation facilities that improve connectivity. Eligible projects include facilities that link urban, rural and commuter transit with intercity bus, rail, and air services with prioritization given to projects that integrate the most passenger modes.

H.R. 1394 would also establish \$30 million in FY'04-06 and \$35 million in FY'07-09 for intercity bus and commercial van service to airports where no such service currently exists, including operating assistance and capital grants for bus terminals, park and ride facilities and intermodal terminals.

Additional funds would also be prioritized to improve public information about transit services, fares, and schedules, and availability of paratransit service for persons with disabilities.

The bill currently has 11 co-sponsors and was referred to the House Transportation and Infrastructure Committee. For more information, visit <http://thomas.loc.gov/>.

### **New Report Condemns Conditions of Urban Roadways**

A new report released on May 27 found that 25 percent of major urban roads are in unacceptable condition, costing drivers in major urban areas an estimated \$396 in additional repair needs. The analysis of Federal Highway figures by The Road Information Project (TRIP) shows that another 43 percent are in fair or "acceptable" condition, leaving just a third of urban roads in *good* or *very good* condition. The goal of road repair programs should be to maintain at least three-quarters of roads in good condition, according to the report.



A recent study by STPP found that although approximately half of all existing roadway in the U.S. is in less than good repair, states have spent more than 1 of every 4 federal dollars on new roadway capacity since 1992. This has contributed to a 13 percent increase in urban road capacity from 1990 to 2000.

As part of its reauthorization platform, STPP proposes that the bill should encourage states and MPOs to "fix it first," prioritizing road repair and maintenance to maximize the quality of the existing infrastructure.

For more on the TRIP report, see <http://www.tripnet.org>.

### **Brookings Report Champions Gas Tax**

A recent report released by the Brookings Institution emphasizes the benefits of the gas tax as a primary source of transportation funding. The report, authored by Dr. Martin Wachs of U.C. Berkeley, and entitled "Improving Efficiency and Equity in Transportation Finance" describes how the gas tax is more equitable than other forms of taxation in that it works as a user fee, impacting consumers in proportion to their use of transportation infrastructure. By acting as a "price-signal" to the motorist, the gas tax can also encourage more efficient use of highways.



In spite of these benefits, Wachs found that the gas tax has declined in importance in recent years, to a current 35 percent of all roadway spending. Revenues from state and federal gas taxes are becoming inadequate to finance transportation projects because elected officials have not raised tax rates to keep pace with inflation. Consequently, the burden of raising transportation funds has been "devolved" to local governments that must seek out less stable sources of revenue such as sales taxes or borrowing. The report criticizes this devolution and argues that user fees in the form of the gas tax, and increasingly highway tolls, should remain the foundation of transportation finance.

For the full report, see <http://www.brookings.edu/es/urban/publications/wachstransportation.htm>.

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