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Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: National Economic Council

Series/Staff Member: Dorothy Robyn

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Folder Title:
NEXTEA [National Economic Crossroads Transportation Efficiency Act]

Stack:	Row:	Section:	Shelf:	Position:
S	15	5	8	1

Urgent!!

EPA and DOT papers for 11:00 A.M. meeting on ISTEA and Climate Change

OSTP / Rosina Bierbaum

OPD / E.J. Holstein
Diane Regas

OIRA / Michael Fitzpatrick

WH Leg Affairs / Andy Blocker
Barbara Chow

CEQ : David Sandalow
Seidel
Linda Lance (cc.)

Mark Mazur

EPA

February 18, 1997

ENERGY EFFICIENCY PROPOSALS

Recommendations:

ISTEA reauthorization provides a mechanism to help the transportation sector achieve reductions in emissions of greenhouse gases to enable the U.S. to meet it's international commitments. The following recommendations are proposed:

INCENTIVES TO INCREASE ENERGY EFFICIENCY:

1. **Establish a $500 million incentive fund** to reward the 10 states that most reduce their per capita energy consumption in the surface transportation seotor over the duration of the next ISTEA. These states would receive cash rewards during the last year of the next ISTEA.

   Legislative language:

   Add to Sec. 1003 Authorization of Appropriations:
   add (a)(9) Fuel Efficiency Incentive Fund.
   A Fuel Efficiency Incentive Fund of $500 million shall be established. This will be rewarded to the 10 states who have improved per-capita fuel efficiency in the surface transportation sector during the first five years since passage of this legislation. The Secretary of Transportation will develop guidance on how the incentive fund will be allocated amongst the 10 states. This will be developed in coordination with the Secretary of Energy and the Administrator of the Environmental Protection Agency.

2. **Fuel Efficient Fleets and Transit.** State and local governments and transit agencies will receive an incentive to purchase fuel-efficient and low emitting transit and heavy-duty vehicles. $50 million will be provided over 6 years to fund the incremental cost of purchasing clean and fuel-efficient vehicles (in addition to any other funds provided for purchasing transit vehicles).

3. **Tax Credits for PNGV Vehicles.** Tax credits of up to $200 million will be made available for purchase of PNGV or similar highly fuel efficient vehicles. This program will enable these vehicles to develop market share to reduce costs associated with production.

4. **Incentives for Reducing Fixed Costs of Automobile Ownership.** This option would reward states that adopt measures that would transform into variable costs some of the fixed costs of auto ownership and use. Transforming some of the fixed costs of owning and operating a vehicle into costs that vary with the amount the vehicle is driven allows the driver the opportunity to lower the overall costs of auto ownership and use by driving less. These costs could include, for example state

vehicle registration fees and/or state vehicle property taxes which could be pro-rated to vehicle-miles driven. A $100 million reward fund would be established for distribution (divided on a per-capita basis) to the first 5 states that implement policies such as this.

RESEARCH TO INCREASE ENERGY EFFICIENCY:

5. **Establish an Energy Efficiency/Security Research Fund** within the Department of Transportation. This would consist of the following three topic areas:
   a. Develop a new generation of Land Use models ($2 million/year)
   b. Research health and safety impacts of alternative-fuel vehicles ($1 million/year)
   c. General technical and policy research in energy efficiency issues ($2 million/year)
   d. Energy consumption assessment of transportation projects ($2 million/year)
   e. Direct the National Academy of Sciences to prepare a report on the full social-cost pricing of energy including a detailed analyses of full social-cost pricing of energy in the transportation sector.

   Legislative language:

   Add to Title VI, Research, Part A-Programs, Studies, and Activities.
   Add Sec. 6025-Energy Efficiency Research Program
   (a) ESTABLISHMENT OF PROGRAM -The Secretary of Transportation shall establish a Energy Efficiency/Security Research Program to aid in the understanding of and planning for transportation sector impacts on energy efficiency and security, including renewable fuels, transportation/land use models, and health and safety impacts of renewable fuels and the fuel delivery infrastructure. These activities will receive $25 million annually.

6. **Cool Communities.** A Cool Communities pilot will examine the efficacy of targeted tree planting and surface color control as strategies for decreasing energy consumption and alleviating transportation related air quality problems. Simulations have estimated that peak power generation in Los Angeles would be reduced by .6 to 1.2 GW resulting in cost savings of 1 to 2 hundred thousand dollars per hour. Funding of $5 million over 7 years will be made available to implement a pilot project and evaluate the actual energy savings and air quality benefits.

   Legislative language:

   Cool Communities- The Secretary shall make grants available to States and MPOs for the purpose of researching and demonstrating the effectiveness of changing road and other surfaces to lighter colors and increasing vegetative cover as strategies for mitigating smog and reducing energy consumption.
   The Secretary shall take such action as may be necessary to ensure that the

information and findings resulting from these analyses and planning efforts is made available to State and local transportation departments and other interested persons. A State or MPO interested in receiving a grant under this subsection must submit an application therefore to the Secretary. Such application shall be in such form and contain such information as the Secretary may require by regulation. The Secretary shall select and approve applications for grants under this subsection based on the following criteria:

- The location's climate is suitable for demonstration.
- The demonstration project has a high likelihood of demonstrating the effectiveness and transferability of this strategy of smog and energy use reduction.

The federal share for the research shall be eighty percent. Funding shall be in the amount of 5 million over the 7 years.

PLANNING, PROGRAM MANAGEMENT AND PILOT PROJECTS

7. **State Energy Efficiency Transportation Plans.** Each state should develop an Energy Efficiency Transportation Plan that details energy efficiency goals and how the transportation sector in their state will reach their goals. A discussion of how the Federal government can assist the state meet its energy efficiency goals should be included. States that actually implement projects based upon their plan will be eligible for an additional $100 million for implementation of these projects in years 4 through 6 after reauthorization. Funds could also be provided to help states write their energy efficiency plans.

8. **Demonstration Projects.** $50 million will be set-aside to fund up to 50 demonstration projects for increasing energy efficiency from the transportation sector. These will be awarded in the third year after reauthorization and will be available to states, local governments, and non-governmental organizations. These projects will focus on implementation of actual measures to increase energy efficiency and/or reduce vehicle-miles of travel in the transportation sector. For example, eligible activities could include:
   - planning and construction activities related to converting areas to mixed-use developments
   - funding of activities and infrastructure that increase non-motorized transportation
   - infrastructure construction to support new fuel technologies

9. **Trade Corridor and Border Crossing Programs.** All programs and pilots must also consider inter-modal planning. Grant eligibility will for Border Crossing pilots will also consider inter-modal connections and facilities to encourage greater reliance on train and ship transport.

DOT

02/18/97

NEXTEA & GLOBAL CLIMATE CHANGE

DOT's ISTEA reauthorization proposal contains many elements supportive of the Administration's Global Climate Change policies:

I. Emphasis on supporting transit, railroads, bicycle/pedestrian travel, intermodal facilities, etc.

- $5 billion/year in transit authorizations--an increase over ISTEA
- $565-767 million/year to fund Amtrak out of the HTF/Highway Account
- Broadening the purpose of the Surface Transportation Program (STP) to now encompass all surface modes, including passenger and freight rail, transit, intermodal facilities, and bike/pedestrian facilities; and an increase in funding, to over $6 billion/year
- Expanded eligibilities in the NHS program, to include intermodal freight transfer facilities, bus and rail passenger terminals, and (under certain conditions) Amtrak capital as well as transit capital. (NHS funded at $4.4 billion/year -- less than transit, less than STP.)

II. Increased funding for environmental programs:

- CMAQ to be funded at $1.3 billion/year, a 26% increase over ISTEA
- Transportation Enhancements (TE) to be funded at $580 million/year, a 29% increase (TE includes vegetation planting, bicycle/pedestrian enhancements, and other provisions that help reduce Global Climate Change)

III. Pricing policies:

- Parking cash-out provisions, to encourage employers to replace parking-only subsidies with mode-neutral travel subsidies
- Enhanced congestion pricing program (under new "Value Pricing" label) with 100% Federal share, more program slots, greater freedom to use pricing revenues, and other inducements
- Elimination of statutory prohibition on tolling Interstate highways

IV. Enhancement of Planning Process:

- Retains all major planning requirements and provisions:
  - Fiscal constraint
  - Public involvement
  - Role of MPOs
  - Linkages to Clean Air Act
  - Environment goals

- Reinforces MPO structure, with added emphasis on central city role and "fair and equitable" funding for central cities over 200,000 population

In response to EPA's desire for greater emphasis on Global Climate Change goals, DOT has offered to pursue two additional initiatives:

1. New pilot program to foster growth management planning and policy development (DOT believes it would be wiser to use administrative research discretion to implement this, rather than propose it statutorily):

- $5 million/year to fund 10 or more areas

- Studies would be like LUTRAQ project in Portland, OR

- Projects would model and evaluate policies that foster growth management, metropolitan in-fill, and other strategies that reduce environmental and other costs linked to transportation

2. Formula adjustment factor (this would have to be statutory):

- Add a provision to the highway program formulas that would compensate states which experience a reduction in their contributions to the Highway Trust Fund as a result of reduced fuel consumption and reduced travel.

- This provision would take effect in the last two years of the reauthorization period (FY2002 and FY2003), and it would be based on a rolling three-year average of HTF contributions.

- For states which meet the criteria, their apportionments would be adjusted so they would not experience reduced funding as a result of lower HTF contributions.

Linda Lance
03/03/97 01:26:00 PM

Record Type: Record

To:

cc: Elwood Holstein
Subject: Re: Sustainable Transportation Initiative

Message Creation Date was at 3-MAR-1997 13:26:00

i was really wondering about the lesser approach that dot had initially proposed as an alternative to the $500 m dream of epa -- that is, that states will not be penalized by loss of funds (based in part of amt of gas tax generated by vehcile miles driven) if, based on a conservaton plan that they would propose, they succeeded in reducing vmt. in other words, remove the disincnetive to reducing vmt that currently exists, as opposed to providing the giant incnetive epa had originally proposed.

i know diane had some concerns about that, as maybe did ostp. wondered if nec agreed that it should come out, or whether it was still under discussion.
thx. ed sends his best.

Dorothy Robyn
03/02/97 04:49:00 PM

Record Type: Record

To:

cc: Elwood Holstein
Subject: Sustainable Transportation Initiative

Message Creation Date was at 2-MAR-1997 16:49:00

On Thurs., Henry Kelly and I met w/ Mort Downey, DOT dep. secy., to go over the overall R&D budget in ISTEA and, specifically, research relevant to climate change. We then worked with Diane Montgomery to design the attached program, which would be combined with the brownfields pilots DOT had earlier agreed to do. Henry and I think this program -- combined w/ what's already in ISTEA -- give us adequate coverage of climate change. We need to finalize this Monday, so let me know if you have a problem w/ this.

I will also fax to you a recent NSTC description of an initiative on "environmental sustainability of transportation systems." This is important b/c it extends to R&D going on outside of DOT (e.g., info. technologies).
--------------------- Forwarded by Dorothy Robyn/OPD/EOP on 03/02/97 04:38 PM ---------------------------

Diane R. Montgomery
02/28/97 07:21:18 PM
Record Type: Record

To: Dorothy Robyn/OPD/EOP
cc: Henry C. Kelly/OSTP/EOP
Subject: Sustainable Transportation Initiative

To resolve the Global Climate Change issue, I propose that DOT increase research spending to fund a Sustainable Transportation Initiative. This initiative would incorporate both global climate change research and Brownfields research at a total of $25 million over the life of NEXTEA. The purpose of the initiative would be to collect the data regarding land use design, urban sprawl, modeling, sustainable development, Brownfields revitalization, LUTRAC pilots, etc., to better understand the relationship between these issues and transportation.

The program would be funded through FHWA's administrative funds, through which FHWA funds a large portion of their research program, via an existing environmental research and development program. We would instruct DOT to increase their research funds in this administrative account by reducing other administrative costs.

There would not be any specific authorization language referring to this new initiative in NEXTEA; there would simply be an agreement between EPA, OMB, and DOT that DOT will fund approximately $4.2 million annually in research for these projects over the life of NEXTEA. Because this administrative account is authorized in permanent law, we do not need additional language. I believe we are in agreement that we do not want to call any more attention to this project than necessary. Each budget submission to the appropriations committee, however, would include a brief write-up of this initiative in the environmental research section of FHWA's budget.

Linda Lance
03/03/97 11:53:00 AM

Record Type: Record

To:

cc: Elwood Holstein
Subject: Re: Sustainable Transportation Initiative

Message Creation Date was at 3-MAR-1997 11:53:00

this looks good to me, altho i'd like a bit more detal that i'll get from diane. on the other outstanding cl. change issue is there consensus (either to include or exlude) among ostp/nec/dpc about dot's suggestion to hold states harmless in highway $$ if they reduce their vmt? does this proposal assume that the hold harmless provision is out? thx.

Dorothy Robyn
03/03/97 12:54:00 PM

Record Type: Record

To:

cc: Elwood Holstein
Subject: Re: Sustainable Transportation Initiative

Message Creation Date was at 3-MAR-1997 12:54:00

Yes. EPA's proposed $500m/yr. program to reward states that reduce VMT will not be part of ISTEA. Even Roy Kienetz of STPP agreed that we don't know enough to put such a program in place. The $25M will be used, in part, to do the kind of analysis that Roy (and others) think is needed in order to put such a program in place down the road.

Diane C. Regas
02/24/97 10:39:00 PM

Record Type: Record

To: Elwood Holstein

cc:
Subject: A draft memo on Energy Efficiency in NEXTEA

Message Creation Date was at 24-FEB-1997 22:39:00

Attached is a proposed memo making an R&D proposal to promote energy efficiency in transportation--it reflects staff input from OSTP and OMB. This R&D would substitute for both EPA's $500 million proposal and DOT's formula adjustment idea. The memo is an attempt to propose an idea that WH offices and agencies could agree to.

Please let me know of your reaction by noon on Tuesday Feb. 25.

February 25, 1997

MEMORANDUM TO DRAFT DRAFT

FROM: DRAFT

SUBJECT: NEXTEA and Energy Efficiency

We have been working to resolve the question of whether additional provisions on energy efficiency need to be included in the Administration's proposed reauthorization of ISTEA (called NEXTEA). The reason for concern is the coincidence between the debate on ISTEA and the development of the United States' position on targets and timetables to reduce the emission of greenhouse gases. Our goal is to ensure that the two sets of policies are not inconsistent, and are complementary to the extent possible.

To achieve this goal, EPA has suggested that we include in ISTEA a $500 million fund to reward states that most reduce their per capita energy consumption in the transportation sector. The Department of Transportation has responded that the key determinant of per capita energy consumption is likely to be the states' economic health, not state policies designed to encourage transportation energy efficiency. Thus, an incentive system will not generate significant innovation because states do not have the information and tools to choose policies that have a reasonable likelihood of substantially affecting energy efficiency in the transportation sector. Given this lack of information, NEXTEA should propose investments in developing the tools states and localities need to increase energy efficiency in the transportation sector. These investments would be in addition to investments already reflected in DOT's draft NEXTEA, and would build a foundation for more expansive approaches in coming years.

In addition, the Administration's NEXTEA proposal should not include DOT's preliminary concept of a formula adjustment factor designed to hold states harmless for any reductions in their contributions to the Highway Trust Fund. While this is a constructive idea, it will be subject to the same criticism as EPA's proposed incentive system--namely the adjustment factor will be too indirect to affect state policies, and therefore will not help to achieve the goal of improving energy efficiency.

We suggest the following additional Administration investments in improving energy efficiency in transportation:

1. Research for Energy Efficiency: Dedicate an additional $ 20 million per year to support research in improving energy efficiency in transportation, including projects from the following

list:

a) Research health and safety impacts of alternative fuel vehicles (including biomass and renewables), new technology batteries (including lithium-ion batteries) including transport, storage, disposal and issues related to the PNGV fuels program and alternate power sources. ($10 million/yr.)

c) Smart highways including smart cars to reduce the recurrence of accidents in all modes of transportation through an enhanced understanding of human performance and behavior. ($5 million/yr.)

d) Electric and hybrid electric vehicle research and development support. This will include true technical research and development, implementation strategies, and studies pertaining to true electric vehicle total efficiencies and emissions. ($5 million/yr.)

2. Fuel Efficient Fleets - In addition to the 90% match available for clean-fueled buses, invest an additional $8 million per year in fuel efficient heavy-duty vehicles. As EPA proposed, subsidize the difference in purchase price between fuel-efficient and other vehicles. The authorization should be written broadly to give DOT flexibility to use loans and grants and to vary the percentage and timing of the subsidy.

3. Demonstration of Energy Efficiency in Transportation: Set aside fund for energy efficiency demonstration projects. State and local governments would be eligible to demonstrate policies that can increase energy efficiency in transportation. Focus on implementation of on-the-ground measures to increase energy efficiency of transportation including inter-modal planning, an emphasis on minimized cost and environmental impact of the total transportation system. This investment would build a foundation for exploring broader incentives for energy efficient transportation in the next reauthorization cycle. ($20 million per year.) (This is in addition to the $10 authorization for intermodal strategic transportation research.)

NSTC Description

Environmental Sustainability of Transportation Systems

Transportation systems have been recognized as having major impacts on environmental sustainability. The transportation sector contributes about one-third of domestic contributions to greenhouse gas emissions and is the fastest growing contributor both domestically and internationally. Transportation sector impacts upon the health of soils and aquatic resources, as well as habitat disruption are often irreversible with unknown long term ecological consequences. The land use decisions made by governments and individuals are long lasting and to a large extent determined by the availability of inexpensive transportation choices.

These issues are not easy to address and command substantial challenges to the research community. Finding solutions that enhance the sustainability of transportation systems requires technical solutions as well as an understanding of the behavioral and social sciences. Research is needed to determine the technology necessary to design transportation systems and development patterns that provide access to economic, social and recreational opportunities such that permanent (i.e., unsustainable) environmental degradation is minimized or avoided.

Examples of potential research areas under this initiative include:

Human factors research associated with development patterns.
Technical solutions for devising development patterns that produce environmentally cleaner and safer environments are a means of reducing vehicle miles of travel both to reduce environmental problems and increase the safey of communities. Research is needed to determine how human factors are affected by development scale, the scale of hierarchical transportation infrastructures, and their interaction.

Impacts of transportation infrastructure on climate change
Building additional transportation infrastructure "induces" or attracts new trips, as acknowledged by the recent Transportation Research Board special report, *Expanding Metropolitan Highways*. Both short-term and long-term effects tend to reduce any initial travel time benefits associated with increases in capacity. Additional research is needed to clearly document both short and long term effects and especially the implications for greenhouse gas emissions. Research is also needed to determine whether transportation infrastructure can be designed in concert with development patterns such that accessibility is maximized.

Information technologies and sustainable development.
Many information technologies can offer solutions that can increase the sustainability of transport systems, especially when combined with development patterns that are more sustainable. For example, telecommuting offers the promise of accessibility without mobility and may be particularly beneficial for promoting development of sustainable communities. Research into the behavioral implications of telecommuting and other information technologies can identify the implications for sustainability, such as whether they result in major changes in travel behavior.

Infrastructure needs associated with revitalizing urban areas and cleaning up brownfield sites.

Brownfields typically are abandoned and mildly contaminated sites that require minimal clean-up efforts. Redevelopment of these and other urban sites can promote sustainability by avoiding development of ex-urban greenfields. These areas often have unmet infrastructure requirements that need to be addressed. Technological solutions, such as information technologies, may be able to identify and facilitate clean-up requirements while providing a transportation solution for abandoned urban areas.

Sustainable Freight Movement

Efforts to reduce traffic congestion and emissions in urban areas has often taken the form of restrictions on freight movement in favor of facilitating (primarily SOV) personal travel. Additional research is needed on the long-term regional economic and environmental impacts of current freight policies and opportunities provided by new information technologies, inter-modal facilities, and market-based measures for improving the energy efficiency of freight movement in urbanized areas.

Overall this Partnership Initiative will address the sustainability of building and operating the inter-related and complex systems of transportation and development that drive economic activities. The focus will be on behavioral sciences and interactions with technology in determining how people react to different systems to achieve sustainability.

Initiative: Environmental Sustainability of Transportation Systems

Goal: Investigate the interaction between human factors and technological options, as well as development and infrastructure requirements that can produce environmentally sustainable transportation systems.

Participants: DOT, EPA, DOE, HUD, HHS, the private sector, academia, non-governmental organizations, state and local environmental agencies.

Benefits: Improved ability to understand the linkages between transportation and the environment, and how more sustainable transportation systems benefit society.

More CMAQ Funds Requested

However, the administration did recently propose added CMAQ funding at least for fiscal 1998. According to a DOT briefing paper circulated recently on Capitol Hill, the plan would authorize up to $1.3 billion in CMAQ spending. Such an increase from the current $1 billion level might be enough to account for added nonattainment areas resulting from new air quality standards, Kienitz said. At least, ``it paves the way,'' he said.

Kienitz' group recently proposed a blueprint for ISTEA reauthorization that called for ``several incremental improvements'' to CMAQ, the first of which was increased funding.

Hank Dittmar, executive director of STPP, told the subcommittee Feb. 27 that CMAQ ``should be maintained, both for its environmental benefits and as funding for a federal mandate.'' He testified after Slater.

STPP has not specified how much money it thinks is necessary for CMAQ, though Kienitz did say the administration's fiscal 1998 request is ``good news.''

Road Widening Under CMAQ

STPP also called recently for keeping CMAQ funds from road expansion projects.

Currently, CMAQ money is available for such projects based on the belief that reduced congestion reduces harmful vehicle emissions. While this theory may have been true at one time, ``technology used to control car emissions has changed everything,'' STPP said in its ISTEA reauthorization proposal.

``Widening roads to reduce congestion . . . is not an effective strategy for cleaning up our air,'' the proposal said.

But in further testimony Feb. 27, the president and CEO of an association of highway interests disagreed.

``The CMAQ program to date is focused almost exclusively on air quality projects with very little emphasis laid on congestion mitigation,'' William D. Fay, president of the American Highway Users Alliance, told the subcommittee.

``Federal highway funds certainly ought to be available to improve freeway interchanges and other traffic bottlenecks and for simple projects such as lane widening or shoulder improvements that can substantially improve traffic flow and reduce congestion,'' Fay argued.

The highway users alliance is funded by the auto industry, the petroleum and fuel industries, and other groups.

Increased CMAQ Flexibility

Additionally, Fay called for increased access to CMAQ so areas that do not need the money for air quality improvement can use it for other purposes.

A streamlined CMAQ ``would allow state and local officials to weigh all transportation needs--air quality, highway capacity, historic preservation, mass transit capital, safety, etc.--and establish priorities without the current funding constraints of ISTEA,'' Fay said.

Beyond CMAQ, Fay testified mainly that increased funding for highway programs is necessary to stave off economic decline and other problems. While the administration appears likely to request decreased funding for highways, ``Congress must increase overall highway funding this year,'' Fay said.

Funding at the highest level the Highway Trust Fund will support--$26 billion per year--would mitigate economic decline, increased traffic fatalities, and losses to quality of life, Fay said in written testimony.

``We are presently investing $20 billion per year less than is needed just to maintain current [road and bridge] conditions, and a staggering $40 billion per year less than is needed to leave a better network of highways for the next generation,'' Fay added.

Eschewing environmental programs, Fay cited two key priorities for a ``focused'' surface transportation system: improved interstate mobility and safer travel.

By focusing money on five areas--the national highway system, bridges, safety, research and development into construction materials and related technologies, and roads through federal parks and other federal lands--a reauthorized ISTEA ``would ensure we made investments in projects of truly national significance,'' Fay said.

`Consequences of Success'

Dittmar, on the other hand, told the subcommittee that national transportation priorities include ``air pollution, dependence on imported oil, loss of open space, the mushrooming of metropolitan areas and a host of other problems.'' These problems, Dittmar said, are the consequences of a successful transportation system.

While he did laud the successes, Dittmar added that the challenge of ISTEA reauthorization is in part to ensure environmental sustainability over the long term. ``New initiatives should be undertaken to address the environmental effects of transportation in a comprehensive way, and to help communities integrate their land use and transportation planning efforts,'' he said.

The STPP blueprint released to reporters Feb. 5 proposed a National Initiative on Transportation and the Environment that would develop that comprehensive approach. Such a program, among other things, would establish environmental performance indicators to track the overall environmental effects of transportation, ``with funding conditioned on performance,'' the Blueprint for ISTEA Reauthorization said.

Clinton Plan In 7-10 Days

Slater said the administration ``in seven to ten days'' will propose increased authorization levels for CMAQ, as well as the ``trigger'' to put added funds into motion if EPA regulations kick in.

``We do not want the Clean Air Act to become an unfunded mandate,'' Slater said, noting that the CMAQ program in part is a funding mechanism for the Clean Air Act mandate to clean up air pollution.

Slater also said ``tools'' such as the CMAQ program enable states and localities to address environmental, social and economic challenges. He named such ``tools and flexibility'' as one of the administration's three highest priorities, the other two being safety and the assurance that transportation addresses the ``needs and desires of the American people.''

-- By James Kennedy

Environment

House Lawmakers Praise Slater, Urge Transmittal Of ISTEA Plan

Despite a lack of details, the Clinton administration's reauthorization plan for the Intermodal Surface Transportation Efficiency Act drew bipartisan praise at the House Transportation and Infrastructure Committee hearing Feb. 27.

Both GOP and Democratic members expressed support for the plan to retain the ISTEA framework and provisions that allow flexibility in the use of federal funds.

In contrast to a sometimes tense session a day earlier in the Senate, Transportation Secretary Rodney Slater's appearance before the House committee drew assurances from committee members that they will carefully review the administration's plan to reauthorize ISTEA when it is officially sent to Capitol Hill early next month.

``We are going to give very serious consideration to your proposal,'' Transportation and Infrastructure Committee Chairman Bud Shuster (R-Pa) told Slater, adding that he is ``extremely pleased'' that Slater recently was confirmed as transportation secretary.

While praising Slater for the ``excellent working relationship'' he established with the committee as federal highway administrator in the past four years, Shuster indicated that the blame for the delay in sending the ISTEA bill to Congress should be placed at the Office of Management and Budget, where the legislation still is awaiting clearance.

``You've got the hoops you've got to jump through downtown,'' Shuster told Slater.

But members also suggested that the delay is hurting the administration's ability to influence the outcome of this year's reauthorization of the federal highway and transit programs.

``I don't mean for this dart to be directed at your eye,'' Rep. Howard Coble (R-NC) told Slater. ``But there are many members of both parties who think the administration has been too deliberate--too slow--in coming out of the chute.''

Bill Said Ready In Seven To 10 Days

As he did a day earlier in the Senate, Slater in prepared testimony gave the House Surface Transportation Subcommittee a bare-bones description of the administration's six-year, $175 billion reauthorization, which it is calling the National Economic Crossroads Transportation Efficiency Act, or NEXTEA. The proposal builds on ISTEA, expanding provisions that gave states and localities unprecedented flexibility in the use of federal funds and increasing funding for newer programs such as the Congestion Mitigation Air Quality program (39 DER A-37, 2/27/97</ref>).

But even though the actual legislative proposal has not been released, more details about it have been made known though the Transportation Department's briefings for lawmakers and their aides. Among other things, DOT circulated a briefing paper that laid out the proposal's structure and funding for many programs (38 DER A-42, 2/26/97</ref>).

For his part, Slater said the administration had attempted to finalized the bill in order to have it ready for his appearances before the House and Senate panels. ``But we just could not get there,'' Slater said. ``There were certain things we could not come to closure on.''

Although Slater declined to give specifics, other officials said the items that slowed up the bill have been Amtrak's role in ISTEA, the CMAQ program, and the bill's formula for distributing highway funds to the states. But, as he did in the Senate, Slater promised the panel that the legislation will be ready in seven to 10 days.

``We are committed to being a player, we do want to be taken seriously,'' Slater said.

Rep. Rahall Comments

Still, in their comments to Slater, many lawmakers indicated they already have drawn quite a bit of information about the proposal from the private briefings. Rep. Nick Rahall (D-WV) went so far as to say it should be the basis for the committee's own rewrite of ISTEA.

``We all realize that the administration bill has yet to be finalized,'' said Rahall, the ranking Democrat on the subcommittee. ``However, from what I have seen of it, I would suggest that it become the document we use as the basis for reauthorization. That it serve as the benchmark by which we measure the relative merits, or lack thereof, of every other reauthorization proposal such as STEP 21.''

Rahall criticized at length the STEP 21 plan -- advocated by the so-called donor states, who receive less in funding than they contribute in gas taxes. The STEP 21 plan would essentially restructure the highway program into two categories: a National Highway System and a large block grant that would be controlled by the states.

Unlike that plan, the administration's proposal, Rahall said, ``would preserve the national interest in our highway and transit systems rather than pit region against region, state against state, and state governments against metropolitan areas.''

But Rahall was not ready to endorse all aspects of the administration's plan and, in particular, reserved judgment on the highway formula that will be included in the bill.

Although the highway funds distribution formula has not been finalized, Slater told the subcommittee that the administration is basing it on factors such as vehicle miles traveled, population, and fuel consumption. However, Slater said certain ``equity adjustments'' must still be made to ensure adequate funding for all states.

Anticipating criticisms of the formula, Slater told lawmakers that the formula should only be viewed as a starting point for discussions. ``It will not be written on stone tablets,'' he added.

$175 Billion Said To Reflect Flat Funding

One item that did draw some criticism at the hearing was the $175 billion that the administration has agreed to propose in overall funding for highways and transit during the next six years.

While praising the administration's plan to streamline and consolidate some programs, Subcommittee Chairman Thomas Petri (R-Wis) said the proposal actually would cut spending on ISTEA programs in FY 1998 and then essentially keep it flat in the next five years of the reauthorization period.

Such a scenario, Petri said, would allow the balance in the Highway Trust Fund to balloon to more than $50 billion by the end of the period.

The $175 billion in NEXTEA contrasts with some $157 billion that ISTEA authorized for highways and transit when it was enacted in 1991, according to the Transportation Department.

However, more programs would be put under the ISTEA umbrella, officials said.

Of the $175 billion total, only $130 billion would be for ISTEA's ``traditional highway'' programs, according to a senior DOT official. ISTEA, he said, provided $121 billion for these programs.

In addition, $30 billion of the total would be for transit, a small increase over what ISTEA authorized in 1991, he said.

When funding for some other existing programs is added in, the official said, $169 billion is provided for ISTEA programs. The 1991 act, he said, provided $157 billion.

The gap between $169 billion and $175 billion, the official said, covers programs such as Amtrak that now are to be included under ISTEA.

The administration's proposal, the official said, would provide $4.5 billion in Highway Trust Fund financing for the railroad over the six years.

In addition, he said, other road programs that are now paid for out of the general fund have been slated for financing out of the trust fund. These, he said, include programs run by the Energy Department and the U.S. Park Service.

The plan to give Amtrak a big share of existing Highway Trust Fund revenues did not draw many comments at the hearing, but several lawmakers are said to oppose the proposal. Although Shuster earlier said he might support giving Amtrak money from the trust fund, he linked it with shifting to the trust fund the 4.3 cents gas tax now dedicated to deficit reduction.

Committee Seeks Help In Push For More Funds

In their comments to Slater, committee members indicated that they are looking for allies in their own bid to greatly increase highway and transit spending this year.

Despite concerns about balancing the federal budget, both GOP and Democratic members of the committee are backing Shuster's plan to authorize higher levels of spending for surface transportation programs than the administration is proposing.

Among other things, Shuster has been considering proposing the shift of the 4.3 cents gas tax in the committee's own ISTEA bill. Rep. Bob Borski (D-Pa), however, was unable to solicit support for the plan from Slater.

While the administration last year was said to be sending signals that it was not opposed to a plan by Sen. Robert Byrd (D-WV) to shift the gas tax to the trust fund, Slater told Borski that the administration backs keeping the tax for deficit reduction.

``Our position has been firm and consistent that the 4.3 cents remains for deficit reduction,'' Slater said.

Shuster Panel Looking At Higher Numbers

For its part, Shuster's committee currently is weighing what authorization levels it will be able to propose for highways and transit.

According to a top aide, the panel is now looking at revenue estimates on the Highway Trust Fund to determine what level of spending it can support over the next six years.

The aide told BNA that estimates produced by both OMB and the Congressional Budget Office suggest that annual receipts to the trust fund have fallen by between $600 million and $800 million recently. However, he said, even with the drop the trust fund can support a significant increase in transportation spending.

If the committee would decide just to spend the annual revenue to the trust fund, the aide said, annual funding for highways could range between $23 billion and $25 billion--a big increase over current funding of $20 billion.

Another scenario, he said, would be to add income from interest to the trust fund, a move that could allow highway spending to be set as high as $26 billion.

However, if the committee also wants to propose a ``slow drawdown'' on the existing balance in the trust fund, highway spending could be in the range of $27 billion or $28 million or more, the aide said.

``And then we do the same set of exercises with the 4.3 cents,'' the aide said, ``and we are in the low thirties.''

An indication of what type of funding the committee will propose may come March 5, when the panel has tentatively planned a meeting to approve its views and estimates report for the House Budget Committee.

``We're going to argue for spending down the trust fund by a modest amount--about a billion a year,'' the aide said.

-- By Nancy Ognanovich

Medicare