



CENTER ON URBAN AND METROPOLITAN POLICY

TEA-21 Reauthorization: Getting Transportation Right for Metropolitan America

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Congress will soon decide how to allocate more than \$200 billion over the next five years to preserve, modernize, and expand the U.S. surface transportation system. When it does, it will update two recent reforms of federal surface transportation law that inaugurated a new era of transportation policy in this country. The laws—the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and the Transportation Equity Act for the 21st Century (TEA-21) in 1998—gave states and metropolitan areas the certainty in funding and the flexibility in program design necessary to attempt new transportation solutions. However, as this brief outlines, the broad reforms boldly initiated on the federal level have not been uniformly implemented. For that reason, the brief argues that reauthorization this year requires Congress to cement and advance the gains achieved in the past decade, and respond more forcefully to the pressing transportation needs of metropolitan America. The brief, to that end, offers a comprehensive policy framework that calls for a two-step approach to reauthorization. Congress must preserve the innovative framework of ISTEA and TEA-21, and ensure that states attend to the needs of their metropolitan areas. It must also give metropolitan areas more powers and greater tools, in exchange for enhanced accountability, to get transportation policy right for their regions.

Introduction

Congress will soon decide how to allocate more than \$200 billion over the next five years to preserve, modernize, and expand the U.S. surface transportation system. The stakes could not be higher—for the country, and particularly for its congested cities and suburbs.

Metropolitan areas are literally where America lives.

Not only do eight out of ten people in the U.S. now reside in the nearly 300 federally defined metropolitan areas, but these crucial places drive the economy.² Together, these regions produce more than 85 percent of the nation's economic output; they also generate 84 percent of America's jobs.³ More and more the metro areas are where the business of American life gets carried out.

And yet, as Congress weighs reauthorization, most U.S. metropolitan areas—meaning, most of America—face a series of enormous transportation challenges.

- Congestion is growing in metropolitan areas of every size as regional economies continue to spread out in low-density ways.⁴
- Auto-dependency is on the rise, as sprawl undercuts the viability of such alternatives to driving alone as bus transit, heavy rail, light rail, biking, or carpooling.⁵

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- The infrastructure network is aging, with a quarter of the roads in urban and metropolitan areas rated in poor or mediocre condition, and a third of urban bridges rated structurally or functionally deficient.⁶ Yet, in many places, transportation decisionmaking still favors new construction, typically on the suburban and exurban fringe.
- There is also a growing spatial mismatch between jobs and workers as employment decentralizes and poverty remains concentrated in central cities.⁷
- Americans are now spending more on transportation than ever before, primarily because our sprawling metropolitan communities require families to drive longer and more often to satisfy their daily needs.⁸ Since 1991, the nation’s total transportation bill has grown faster than inflation.
- What is more, state governments—the major source of funding for local transportation needs—face unprecedented revenue shortfalls. At the same time, states and cities are being forced to spend millions to protect transportation hubs, such as ports and railways, from terrorism.⁹

In this context, reauthorization of the laws governing highway, transit, air, and rail systems could not come at a more critical time for the nation’s metropolitan areas. To put it bluntly: Federal transportation programs return more money to state and local governments than any other federal initiative involving physical infrastructure, and do as much as any cluster of programs to influence the spatial form and social fabric of our cities and suburbs.¹⁰

What is more, Congressional action occurs at a time of substantial, though uneven, innovation in the transportation sector.

Congressional reforms in the 1990s—the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991 and the Transportation Equity Act for the 21st Century (TEA-21) in 1998—gave states and metropolitan areas the certainty in funding and the flexibility in program design necessary to attempt new transportation solutions. Spurred on by these reforms, a small but increasing number of states and metropolitan areas are experimenting with transportation policies that offer a more balanced mix between highway expansion and highway preservation, and between road building and transit expansion.

And so 2003 need not—and should not—see a “routine” reauthorization of federal transportation law. To the contrary: Enactment of the first major federal transportation bill of the 21st century should become the seminal moment when Washington truly gets transportation policy right for metropolitan America.

Which is why Congress faces a two-step challenge this year: It should at once preserve the innovative framework of ISTEA and TEA-21, and go further in devolving power and decision-making to localities. In this respect, numerous encouraging examples of state, local, and metropolitan innovation provide a sound basis for retaining federal reforms that have worked. At the same time, the mixed record among states in implementing ISTEA and TEA-21 exposes the need for further federal reform that gives metropolitan areas greater powers and more tools in exchange for enhanced accountability. This, in short, is a moment for Congress to cement and advance the gains achieved in the past decade on transportation.

The State of Federal Transportation Law

Understanding where federal transportation policy should go to better serve the needs of localities requires first understanding where transportation policy has been. ISTEA and TEA-21, in this respect, took the first steps in revolutionizing federal transportation policy by recognizing and responding to the reality of metropolitan America. Overall, the laws enacted eight major changes.

1. **Metropolitan devolution.** The reform laws established a voice for metropolitan areas by devolving greater responsibility for planning and implementation to metropolitan planning organizations (MPOs). These regional bodies were originally research organizations charged with advising state departments of transportation (DOTs). By enhancing the powers and responsibilities of MPOs, ISTEA and TEA-21 enabled metropolitan areas to tailor transportation plans to the realities of their distinct markets. MPOs are held accountable through a regular certification process intended to ensure adherence to statutory economic and environmental performance measures, to principles of effective citizen engagement, and to compliance with other applicable federal laws including both the National Environmental Protection Act and Title VI of the Civil Rights Act.
2. **Reliable funding.** The reforms provided a substantial increase in federal funding across the board and guaranteed that federal gas tax revenues could not be diverted from surface transportation projects. The Minimum Guarantee Program ensures that a large portion of Federal Highway Trust Fund dollars flows back to the states, not based on needs but, rather, on their share of contributions to the fund. The laws also required fiscal responsibility by confining metropolitan transportation plans to the actual availability of sufficient funds to complete, operate, and maintain projects.
3. **System preservation and maintenance.** ISTEA and TEA-21 provided for the preservation of existing transportation facilities and recognized the importance of reinvesting in the existing system. They stressed the use of advanced technologies for efficient data collection and the use of analytical tools to evaluate selected strategies for effective management and operations.
4. **Funding flexibility.** The reforms afforded states and regions greater flexibility in the spending of federal highway and transit funds. Prior to ISTEA, highway program funds generally could not be used to finance projects of another transportation mode. Now, state DOTs and MPOs can employ a portion of highway funds for transit purposes. This “flexing” authority has handed states and MPOs, along with local political, corporate, civic and constituency leaders, greater opportunity to tailor transportation spending to regional needs and market realities.
5. **Special challenges.** The new laws established a series of targeted programs to carry out important national objectives on the metropolitan level. The statute now sets aside a portion of transportation funds for activities that mitigate metropolitan congestion and improve air quality. The Transportation and Community and Systems Preservation (TCSP) Pilot Program provided incentives for linking transportation and land use planning. Another program, the Job Access and Reverse Commute (JARC) program, helped to provide more transportation alternatives for low-income workers in metropolitan markets.
6. **Beyond transportation.** The reform statutes required transportation planning to move beyond simple mobility concerns and take into account social, economic, and environmental outcomes. The laws particularly tightened the linkages between transportation spending and metropolitan air quality. Enforcement of these linkages in Atlanta and other metropolitan areas confirms that these linkages have toughened federal environmental supervision and provided another impetus for regional collaboration.
7. **Citizen participation.** The laws greatly expanded the role of the public in transportation decision-making. The laws required that broad and inclusive public participation in the transportation planning process be facilitated and mandated that this engagement be “early and continuing.”

8. **Open government.** The laws created, for the first time, a Bureau of Transportation Statistics (BTS) to enhance both planning and the public's access to information. BTS is moving to enhance the geographic analysis of transportation expenditures and its effect on metropolitan areas.

Taken together, these reforms, enacted over the past decade, represented a marked departure from past federal policies and practices, which had generally promoted a one-size-fits-all emphasis on road construction and new highway building. Each reform reflects a more sophisticated notion of the role transportation plays in building communities that are livable, competitive, and fiscally and environmentally sustainable. Several of them parallel recent reforms of federal housing and welfare policy in rejecting "made-in-Washington" solutions and devolving greater responsibility and discretion for program design and implementation to officials closer to transportation problems.

In sum, the reforms of the last decade represented a remarkable change of direction in the nation's beleaguered transportation policy.

Reform in Action: State and Metropolitan Responses to Federal Change

Have the reforms made a difference? Change, particularly in complex systems, does not happen overnight. In light of that, the impact of recent transportation reforms has so far been both profound and disappointing.

What has been profound has been the extent to which the two recent transportation bills attempted to respond to local regions' needs.

This change in approach recast transportation governance, spending patterns, and behavior all at once.

Prior to ISTEA, regional transportation plans and programs were completely subordinated to federal-state highway planning. After ISTEA, metropolitan areas were not only permitted but required to establish transportation goals and objectives, so that transportation decisionmaking might respond more directly to the unfolding needs of particular regions.

At the same time, spending shifted with the new laws. During the 1990s, funding for maintenance and repair of the nation's transportation system increased from \$6 billion in 1991 to over \$16 billion in 1999. Federal money spent on transit almost doubled, from just over \$3 billion to close to \$6 billion, and the amount of federal funding spent on bicycle and pedestrian projects grew from just over \$7 million to more than \$222 million over the same time period.¹¹ Many metropolitan areas also began the difficult, yet important, process of reassessing transportation plans and considering a broader range of transportation solutions.

Dramatic geographic reorientation also accompanied the changes. Public transit policies long associated with older, industrial metropolitan areas in the Northeast and Midwest have become conventional elements of transportation thinking in newer, growing areas in the Southeast and the Sunbelt. Metropolitan areas as diverse as Salt Lake City, Denver, Dallas, Charlotte, Las Vegas, San Jose, and San Diego have either built or are in the process of building light rail systems. Significantly, these projects were undertaken because officials and civic leaders in these metropolitan areas believe their competitive future will be improved by transportation systems that promote greater efficiency and provide workers with wider transportation choices.

Because of these shifts in federal policy and state and metropolitan spending, our nation now has hundreds more miles of rail service as well as millions more "route miles" of bus service. Planning and programming has generally improved with the enhanced involvement of local governments and the general public in transportation decisionmaking.

As a result, metropolitan travel habits are changing. For the first time since World War II, growth in transit ridership has outpaced the growth in driving for five straight years.¹² Rider-

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ship is now at its highest level since 1960. Even bicycle commuting grew by nearly 9 percent during the 1990s.¹³ While it is true that automobile travel still dominates in terms of absolute numbers, recent trends do indicate that the reforms on the federal level are having a substantial positive impact.

In sum, ISTEA and TEA-21 for the first time embedded in law the principle that America's metropolitan reality required an integrated, balanced, and regionally designed transportation system. As a framework the laws are sound.

And yet, the laws themselves are only part of the picture. Unfortunately, implementation of the new federal statutes has been seriously flawed—and in basic ways unresponsive to metropolitan needs. Most notably, most states have failed to utilize the tools and discretion afforded them by ISTEA and TEA-21 to meaningfully address the worsening transportation problems bogging down their metropolitan regions.

The first disappointment is the fact that, after ten years, most states have still not embraced the intent of federal law and devolved sufficient powers and responsibilities to their metropolitan areas. ISTEA and TEA-21 sought through devolution to better align the geography of transportation decisionmaking with the geography of regional economies, commuting patterns, and social reality. To do that the laws undertook to enlarge the responsibility of the regional MPOs in terms of transportation decisionmaking. However, that federal intent has largely been subverted. Although ISTEA and TEA-21 were designed to move transportation decisionmaking out of the back rooms and board rooms of the highway establishment, many state DOTs still wield considerable formal and informal power, and retain authority over substantial state transportation funds. The governor and state DOT still have veto authority over MPO-selected projects. Although large MPOs (in areas with populations over 200,000) also have authority to veto projects, the reality is that the state receives and manages all the federal transportation money, as well as large amounts of state transportation money and the state political leverage is far greater than the MPO's.¹⁴ In fact, a U. S. General Accounting Office report found that states often so dominate MPOs that in at least one case the state DOT “was, in effect, the MPO.”¹⁵ MPOs in such areas as Chicago and New York actually remain state agencies.¹⁶ Such arrangements create an unfavorable climate for the flowering of federal policy reforms—and frequently cut against metropolitan interests.

Secondly, many states continue to penalize metropolitan areas in the allocation of transportation money. This penalty owes to several biases. The first bias follows from the fact that federal law allocates the vast majority of federal money directly to state DOTs. Only about 6 percent of federal program funds are suballocated to MPOs, and even then, only to MPOs serving populations of over 200,000.¹⁷ In fact, while federal transportation spending increased from ISTEA to TEA-21, the share of funds suballocated to MPOs actually *declined* as a share of total highway spending. All told, metropolitan areas make decisions on only about 10 cents of every dollar they generate even though local governments within metropolitan areas own and maintain the vast majority of the transportation infrastructure.¹⁸ A second bias follows from the way states distribute transportation revenues. Some states have developed distribution formulas based on transportation-related needs, or based on resident population, registered motor vehicles, and highway miles. However, others (such as Tennessee, Ohio, Arkansas, and Alabama) allocate a portion of funds evenly among their counties, regardless of their size, needs, and contribution to state funding pools. This holdover from the states' past years of active rural highway construction ensures that built-out urban counties fail to receive a sensible share of funding. Another bias owes to the simple fact that the states own a substantial portion of the roads in rural areas; by contrast, local governments generally own many of the roads and the transit systems located in metropolitan areas.¹⁹ This arrangement saddles local municipalities with sole responsibility for building and maintaining the roads in incorporated (more urban) places while states take care of roads in rural or otherwise unincorporated places on the suburban fringe.

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Funding analyses in Ohio, Colorado, and Washington show what this means for metropolitan areas. In Ohio, rural counties receive much higher distributions of transportation revenues than do suburban and urban counties when allocations are compared to indicators of need such as population, vehicle registrations, vehicle miles traveled (VMT), and retail sales at gasoline stations.²⁰ In Colorado, the Denver Regional Council of Governments (DRCOG) found that in Fiscal Year (FY) 1999, the share of transportation dollars allocated to the Denver metropolitan area had declined from 46 to 36 percent.²¹ The decline in proportionate allocation destined for the metropolitan area occurred despite the fact that Denver boasted more job growth, more people and more gasoline consumption than other jurisdictions in the state. The Denver metropolitan area receives only 69 cents in revenues for each \$1 of tax revenue contributed.²² Projections of transportation spending in Washington state found that from 1994 to 2013, the Seattle metropolitan area would raise 51 percent of the state's total revenues and receive 39 percent in return. In other words, Seattle serves as a net exporter of transportation (and gas tax) revenue, despite the critical role the metropolitan area plays in the state's economy.²³

The third flaw in recent transportation reform for metropolitan areas is that the rules that govern transportation policy continue to favor roads over transit and other alternatives to traditional highway building. The federal government typically contributes 80 percent of the cost of road projects and new transit projects. However, Congress recently directed the Federal Transit Administration (FTA) not to approve projects with more than a 60 percent federal share.²⁴ In addition, the Bush administration's FY 2004 budget reaffirms an earlier recommendation to reduce the federal match to 50 percent beginning in 2004.²⁵ No such provisions burden roadway projects. This inequality between roads and transit is complicated by the fact that 30 states, unlike the federal government, prohibit the use of gas tax revenues for purposes other than road construction and maintenance.²⁶ Such rules make it inordinately difficult for transit projects to obtain additional funding, which they often must pursue through local ballot referenda, or general revenue sources at the state and local level. Other federal rules further tilt the playing field against transit. For example, strict project-justification requirements and a demonstration of long-term financial commitment apply to new rail projects. Such oversight—while perhaps appropriate—far exceeds that applied to roadway projects. This too hampers the development of the multidimensional transportation systems businesses and workers require.

These biases further mean that states rarely utilize the funding flexibility provided them by ISTEA and TEA-21. From 1992 to 1997 only five states (California, the District of Columbia, Massachusetts, New York, and Oregon) transferred more than one-third of available funds from highways to transit, while six others transferred none.²⁷ Nationally, of the \$50 billion available for innovation, only 6.6 percent (\$3.3 billion) was spent on transit and other alternatives during the 1990s—and most of that shifting occurred in states with transit-intensive metropolitan areas like New York and California.²⁸ Taken together, these biases ensure that state transportation policy pursued under federal law works against many metropolitan areas' efforts to maintain modern and integrated transportation networks.²⁹

Another problem: MPO as well as state capacity remains uneven. In a very real sense, the profession of transportation planning failed to keep up with statutory and on-the-ground change in the 1990s. Even in recent years, state transportation planning has largely remained the province of transportation professionals versed in engineering and concrete-pouring rather than urban planning, environmental management, housing, or economic development—and that has hampered state and local implementation of ISTEA and TEA-21's vision. Nor have circumstances been markedly better at the MPOs. MPOs in places as diverse as Albany, Dallas, Hartford, Minneapolis, San Francisco, and Seattle are strong players in their regions and maximize their responsibilities in an effective way. These entities have built up the expertise of their staff to carry out the responsibilities of the new federal law. Yet other MPOs, particularly in smaller areas, struggle to fulfill their statutory

responsibilities as well as implement local projects. Many lack adequate staff and financial resources. A recent analysis, for example, found that 58 percent of small MPOs (those representing populations of less than 200,000) cannot perform basic transportation modeling or forecasting. Additionally, 16 percent of small MPOs do not even have a full-time transportation planner.³⁰ Exacerbating these problems are state lines. Thirty-eight of the nation's metropolitan areas encompass more than one state—including 10 of the 25 largest—which significantly fragments local planning. The result is that very few effective metropolitan governance structures exist.³¹

A fifth disappointment: Many states and metropolitan areas alike undercut reform by flouting the spirit and intent of the new federal rules governing citizen participation. A number of states (such as Washington and Maryland) do include citizens on advisory committees that provide recommendations for the selection of enhancement projects such as pedestrian and bicycle access or landscaping. In Denver and Albany, NY, MPOs have made public involvement central to their development of long-range “vision” plans. Yet, for the most part, states and metropolitan areas do not involve citizens in an “early and continuing” way in their transportation decisions, despite existing federal regulations requiring them to do so.³² In addition, citizens rarely have access to transparent and accessible information on how and where their state and metropolitan bureaucracies spend federal transportation dollars. Incredibly, it continues to be easier for citizens to discern where private banks and thrifts lend (thanks to the federal Home Mortgage Disclosure Act) than to determine where public transportation agencies spend. Ultimately this lack of transparency reduces the ability of employers, workers, and regular citizens to influence the regional transportation systems that so strongly shape economic competitiveness, development trends, environmental quality, and the nation's quality of life.

Finally, TEA-21 failed to improve accountability and performance measures in a way that kept up with its 40-percent spending increase over ISTEA. This laxity is actually astonishing, given Congress' and the White House's recent adoption of stringent performance standards for state grantees under welfare and education reforms, the annual performance requirements for all federal agencies under the Government Performance Results Act, as well as the sheer size of transportation programs' dollar size. To be sure, TEA-21 outlined seven criteria to be evaluated in planning highway projects: accessibility, economic development, efficiency, environment, mobility, safety, and system preservation.³³ These planning factors were to be “considered” in the metropolitan and statewide planning processes—and could, if adhered to, improve the quality of transportation planning and spending in metropolitan areas. However, TEA-21's additional funding did not hold states accountable for their performance on these factors. Few performance standards were imposed. What is more, TEA-21 actually prohibits inadequate consideration of these factors from being contested in court.³⁴ This too has undercut reform.

Big-Ticket Challenges for 2003

Against this background, a number of critical transportation issues have emerged for debate in this reauthorization cycle. All of them involve fundamental aspects of American transportation policy. All of them involve the nation's metropolitan areas. These issues include:

- **A pervasive desire for metropolitan congestion relief.** In the past two decades, traffic congestion has become a way of life in nearly every major metropolitan area. Between 1992 and 2000 the number of hours that travelers were delayed in metropolitan traffic increased 45.6 percent from 21.9 percent to 31.9 person hours per year.³⁵ No wonder drivers—stuck in traffic—increasingly demand relief. Even though neither ISTEA nor

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TEA-21 promised that, many naturally are looking to the new law for help in addressing the mounting congestion problem. However, regardless of policy and market interventions, metropolitan congestion will continue to increase as the number of vehicles, number of drivers, number of miles traveled and number of intercity trucks grow and as regional economies continue to decentralize along low-density settlement patterns. Fortunately, many are beginning to understand the fundamental connections between land use, housing and transportation, and are beginning to recognize that we cannot build our way out of congestion.³⁶

- ***Deteriorating metropolitan air quality.*** At the same time congestion is increasing, air quality continues to worsen in major metropolitan regions. Deteriorating air quality raises serious health concerns that are beginning to receive a great deal of attention. The Bush administration recently acted to modestly increase fuel economy standards for light-duty trucks and sport utility vehicles, and sent confusing signals about conformity with the Clean Air Act in cases scattered from California to Atlanta. At the same time, the U.S. Supreme Court, responding to scientific evidence, upheld new air quality standard measurements that better reflect the levels of air pollutants caused by air emissions. As a result, the number of counties that will soon fall out of compliance with the federal air quality standards of the 1990 Clean Air Act amendments could triple to about 300. Some 120 million people live in these counties.³⁷ Some 243 of these counties containing more than 111 million people, or 98 percent of the affected population, lie within metropolitan areas.
- ***Crumbling metropolitan infrastructure and functional obsolescence.*** The transportation network is aging. Potholes, rough surfaces, rusting bridges: These are the realities of a deteriorating system. Recent analysis, moreover, estimates that the nation's aging infrastructure costs American drivers \$5.8 billion in repairs each year.³⁸ Such costs subvert regional competitiveness and productivity by impeding the flow of people, goods, and services between America's cities and suburbs.³⁹ What is more, the very structure of this aging infrastructure is growing obsolete. Most cities and older communities now make do with a road and transit network that fits commuting patterns of the 1950s, when cities still functioned as regional hubs. Today, however, journey-to-work trips represent only one-fifth of all trips.⁴⁰ This fact—and the general obsolescence of much transportation infrastructure—undermines urban and metropolitan economies. In some cities, freeways block access to waterfronts and other assets and generally take up some of the most valuable real estate in the urban area (usually land either near or in the midst of the central business district).⁴¹
- ***The growing spatial mismatch between metropolitan jobs and workers.*** As economies and opportunity decentralize and working poverty concentrates, a “spatial mismatch” has arisen between jobs and people in the nation's urban regions.⁴² In suburbs, entry-level jobs abound in manufacturing, wholesale trade, and retailing—and hold out opportunities for people with basic education and skills. However, the absence of viable transportation options—combined with persistent residential racial segregation and a lack of affordable suburban housing—effectively cuts many inner-city workers off from regional labor markets. Quite literally, low rates of car ownership and inadequate public transit keep job seekers in the core from reaching many suburban jobs. Often, inner city workers, hobbled by poor information networks, don't even know these jobs exist. This, too, undermines the competitiveness of metropolitan regions by reducing employers' ability to attract needed workers.⁴³
- ***The sticker shock of metropolitan sprawl.*** Congestion and auto dependence also affect the pocketbooks of citizens and commuters. The dominant pattern of suburban growth—low-density housing, a sprawling job base—has made residents and com-

muters completely dependent on the car for all travel needs. Across the country, household spending on transportation has risen substantially. Transportation is now the second largest expense for most American households, consuming on average 18 cents out of every dollar. Only shelter eats up a larger chunk of expenditures (19 cents), with food a distant third (13 cents). The transportation burden disproportionately affects the poor and working poor, moreover. Households earning between \$12,000 and \$23,000 spend 27 cents of every dollar they earn on transportation. For the very poor (households who earn less than \$12,000), the transportation burden rises to 36 cents per dollar earned.⁴⁴

- **Lack of adequate state funding.** Despite these critical needs, states are not raising—or spending—enough revenue to meet the needs of metropolitan transportation networks. From the time the Interstate Highway System was originally authorized in 1956 to the present, increases in federal revenues kept pace with inflation, but state revenues have not. Of the 28 states that increased their gas tax since the passage of ISTEA, only three raised it as fast or faster than inflation.⁴⁵ Since TEA-21 was authorized in 1998, two of the largest sources of new revenue for transportation projects are increases in federal revenues and increases in state debt. In fact, the percent increase in revenues from state borrowing in the form of bond proceeds outpaced the percent increase in revenues from new taxes and user fees by more than seven to one.⁴⁶ In 1999, the Government Accounting Standards Board approved Statement 34 on capital asset accounting, requiring consistent bookkeeping by state and local government for infrastructure investments.⁴⁷ This change requires state and local governments to account consistently for the depreciated value of their capital investments and to budget adequately to maintain their existing assets. The pressure to pay attention to these considerations has mounted in the wake of the recession and the effect on state finances. Forty-five states have reported budget shortfalls in the past year. In FY 2002, 37 states cut almost \$13 billion from their budgets—the largest amount in history.⁴⁸

A related problem involves state under-spending on the Congestion Mitigation and Air Quality program, known as CMAQ. Under TEA-21, CMAQ allows states to disperse some \$8.1 billion over the six-year life of the law to fund an array of activities, including transit projects and traffic flow improvements, to help metropolitan areas meet federal air-quality standards. However, states have curbed that authority, according to the coalition of elected officials, Local Officials for Transportation, which includes the U.S. Conference of Mayors, the National Association of Counties, the Association of Metropolitan Planning Organizations (AMPO), and the National League of Cities. As a result, nearly \$2.2 billion of CMAQ funds has remained unspent since ISTEA, depriving local governments needed dollars for mitigating congestion problems and increasing improving air quality.⁴⁹

Each of these challenges, in sum, shares a common origin. Despite the good intentions of ISTEA and TEA-21, a fundamentally anti-metropolitan bias still pervades state and federal transportation policies and practices. Reauthorization matters because it offers our best opportunity to shape different growth patterns and manage these problems and so improve the next generation’s metropolitan transportation network.

A Metropolitan Policy Agenda for Reauthorization

So where do we go from here? One thing is clear: The TEA-21 debate should not revolve solely around money.

To be sure, money is an issue. This year, most observers generally assume that the large funding increases associated with ISTEA and TEA-21 (TEA-21 carried a 40-percent funding increase over ISTEA) will not be forthcoming.⁵⁰ President Bush’s FY

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2004 budget request of \$29.3 billion for federal-aid highway programs, for that matter, falls about \$1 billion less than average expenditures from the Highway Trust Fund since 1998.⁵¹

And yet, what matters more than the particular funding level of the reauthorization is how that money is spent, and what impact it will have on most Americans.⁵²

ISTEA and TEA-21 marked a seachange in federal transportation policy. In metropolitan area after metropolitan area, that change is apparent in many, tangible ways. There is more funding for transportation alternatives, more focus on repairing and maintaining what we have already built, more integrated thinking about how transportation connects to other community priorities like air quality, housing, and economic development. What is more, these changes reflect the changing market and demographic realities of our country. In sum, they reflect what citizens say they want: more choices in transportation; metropolitan places that function efficiently for businesses, workers, and households; more bang for the government buck.

In keeping with that, the first order of business in 2003 must be to **retain the basic reforms of ISTEA and TEA-21**. The earlier reforms provide a solid foundation for a national transportation policy that is fiscally prudent, competitively wise, environmentally sound, and responsive to the changing demands of business and citizens. Congress, therefore, should resist efforts this year to undermine the “flexible funding” provisions that allow decisionmakers at the state and local level to shift funds between highway and transit initiatives. It should reject bids to roll back environmental regulations in the name of project streamlining.⁵³ And it should maintain in federal law provisions that favor system rehabilitation and maintenance, improved operations, and alternative transportation development, rather than expansion of new highway capacity.

Yet Congress must also go beyond preserving past reforms. In many places, practice has not followed policy, so that implementation of the law has fallen far short of congressional intent. The reasons for this are many: recalcitrant state bureaucracies that continued to operate “business-as-usual;” insufficient tools and ill-designed programs; a surprising lack of accountability and performance. The second challenge to Congress is, therefore, to build on the foundation of ISTEA and TEA-21 in a way that works to **give metropolitan areas greater powers and more tools in exchange for enhanced accountability**.

At a minimum, the new law should:

I. Reform Governance to Reflect Metropolitan Challenges

Metropolitan areas face a daunting set of transportation challenges—increasing congestion, deteriorating air quality, crumbling infrastructure, spatial mismatches in the labor market—that threaten to undermine their competitive edge in the global economy. The lessons of the past decade, however, show that existing governance arrangements and structures are not up to the task. MPOs have too little power, state transportation departments too much. In many metropolitan areas, the proliferation of separate administrative bodies does not reflect the travel, environmental, and economic realities of 21st-century metropolitan America.

If local transportation challenges are to be met, metropolitan areas need a greater say in the design and implementation of transportation policy. This means the devolution of ISTEA and TEA-21 needs to go further. Several steps are needed. The responsibility and capacity of metropolitan planning organizations needs to be expanded. State decisions need to be tied more closely to the demographic and market realities of metropolitan areas and the vision and priorities of metropolitan leaders. Collaboration across administrative borders and modes (e.g., air, rail, highway, transit) should be required. And, finally, a new cadre of broad-minded, transportation professionals needs to be nurtured and sustained.

Recommendation: Expand the responsibility and capacity of MPOs.

The roles and responsibilities of MPOs must be augmented. To that end, Congress

should allocate substantial resources directly to MPOs (see below). Congress should also preserve and strengthen the metropolitan role in transportation planning and spending; the existing TEA-21 set-aside for metropolitan transportation planning should be increased from 1 percent to 2 percent. In addition, generous support should be provided to build the capacity of MPOs through technical assistance, professional training and the sharing of best practices. By the same token, a special research program should be created at the national level to identify and evaluate innovative approaches to metropolitan transportation challenges. Finally, as described below, MPOs should be subject to heightened performance and accountability requirements.

Recommendation: Ensure state decisions reflect metropolitan realities.

Even with further reform, state departments of transportation will continue to oversee the largest share of federal transportation resources. For that reason, it is critical that statewide transportation policies and practices strengthen metropolitan economies and respond adequately to metropolitan transportation challenges. Congress should therefore require that state transportation governing bodies include political, business, and citizen representation from every metropolitan area in the state. Congress should also require state transportation departments to allocate federal resources in a manner consistent with objective needs and which reflects the proportional contribution of gas tax revenues from different parts of the state. Finally, Congress should require that financially constrained state transportation plans incorporate locally defined metropolitan priorities.

Recommendation: Encourage states and metropolitan areas to work together on major economic corridors or large regions.

In many regions of the United States, the geography of transportation decisionmaking—fractured by arbitrary political borders—fails to reflect the regional travel patterns of people or goods. Congress should therefore establish a pilot program (perhaps initially funded at \$100 million a year) to support transportation planning for economic corridors and regions that cross state and MPO administrative borders. Planning in these corridors should involve all modes of transportation, including highway, transit, airport, rail, and port links.⁵⁴ In addition, Congress should require MPOs with contiguous borders to coordinate their plans. Where multiple MPOs within a single state serve a metropolitan area, the federal DOT should either mandate formal relationships between these MPOs or consider consolidating them.

Recommendation: Connect rail, air, and surface transportation.

For the first time in U.S. history, the statutes governing surface transportation policy (TEA-21), aviation (Air21), and passenger rail will be considered during the same Congress. This offers a superb opportunity for policymakers to transcend the nation's past and current separation of those modes, and end the separate treatment of inter- and intra- metropolitan policies. The United States is the only industrialized country in the world that has not pursued an integrated approach to transportation policy. This ignores both travel and political reality. For example, the focus of the new Transportation Security Administration (TSA) has revolved almost exclusively around aviation-oriented passenger screening and technology for package and luggage screening; yet meanwhile, some 84 percent of inter-city travel occurs by car or bus.⁵⁵ That means the TSA's efforts do not address the largest share of intercity passenger travel. Likewise, the dislocations caused by the September 11 terrorist attacks underscore that the nation's economic wellbeing, as well as its strategic security, depends on metropolitan areas and the optimal functioning of our national travel system in an interconnected, redundant and reliable fashion. Such links support our economy, preserve our basic freedom to travel, and provide for the strategic security of the

nation. The reauthorization of TEA-21 should therefore be discussed in the context of these other laws and should, for the first time, boldly connect our transportation modes and consider them as they are: as connected entities of the transportation network.⁵⁶

Recommendation: Build a field of 21st-century transportation professionals. A primary objective of the new law must be to quickly build a field of professionals capable of understanding and responding to the diverse and complex transportation challenges of our nation. To be successful, federal transportation reform requires a cadre of transportation practitioners familiar with metropolitan growth dynamics and expert in a broad range of disciplines, ranging from law, business, and finance to engineering, land use, and planning. Congress must, therefore, provide state DOTs and MPOs with the funds and guidance necessary to modernize their personnel and hiring practices. The U.S. DOT should augment the Metropolitan Capacity Building Program, for example, to identify gaps in the transportation profession and train and educate the next generation of transportation professionals. U.S. DOT should, in particular, work closely with the nation's universities to expose students in relevant disciplines to transportation issues and concerns. Such a "Teach Transportation" effort could ultimately attract a cadre of smart and able students to the profession. Congress should dedicate sufficient resources—say \$50 million annually—to this critical area.

II. Provide Enhanced Tools and Policies to Respond to Metropolitan Challenges

The challenges faced by metropolitan areas require more than governance reform, however. States and metropolitan areas also need access to broader, more flexible tools and policies.

Three steps are needed.

First, the federal government needs to increase the resources that flow directly to MPOs. These institutions are, after all, in the best position to use transportation funding in tandem with land use, housing, workforce, and economic development policies. Second, Congress needs to expand choices for metropolitan residents by providing a more balanced federal approach to highway and transit projects and by leveraging existing transit investments to promote more compact development. Finally, the new transportation bill should ensure that scarce federal dollars spur maximum use of the current road and transit network.

Recommendation: Increase the funding that flows directly to MPOs.

Congress should give MPOs greater resources and flexibility to tailor transportation solutions to the distinctive realities of individual metropolitan areas. Specifically, Congress should in 2003 substantially increase the funding that is suballocated to MPOs, where the majority of the transportation challenges remain, and where the majority of funds are generated. Such funding should, at a minimum, include the portion of Minimum Guarantee funds that is "flexible" and not distributed by formula among the core programs (\$2.8 billion in FY 2002).⁵⁷

In exchange for greater funding, MPOs would be subject to enhanced accountability measures (described below). For example, U.S. DOT would be given the authority to withhold a portion of these additional funds to award exceptional performers. In addition, the planning and citizen participation requirements in existing law would be retained. U.S. DOT would also be allowed to dedicate up to one-half percent of the additional funds for annual capacity building and research efforts that further metropolitan governance in transportation.

Over time Congress should consider creating a broader transportation block grant

to metropolitan areas modeled after the successful Community Development Block Grant program. Such a block grant program could consolidate several categorical programs, including CMAQ, JARC and the TCSP pilot program, as well as portions of major programs like bridge repair. Such a block grant would provide metropolitan areas with the predictability of funding necessary to make long-term planning possible. The new federal law should require U.S. DOT to present a plan for a metropolitan transportation block grant by January 1, 2006 in anticipation of the next congressional reauthorization.

Recommendation: Level the playing field between highways and transit.

Metropolitan areas fully understand the importance of transit to their competitive future. Yet, despite earlier reforms, federal policy and practice continues to place transit projects at a disadvantage. Several reforms should therefore be made. Congress should continue the funding guarantees for transit and ensure that the federal share of transit projects equal the federal share for highways. Thus, the 80/20 split between federal and state/local funds for new fixed-rail transit projects should be reinstated and Congress should allow community assets, such as parks and other infrastructure, to count as part of the state/local match. In addition, the new law should require equal treatment of proposed highway and transit projects. Roadway projects using federal funds should face the same level of scrutiny as new rail projects, for example. Similarly, long range financial requirements for highway projects should be disclosed at program level, as they now are for transit projects. Finally, Congress should give incentives to states to remove legal barriers that currently prohibit the use of state gas tax revenues for transit purposes.

Recommendation: Facilitate transit-oriented development.

The federal government has a special chance in this legislative cycle to leverage the billions that have already been invested in light rail and other rail projects. Two key opportunities exist. First, metropolitan long-range planning requirements should contain a provision requiring the consideration of alternative regional land use scenarios incorporating policy goals or regional visions rather than simply extrapolating from past trends. Secondly, a key criterion for allocating transit funding should be the consistency of local land use plans and zoning codes with transit-supportive land uses. The new transportation bill, beyond that, should also require that federal funds for the provision of key infrastructure (such as transit facilities or bridges) be tied to requirements for transit-supportive design, and should provide guidelines on the functional integration of transit and the surrounding uses.⁵⁷ Finally, Congress should direct the U.S. DOT to work with the U.S. Department of Housing and Urban Development on a special effort to realize the real estate potential of transit stations. This initiative could involve a range of activities (such as research, technical assistance, and joint agency planning) and could provide a helpful forum for local government officials, transit operators, private sector developers, financial institutions and secondary mortgage market entities.

Recommendation: Use the market to mitigate congestion.

The mounting transportation pressures on metropolitan areas occur at a time of severe fiscal constraint, pervasive frustration with congestion, and increasing opposition to road expansion. As in Europe, this requires a firm national commitment to make maximum use of existing road capacity and expand transportation alternatives. The new transportation bill should, therefore, augment efforts for using state-of-the-art communications technology to encourage market approaches to congestion relief, including road pricing. Advances in pricing technology (including electronic toll collection systems) and pricing schemes (such as congestion pricing) should, in particular, be explored and applied. Congress should, to that end, triple funding for

the Value Pricing Pilot Program to \$25 million per year, and provide U.S. DOT with expanded resources for research and communication efforts in this area.

III. Enforce and Augment Requirements for Accountability and Reward Performance

At a time of economic uncertainty and fiscal stress, finally, the nation needs to get the most out of its transportation investment. Despite delivering large funding increases to states and metropolitan areas, ISTEA and TEA-21 held state and metropolitan transportation bureaucracies to few standards of performance. Future transportation spending should be held to a higher standard of managerial efficiency, programmatic effectiveness, and fiscal responsibility. To that end, the 2003 law should establish a new framework for accountability that includes tighter disclosure requirements, improved performance measures, and rewards for exceptional performance. Congress also needs to create a transportation system that is more responsive to citizens and business. The more citizens and businesses inform transportation decisions, the better those decisions will be.

Recommendation: Establish a new federal framework for accountability and performance.

Paralleling other areas of domestic policy, a new framework for transportation accountability and performance should have several elements.

First, Congress should require state DOTs and MPOs to disclose their program and spending decisions in a transparent, accessible, frequent and continuous manner. State and metropolitan entities should, at a minimum, disclose their spending patterns by political jurisdiction and the origins of the revenue used. To the greatest extent practicable, disclosures should take advantage of recent advances in geographic information systems and provide citizens with easy-to-read state and regional maps that chart and chronicle core highway and transit investments. In addition, given the recent increase in highway debt financing, state departments should routinely disclose bond requirements and obligations.

Second, the new law should require state and local metropolitan transportation agencies to maintain information systems that annually measure progress on indicators of national significance. These indicators might include mitigating congestion, improving public health, improving air quality, lowering transportation costs, and expanding transportation options for target groups (such as the elderly or low-income workers). The law should also require transportation agencies to set annual performance objectives in each of these critical areas. As with disclosure of spending decisions, agency performance objectives (and progress towards meeting those goals) should be shared with the general public in an accessible manner.

Finally, the new federal law should establish consequences for excellent and poor performance. Congress, in this regard, should allow the U.S. DOT to maintain a small incentive pool to reward states and metropolitan areas that consistently perform at an exceptional level. The department should also give high performers relief from regulatory and administrative requirements. By the same token, the federal DOT should consider possible intervention strategies for consistent low performers. (In designating high and low performers, DOT should take account of the difficult challenge facing state agencies and MPOs in large metropolitan areas).

There is substantial federal precedent for such an accountability framework. Congress, for example, established a management assessment system for public housing agencies and created a performance measurement and reward system in the 1996 welfare reform law. The transportation system of governance and finance shares many similarities with these other areas of domestic policy—and should operate under similar accountability.

Recommendation: Increase practical opportunities for citizen and business participation.

Congress has already required that citizen participation in the transportation planning be “early and continuing.” Yet compliance with this requirement in an industry unaccustomed to public input has been sporadic at best. Congress needs to ensure, therefore, that transportation agencies have the resources and guidance necessary to carry out the law and that the U.S. DOT has the mandate to enforce it. DOT should be tasked, in this regard, to provide clear guidance on what constitutes performance in citizen participation and should establish mechanisms to evaluate agency adherence to these guidelines. Congress should also provide a new \$100 million incentive fund to encourage state and metropolitan experimentation with state-of-the-art technologies for engaging citizens in public debates. The same fund could be used to expand the use of computer mapping tools to illustrate disparate spending patterns, and to make such information widely available on the Internet.

Conclusion

Congress should make no mistake: The 2003 reauthorization will set the course for federal transportation policy for the next decade. Great potential exists to build on the gains of ISTEA and TEA-21 and help improve the economic vitality and environmental quality of metropolitan areas. Yet this potential will only be realized if congressional leaders engage with the metropolitan realities of the 21st century and understand that yesterday’s solutions cannot address tomorrow’s challenges.

In that vein, Congress faces a two-step challenge this year. It should, first and foremost, retain the slate of federal reforms that began 12 years ago. These reforms have unleashed a wave of energy and innovation across the country that is beginning to fashion winning solutions to the pressing transportation challenges that face our metropolitan communities.

But Congress should go further. Metropolitan transportation challenges will only be fully addressed if metropolitan areas are given more powers, greater tools, and higher capacity to get transportation policy right for their places. Yet these reforms must come with a *quid pro quo*: The federal government must demand greater performance and accountability from its state and metropolitan partners. This federalist exchange—of greater flexibility in exchange for more responsibility—lies at the heart of other major federal reforms over the past decade and it will be critical to the success of transportation policy over the coming decades.

The stage is set, therefore, to take federal transportation policy to a new level of effectiveness and impact. The stakes are very high: Metropolitan (and national) competitiveness, environmental and community quality, and fiscal efficiency all depend on such progress.

Metropolitan political, business, and civic leaders are ready to go the next step. Is Congress up to the task?

“Congress should make no mistake: The 2003 reauthorization will set the course for federal transportation policy for the next decade.”

Endnotes

1. Bruce Katz is a vice president of the Brookings Institution and director of the Center on Urban and Metropolitan Policy there. Robert Puentes is a senior research manager at the center. Scott Bernstein is president of the Center for Neighborhood and Technology in Chicago and co-founder of the Surface Transportation Policy Project.
2. According to the U.S. Census Bureau, there are 280 metropolitan statistical areas (MSAs), including consolidated MSAs. The number rises to 337 when consolidated MSAs are broken into primary MSAs.
3. United States Conference of Mayors, "The Role of Metro Areas in the U.S. Economy" (2002). See www.usmayors.org/70thAnnualMeeting/metroecon2002/metroreport.pdf
4. The 20 most congested metropolitan areas make up more than one-third of the nation's economy. See Ron Sims, "Testimony to the U.S. Senate Committee on Environment and Public Works," March 19, 2002.
5. Robert Burchell and others, "Costs of Sprawl—2000" (Washington: Transportation Research Board, National Research Council, 2002).
6. Federal Highway Administration, "Conditions and Performance Report."
7. Keith R. Ihlanfeldt and David L. Sjoquist, "The Spatial Mismatch Hypothesis: A Review of Recent Studies and Their Implications for Welfare Reform." *Housing Policy Debate* 9 (4)(1998): 849–892.
8. Surface Transportation Policy Project and Center for Neighborhood Technology, "Driven to Spend: The Impact of Sprawl on Household Transportation Expenses" (2001).
9. The U.S. Coast Guard estimates first-year port security costs at almost \$1 billion. Recurring costs for each successive year will be over \$500 million. See: Press release, American Association of Port Authorities, February 4, 2003. A recent report found that needed security improvements at just eight transit agencies totaled \$711 million and estimated national totals in the "billions of dollars." See U.S. General Accounting Office, "Mass Transit: Federal Action Could Help Transit Agencies Address Security Challenges." GAO-03-263 (2002).
10. See U.S. Office of Management and Budget, "Fiscal Year 2004, Analytical Perspectives: Budget of the United States Government," 2003; and Bruce Katz and Jennifer Bradley, "Divided We Sprawl," *The Atlantic Monthly*, December 1999.
11. Surface Transportation Policy Project, "Ten Years of Progress: Building Better Communities Through Transportation" (2001).
12. Surface Transportation Policy Project, "Transit Growing Faster than Driving: A Historic Shift in Travel Trends" (2002).
13. Surface Transportation Policy Project, "Ten Years of Progress."
14. Bruce McDowell, "Improving Regional Transportation Decisions: MPOs and Certification" (Washington: Brookings Institution, 1999).
15. U.S. General Accounting Office, "Urban Transportation: Metropolitan Planning Organizations' Efforts to Meet Federal Planning Requirements," RCED-96-200. (1996).
16. McDowell, "Improving Regional Transportation Decisions."
17. States are required to spend funds in smaller urbanized areas, but do not actually suballocate these funds to the areas. The suballocated funds, about \$12.4 billion since 1992, come from small apportionments from the Surface Transportation Program (STP). MPOs receive no direct funding from the major federal programs—Interstate Maintenance, Bridge Repair, and the National Highway System. In fact, states are under no statutory obligation to suballocate funds from the Congestion Mitigation and Air Quality (CMAQ) program, even though that program's specific focus is metropolitan. See *Code of Federal Regulations* 23, sec. 133(d)(3)(1999). See also H. Brent Coles, "Testimony to the U.S. Senate Committee on Banking and Urban Affairs," June 13, 2002.
18. U.S. Conference of Mayors, "Barr Leads Mayors' Call for Dealing with National Crisis in Metropolitan Congestion." December 9, 2002. Available on the web at: www.usmayors.org/USCM/us_mayor_newspaper/documents/12_09_02/barr_leads.asp
19. Nationally, local governments own about three-quarters of the 4 million-mile roadway network and over half of all bridges. They also manage about 90 percent of the transit systems. See Local Officials for Transportation, "TEA-21 Reauthorization Principles" (2003).

20. Edward Hill and others, "Slanted Pavement: How Ohio's Transportation Spending Shortchanges Cities and Suburbs" (Washington: Brookings Institution, 2003).
21. Denver Regional Council of Governments, "Transportation Funding Equity?" (undated).
22. During the debate over reauthorization of ISTEA, the issue of donor versus donee states dominated the discussion. The resulting "minimum guarantee" provision ensures that each state receives at least 90.5 percent of its share of contributions to the Highway Account of the Highway Trust Fund.
23. Washington state recently recognized this disparity and created a statewide program designed to funnel 13 percent of gas tax revenues to urban areas. Washington Research Council, "Referendum 51 Gets Us Moving, Safely, Again," Policy Brief 02-13 (2002).
24. *Making Appropriations for The Department of Transportation and Related Agencies for the Fiscal Year Ending September 30, 2002, and for Other Purposes*. H Rept. 107-308. 107th Congress (Government Printing Office, 2001).
25. Office of Management and Budget, "Budget of the United States Government, Fiscal Year 2004—Appendix," Title III - General Provisions, Sec. 321 (2003)
26. Robert Puentes and Ryan Prince, "Fueling Transportation Finance: A Primer on the Gas Tax" (Washington: Brookings Institution, 2003).
27. Robert Puentes, "Flexible Funding for Transit: Who Uses It?" (Washington: Brookings Institution, 2001).
28. Surface Transportation Policy Project, "Ten Years of Progress."
29. For example, despite increasing ridership, since 1987 the total fleet of subway ("heavy rail") cars has actually been reduced, the percent that are overage has doubled, and their average condition has deteriorated. See Federal Highway Administration, "Conditions and Performance Report."
30. Association of Metropolitan Planning Organizations, "The Case for Increased Metropolitan Planning Funds" (2002)
31. Anthony Downs, "The Devolution Revolution: Why Congress is Shifting a Lot of Power to the Wrong Levels" (Washington: Brookings Institution, 1996).
32. Code of Federal Regulations 23, sec. 450.316 (2002). See Daniel A. Rodriguez, "Infrastructure and Social Equity: Lessons from Transportation." Paper presented at: First Annual Conference on Infrastructure Priorities, Washington, D.C. The Institute for Civil Infrastructure Systems, New York University, October 24-26, 2001.
33. Code of Federal Regulations 23, sec. 134(f)(1)(A-G); 23 sec. 135(c)(1)(A-G); 49 sec. 5303(a)(1)(A-G).
34. Code of Federal Regulations 23, sec. 134(f)(2)(A-G); 23 sec. 135(c)(2)
35. Federal Highway Administration, "FY 2003 Performance Plan" (2002).
36. See Transportation Research Board, "Strategic Highway Research: Saving Lives, Reducing Congestion, Improving Quality of Life." The National Academies. Special Report 260 (2001); Transportation Research Board, "Curbing Gridlock: Peak-Period Fees to Relieve Traffic Congestion." The National Academies (1994); U.S. General Accounting Office, "Surface Transportation: Moving Into the 21st Century." GAO/RCED-99-176 (1999).
37. See U.S. Environmental Protection Agency, "Air Quality Data Update: 1999-2001 Ozone Air Quality Data" (2002); and National Governors Association, "National Ambient Air Quality Standards." (2002). Recent data indicates that, if the delineation of areas violating the ozone standard is based on metropolitan areas, there would be a total of more than 600 counties in noncompliance, affecting more than 170 million people.
38. American Society of Civil Engineers, "2001 Report Card for America's Infrastructure" (2001).
39. Other costs to be considered are the costs of crashes, disabilities, respiratory disease, air-pollution-induced building deterioration, and wasted time. Indirect costs could be as high as direct costs.
40. Center for Transportation Analysis, "1995 National Personal Transportation Survey," Oak Ridge National Laboratory (2001).
41. Milwaukee, San Francisco, and Portland, OR have all successfully removed their waterfront-blocking freeways. See Charles Lockwood, "Destroy a Freeway, Save a City." *The New York Times*, August 21, 2001. p. A19.
42. See, for example, Margaret Pugh, "Barriers to Work: The Spatial Divide Between Jobs and Welfare Recipients in Metropolitan Areas" (Washington: Brookings Institution, 1998); Bruce Katz and Kate Allen, "Help Wanted: Connecting Inner-City Job Seekers with Suburban Jobs" (Washington: Brookings Institution, 1999); and U.S. General Accounting Office, "Welfare Reform: Implementing DOT's Access to Jobs Program in Its First Year." GAO/RCED-00-14 (1999).

43. It is important to note that spatial mismatch is not just a “people to jobs” problem, but also a “jobs to people” problem caused, in part, by massive metropolitan decentralization.
44. Surface Transportation Policy Project and Center for Neighborhood Technology, “Driven to Spend.”
45. Robert Puentes and Ryan Prince, “Fueling Transportation Finance.”
46. Federal Highway Administration, “Highway Statistics Summary.” Table SF-21. (1999 and 2002).
47. The Government Accounting Standards Board is an arm of the Financial Accounting Foundation. Similar to its sister organization, the Financial Accounting Standards Board (which sets accounting rules for corporations), the government board sets accounting rules for units of state and local government. Statement 34 governing these rules for capital asset accounting was adopted for the first time in 1999, and takes effect for large units of government reporting this year, and for all other state and local governments over the next five years. See www.gasb.org.
48. National Association of State Budget Officers, “The Fiscal Survey of States” (2002) Available on the web at www.nasbo.org/Publications/fiscsurv/nov2002fiscalsurvey-revisedC.pdf.
49. Humberto Sanchez, “Local Officials Urge A Boost in Next Surface Funding Law.” *The Bond Buyer*, February 11, 2003, p. 5.
50. However, proposals to grow the federal program have been offered by groups like the American Association of State Highway and Transportation Officials and by congressional leaders like Don Young, chairman of the House Committee on Transportation and Infrastructure.
51. Office of Management and Budget, “Budget of the United States Government—Department of Transportation” (2003). <http://w3.access.gpo.gov/usbudget/fy2004/budget.html>.
52. Federal programs actually represent only a very small percentage of the total dollars available—about 28 percent of the approximately \$154.8 billion in total governmental expenditures for transportation in 1999. This is just a small slice of the overall \$1.572 trillion national transportation tab. Almost all of the transportation expenditures are private expenditures. For data see Rosalyn A. Wilson, “Transportation in America.” (Washington: Eno Foundation, 2002). Calculations are by the authors.
53. Despite contentions to the contrary, a recent report from the FHWA concluded that most delays in transportation projects owed to shortfunding on the state and local level, and not environmental regulations. See: Federal Highway Administration, “Reasons for EIS Project Delays” (2000). www.fhwa.dot.gov/environment/strmlng/eisdelay.htm.
54. This program is intended to be less project-specific than the existing National Corridor Planning and Development Program.
55. Bureau of Transportation Statistics, “National Transportation Statistics, 2001.” Table 1–33 (2002).
56. For example, the Reconnecting America project proposes a new approach to intercity travel by integrating aviation services (particularly the 58 percent of flights shorter than 500 miles) with rail and intercity bus service. See www.reconnectingamerica.org. See also, Hank Dittmar, “Testimony to the Aviation Subcommittee, House Transportation and Infrastructure Committee,” February 26, 2003.
57. Federal Highway Administration, “Computation Tables: Apportionment Authorized For Fiscal Year 2002” (2002).
58. See Dena Belzer and Gerald Autler, “Transit Oriented Development: Moving from Rhetoric to Reality” (Washington: Brookings Institution and the Great American Station Foundation, 2002).

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