



Transfer

Surface Transportation Policy Project's Electronic Update

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TEA-21 Extension Signed into Law

On the eve of its expiration date, President Bush signed a 5-month extension of the nation's surface transportation law or TEA-21.

With the President's signature September 30, the extension legislation (H.R. 3087), "Surface Transportation Extension Act of 2003" or P.L. 108-88, directs the distribution of funds to the states, transit providers and others for the five-month period ending February 29.



While the new law sets spending levels over the extension period, it does not take full effect until after October 31. For now, a one-month spending extension (i.e. continuing resolution) now governs expenditures for transportation spending (and most other federal activities) until either the Fiscal Year 2004 Transportation Appropriations bill is enacted or another continuing spending resolution is adopted allowing highway and transit spending through February 29. As such, states, transit providers and others are now operating on one-twelfth of their current spending levels.

P.L. 108-88 essentially extends current law programs for five months at somewhat higher funding levels for highways and allocates funding to transit at what TEA-21 provided for FY'03. The new law effectively postpones TEA-21's expiration date from September 30 until February 29, setting up another deadline aimed at forcing Congress to act on new transportation legislation.

The extension law provides \$14.4 billion for five months of spending to the states for highway programs, a level that assumes an annualized level for FY'04 of \$33.8 billion, well above last year's level (FY'03) of \$31.6 billion and substantially above the TEA-21 set level of \$27.6 for FY'03. Transit spending, however, is set at \$3.04 billion for an annualized level of about \$7.3 billion for FY'04, which is slightly above last year's spending level and about identical to what TEA-21 set for FY'03.

Among the issues that surrounded adoption of P.L. 108-88 was the inclusion of additional flexibility provisions allowing state transportation departments broader authority over the use of any funding provided under the legislation (a similar provision was included in 1997 when the ISTEA law expired). The final version of the extension law as well as the Congressional intent that was expressed during debate on the legislation should help ensure that states use this authority on a project-by-project basis. In addition, reconciliation of spending shifts among program categories is to be made once a new law is enacted after February 29, whether it is a new multi-year authorization or another extension bill. Local elected officials, metropolitan planning organizations and others raised concerns about the need for these flexibility provisions, requesting acknowledgements that these provisions not undermine ongoing program commitments to clean air, transportation enhancements and metropolitan transportation investments. Federal Highway

Administration officials are expected to develop procedures to ensure that funds are tracked and that states use this authority where needed.👤

Congress Passes Continuing Resolution, Action on FY'04 Transportation Funding Bill Expected This Month

With the new fiscal year looming, Congress approved September 25 a continuing resolution (CR) that President Bush later signed, allowing the federal government to continue operating through October 31, 2003 until applicable appropriations bills for the new fiscal year are enacted. The move averts a shutdown of the Federal Highway Administration and the Federal Transit Administration and their program activities, allowing Congress more time to complete action on the FY'04 Transportation, Treasury, and Independent Agencies Appropriations measure once they return after the Columbus Day recess. The House of Representatives approved their version of the bill September 4, and the Senate Appropriations Committee-approved bill is awaiting Senate floor action.

The Senate Appropriations Committee version of the Transportation Appropriations bill includes a number of improvements over the House-passed version. It boosts funding for transit programs by \$172 million, including higher funding for "New Starts" and the Jobs Access and Reverse Commute program. The Senate bill does not include the adverse House "report language" affecting FTA's New Starts program, such as the presumption of a 50/50 matching share and restrictive criteria that will make it more difficult to qualify for project funding. Under the Senate bill, JARC funding is set at \$125 million, substantially above the House level of \$85 million. It also raises the funding level for Amtrak to \$1.346, well above the \$900 million provided by the House but still well below the \$1.8 billion level requested by Amtrak President David Gunn. The Senate bill does not earmark any of the funds for the Scenic Byways program, as compared to the House bill where all of the funds are earmarked.👤

New Congestion Study Quantifies Public Transportation Benefits

At an event held in the hearing room of the House Transportation and Infrastructure Committee, the Texas Transportation Institute released its annual Urban Mobility Study. Joining with TTI's Tim Lomax for the release were Representatives Tom Petri (R-WI) and Jim Oberstar (D-MN) and representatives of the American Road & Transportation Builders Association and the American Public Transportation Association.


The new study found that congestion continues to worsen across the U.S., in urban areas of every size. In addition, it reported that Americans are spending more hours stuck in traffic, more roads are congested, and congestion continues to grow.

New to the report is an analysis of the benefits of public transportation and operational improvements. These improvements were made in response to criticism from STPP and other public transportation supporters, as well as some state DOTs. TTI's analysis shows that public transportation saves commuters more than one billion hours and almost \$21 billion in congestion costs annually, an amount that is nearly three times the annual federal investment in public transportation. According to the Urban Mobility Study, addressing congestion will require a "diverse set of options," including public transportation.

In a press statement released shortly after the T&I Committee event, STPP's President Anne Canby said, "The TTI report supports the STPP Coalition's

plan for TEA-21 reauthorization calling for more travel options for the public, broader and more effective public involvement in transportation decision-making, linking of land-use development and transportation planning, and better management of our existing systems.”

Anne Canby’s statement on the study can be found at <http://www.transact.org/news.asp?id=35>

Read the full Urban Mobility Study at <http://mobility.tamu.edu> 

Report Tackles Funding Gap for Intermodal Transportation Investments

Reconnecting America’s Transportation Network released a new report September 24 proposing a number of strategies for closing the funding gap that now exists in financing needed connections between our nation’s air, rail and highway systems. The purpose of the report is to prompt a national dialogue on financing methods for addressing the shortfall of almost \$5-8 billion annually to pay for the necessary intermodal facilities to improve the flow of both passengers and goods.

The report, Financing Intermodal Transportation, which was prepared by transportation finance expert William D. Ankner, PhD, identifies system fragmentation as the key challenge that existing policies must overcome to make progress in improving transportation system connectivity. “Fragmentation of the transportation industry, at all levels, feeds upon itself and creates modal competition that intensifies problems for effective transportation system investments,” Ankner writes.

The report also examines the limitations of existing financing tools and it makes a number of recommendations to help finance improvements to integrate and connect our transportation systems. In the near term, simple adjustments to TEA-21 and the nation’s aviation law (AIR-21) to allow more flexibility to fund these projects would make a difference. Over the longer term, the report discusses other options, such as the imposition of a value added tax or VAT on freight, a strategy that could generate as much as \$10 billion annually for these projects.

In a statement on the report, project Co-Director and President of Reconnecting America Hank Dittmar said, “We are trying to help Congress and the industry deal with the fact that there is no free lunch. Past generations have made the hard choices when it comes to making essential investments. Today’s transportation crisis, for passengers as well as freight, is making connections in metropolitan areas, and Dr. Ankner’s report proposes a sensible and incremental approach to this challenge.”

Copies of the report are available at <http://www.reconnectingamerica.org> or <http://www.cnt.org> 

Amtrak CEO Addresses Future of Passenger Rail System

Amtrak President David Gunn addressed the National Press Club September 30, emphasizing that although the nation’s beleaguered rail system has made significant gains in ridership and progress on deferred maintenance, significant challenges remain for the nation’s financially strapped passenger



railroad corporation. Among Amtrak's accomplishments in FY'03, Gunn explained, were record levels of maintenance work done on time and under-budget, strong ridership gains on the Texas Eagle and Sunset Limited, and, for the first time in eight years, the lack of a fiscal crisis.

Gunn also said it would be impossible to bring the rail system into a state of good fiscal repair, let alone operate Amtrak, at the \$900 million requested by the Administration and approved by the House of Representatives for FY'04. "The operating deficit and debt service is over \$800 million so you have no money for heavy maintenance," Gunn said.

Amtrak's President indicated that future efforts to upgrade rail service on par with Europe and Japan will depend on willing freight partners, the highest-level of state leadership, and strong city pairs such as Chicago to Milwaukee or St. Louis, Portland to Seattle, and Boston to Portland, ME. Noting that freight rail traffic is expected to grow at a faster pace than the private capital needed to meet new demands on the rail and highway network, Gunn also suggested that in congested urban areas, federal and local governments could support a level playing field for freight and passenger rail by helping to rebuild intermodal terminals. [🌐](#)

Senate Panel Reviews Administration's Proposal to Model Amtrak after New Starts Program

The Administration's proposal to increase state participation in Amtrak was reviewed October 2 at a Senate Commerce Committee hearing. In his opening remarks, Committee Chair John McCain (R-AZ) endorsed the Administration's concept that the federal government should provide capital support for an intercity rail program along the lines of the "New Starts" transit program. Under this proposal, states would provide a share of the capital costs and assume the operating costs of competing passenger rail services. Other panel members, both Republicans and Democrats, however, challenged the Administration's proposal.

Federal Railroad Administration Allan Rutter suggested in his testimony that over the course of a six-year authorization, Amtrak would transition into a federal/state partnership similar highways and transit where the federal government provides capital and minimum standards that services must meet to receive funding. Claudia Howells, Rail Division Administrator for Oregon Department of Transportation, also testified, raising concerns that the proposed 50-50 match for passenger rail modeled after New Starts funding would create biases in the transportation decision-making process.

"States will always look to invest state dollars where the federal share is the greatest, particularly in hard economic times. If (passenger) rail projects are forced to compete with 80-20 or 90-10 federal-state match ratios, as is typical with highway projects, we will have a difficult time competing when dollars are scarce," said Howells.

For more information about the hearing, visit <http://commerce.senate.gov> [🌐](#)

Proposals for Environmental Reviews Raise Questions

The National Environmental Policy Act (NEPA) Task Force, convened by the White House Council on Environmental Quality (CEQ), released its final report September 24. The report makes more than 50 nonbinding recommendations, which federal agencies can take to expedite the NEPA review process. The 122-page report, "Modernizing NEPA Implementation",

caused concern among environmental groups and others that certain recommendations could undermine the environmental review process and limit public involvement opportunities.

The Task Force looked specifically at six areas of the NEPA review process: Technology and information management and security; federal and intergovernmental collaboration; programmatic analyses and tiering; adaptive management and monitoring; categorical exclusions; and environmental assessments.

Although some of the recommendations - specifically increasing early collaboration among stakeholders, and better use of GIS and other technologies - echo suggestions made by environmental organizations and public interest groups, other Task Force recommendations may actually weaken environmental reviews and reduce opportunities for public participation.

Most worrisome are recommendations to expand the list of projects eligible for categorical exclusions (CEs), and suggestions that federal agencies spend less time and resources on environmental assessments (EAs). Interestingly, a 2000 AASHTO study on the causes of CE and EA project delays found that even in states that reported delays in the environmental review process, 70 percent of documents were completed without any delay at all. That study also showed that many of the delayed projects were processed using lower-level documentation than was merited. This finding suggests that federal agencies should be more, not less, judicious about expanding the CE eligibility.

Also troubling were recommendations that federal agencies scale EA efforts to include public participation based on the significance of impacts and level of public concern. This risks closing the door to consideration of impacts and concerns that might come to light during a more thorough review process, and to reduce opportunities to review and comment on an EA.

"Modernizing NEPA Implementation" can be found at <http://ceq.eh.doe.gov/ntf/report/index.html>

Administration Touts Streamlining Efforts under Executive Order

At a September 23 event, Administration officials recognized Federal, state, and local officials for pushing forward four of the 13 major transportation projects that were designated for priority attention under President Bush's streamlining Executive Order (EO 13274). The projects - I-80 in Nebraska, CETAP in Riverside County California, Circumferential Highway in Vermont, and the Ohio River Bridges in Kentucky and Indiana - have each been moved from the "project priority list" to the new "project transition list."

While environmental and transportation reform groups have strong qualms and concerns about the implementation of the President's Executive Order, the Administration's efforts demonstrate that current legislative proposals to streamline environmental reviews are unnecessary. CEQ Chairman James Connaughton himself confirmed this by citing achievements under the Executive Order, which he called "more powerful than programmatic or legislative changes."

To read more, please visit <http://www.dot.gov/affairs/dot11703.htm>

OMB Report Shows Benefits of Clean Air Act Far Outweigh Costs

In its annual report to Congress on the costs and benefits of federal regulations, the OMB found that the benefits of federal regulations far outweigh the costs. The report puts quantified benefits over the past ten years at between \$146 billion and \$230 billion, while the costs range from just \$36 to \$42 billion. According to the OMB's analysis, of the 107 federal rules evaluated, the majority of the quantified benefits are due to just four EPA Clean Air Act rules - two rules limiting particulate matter and NOx emissions from heavy duty highway engines, the Tier 2 rule limiting emissions from light duty vehicles, and the Acid Rain rule limiting sulfur dioxide emissions. All together, those four rules have quantified benefits of between \$101 to \$119 billion per year, and costs of only \$8 to \$8.8 billion annually.

The OMB report comes out just as some lawmakers are seeking to undermine the Clean Air Act by weakening the conformity process that requires states and metropolitan areas to evaluate the air quality impacts of transportation plans, and putting off full implementation of more stringent public health protections (the 8-hour ozone and fine particulate matter rules).

To read the OMB report go to http://www.whitehouse.gov/omb/inforeg/2003_cost-ben_final_rpt.pdf 

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