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Folder Title:
TEA - 21 [Transportation Equity Act of the 21st Century] [Folder 1]: ISTEA [Intermodal Surface Transportation Efficiency Act] Transit

Stack:	Row:	Section:	Shelf:	Position:
S	15	5	8	3

TALKING POINTS: IMPACT OF MINIMUM ALLOCATION

BACKGROUND: Senators Thomas (R-WY), Johnson (D-SD), Allard (R-CO) and Levin (D-MI) are proposing a minimum allocation amendment that would redistribute transit dollars by mandating that each state receive a certain percentage of its payments into the Mass Transit Account. Funding would come from cuts in most existing transit infrastructure program funds. .

- **PUNISHES STATES AND COMMUNITIES COMMITTED TO TRANSIT**
  - Perversely rewards states with transit dollars based on gasoline consumption.
  - Harms states whose residents use transit more and drive less, effectively punishing communities for making an effort to increase travel on non-auto modes.
  - Dramatically curtails creation of new or expanded transit systems -- just as such systems nationwide (e.g., Portland, Dallas, St. Louis and Denver) are succeeding in attracting substantial ridership, with tremendous benefits in terms of travel, urban development and air quality .
  - Reduces New Starts and Rail Modernization program funds -- for example, in Miami, New Orleans, Las Vegas, and extensions to Dallas, Denver and St. Louis.

- **INCREASES ROADWAY CONGESTION AND HARMS OUR ECONOMY**
  - Traffic congestion in the Nation's largest 50 cities already costs travelers more than $50 billion annually. Even a relatively small reduction in transit capacity could dramatically increase congestion and delay costs, with large impacts on American businesses and motorists.

- **UNDERMINES ENVIRONMENTAL PROGRESS**
  - Transit reduces the need for additional highway construction and attendant environmental consequences of this construction.
  - The average bus or rail transit trip is 30 percent more energy efficient than the average auto commute trip and 41 percent more efficient than auto travel under congested conditions.

- **INEQUITABLE AND UNCERTAINTY IN FUNDING**
  - Fourteen states of the 33 states that would allegedly benefit already receive more than 100% return on their gas tax collections. Another 14 of these states already receive more than 100% return on total Federal contributions.
  - Future funding not known until appropriations act is passed each year; creating uncertainty about number of winners and losers in a given year and changing Congressional earmarks.

- **UNDERMINES TOTAL RESOURCES FOR TRANSIT**
  - Minimum allocation sets up floor based on contributions to the Highway Trust Fund rather than needs. Transit funding is also partially dependent upon General Funds; minimum allocation may provide an argument for appropriators to reduce those funds.

TALKING POINTS: IMPACT OF MINIMUM ALLOCATION

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TALKING POINTS: TRANSIT MINIMUM ALLOCATION

Background

Senators Thomas (R-WY), Johnson (D-SD), Allard (R-CO) and Levin (D-MI) are circulating a new transit "Minimum Allocation" amendment that would create a minimum guarantee of 70% of all transit funds to each state. It would do this by creating a new "Minimum Allocation" category, funds that would go directly to state DOT's: 50% would be allocated to cities and transit systems on the basis of their proportional share, 50% would stay with the state DOT, and apparently could be used for highway purposes.

The source of funds for this new category is a reduction in other transit programs. Dollars would first be withdrawn from the discretionary programs (Rail New Starts, Rail Modernization, Bus Starts), and then the formula programs. In 1998, it would have likely meant cutting $130 million from the New Starts Program, $130 million from the Rail Modernization Program, and $65 million from the Bus Program to fund this new "Minimum Allocation" category.

Talking Points

Don't undo the historic 80/20 split between highways and transit. Senate leaders recently announced a commitment to provide $5 billion in additional resources for transit in order to preserve the longstanding 80/20 split between highways and transit. This was a major achievement, and the product of tremendous effort. However, the contemplated amendment to create a "Minimum Allocation" for transit -- which would permit a substantial portion of Mass Transit Account funds to be spent on highways -- would undo this significant achievement, and reopen this difficult debate.

Minimum Allocation would punish states and communities that have made a commitment to transit.

- o As proposed, the Minimum Allocation amendment would reward states with transit dollars based on how much gasoline they consume by mandating that a certain percentage of a state's payment into the Mass Transit Account be returned to the state. This would harm states whose residents use transit more and drive less, effectively punishing states for making an effort to increase travel on non-auto modes.

- o The proposed amendment would reduce funds for the New Starts and Rail Modernization programs. This would dramatically curtail creation of new or expanded transit systems -- just as such systems nationwide (e.g., Portland, Dallas, St. Louis) **[OTHERS?]** are succeeding in attracting substantial ridership, with tremendous benefits in terms of travel, urban development and air quality .

o Minimum Allocation would actually harm rural areas by reducing the resources available for the national rural formula program. **[check -- is this true?]**

Minimum Allocation for transit would create tremendous uncertainty for states and localities.

o Sponsors of the amendment have represented that as many as 33 states would benefit from transit MA. This is speculative, since the discretionary categories the amendment would raid in order to fund the new "Minimum Allocation" fund benefit a broad range of states and communities, and are distributed to different communities and projects from year to year. In fact, the discretionary funds the amendment would carve out are now disproportionately distributed to states and communities *other* than those where the big city transit systems are located.

Minimum Allocation will increase roadway congestion in our metro areas and harm our economy nationally

o 80 percent of Americans live in metropolitan areas; 90 percent of job growth occurs there.

o Traffic congestion in the Nation's largest 50 cities already costs travelers more than $50 billion annually. Over the next two decades, travel nationwide is projected to increase by 60 percent. These delays translate directly into growing costs to businesses, and time wasted for individuals and families.

o Without public transit, it is estimated that there would be five million more cars on the nation's roads, requiring 27,000 more lane miles of roads and the costs of congestion would approach $65 to $70 billion annually.

o Even a relatively small reduction in transit service would dramatically increase congestion costs and delay for the large proportion of Americans who live in urban areas: transit is disproportionately used for peak hour commuting, when the roads are at their *most* congested.

Minimum Allocation for transit will undermine environmental progress

o Roughly 110 million Americans live in areas with unhealthy air, according to EPA.

o Transit reduces the need for additional highway construction and the attendant environmental consequences of this construction.

o The average bus or rail transit trip is 30 percent more energy efficient than the average auto commute trip and 41 percent more efficient than auto travel under congested conditions. This efficiency advantage will continue to grow as a larger and larger proportion of transit trips take place on low emissions clean fuel buses and light rail systems. Any shift in funds from transit to highways will undermine the national and community effort to respond to our air quality and global climate challenges.

Minimum Allocation for transit is inequitable

o Fourteen states of the estimated 33 states that would purportedly benefit from the transit minimum allocation amendment already receive more than 100% return on their gas tax collections. Of the remaining 19 states that would benefit from the transit allocation, 14 already receive more than 100% return on total Federal contributions.

Transit Minimum Allocation will harm communities and quality of life.

o Transit provides essential access to jobs, shopping medical services and other activities for the 80 million Americans who do not drive -- including millions of disabled Americans.

o Transit is essential to move people from welfare to work. A very small proportion of welfare recipients own cars and 2/3 of available jobs are located in suburbs, far from the rural and central city areas where welfare recipients are concentrated.

Minimum Allocation Will Harm Property Values.

o Studies in Philadelphia, Boston, and Portland, Oregon have shown that the availability of convenient transit service increases property values in both urban and suburban areas.

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

March 10, 1998

The Honorable Tom Daschle
Minority Leader
United States Senate
Washington, DC 20510

Dear Mr. Minority Leader:

Under your leadership, the Senate has in recent weeks made significant progress toward the enactment of surface transportation reauthorization legislation that will ensure a safe, efficient and accessible transportation system into the 21st Century. I am writing, however, to express my grave concern about the contemplated amendment that would impose a "minimum allocation" scheme on our transit programs.

Sound transportation is crucial for sustaining economic prosperity and quality of life in our communities, particularly in the metropolitan areas where nearly 80 percent of Americans now live and work. If we are to meet the transportation challenges we face -- reducing congestion, protecting the environment and providing mobility for all Americans -- highways and transit must work in concert. Transit can continue to flourish in our urban and rural communities only if we continue to provide funding based on transit usage and needs, rather than on gas consumption.

Last week, you and other Senate leaders announced a commitment to provide additional resources in order to preserve the historic split between highway and transit. The contemplated amendment to create a "minimum allocation" for transit, however, would allocate transit funds based solely on gas tax revenues and not on the basis of transit needs -- depriving transit-dependent communities of funds and undoing this recent agreement.

Transit Minimum Allocation is Inequitable

The minimum allocation amendment would redistribute transit dollars by mandating that each state receive a certain percentage of its payments into the Mass Transit Account. This would irrationally assign transit funds based on gasoline consumption, rather than transit usage and need. In doing so, the amendment would penalize states whose residents use transit more and drive less, effectively punishing communities that have made an effort to address their environmental, congestion and mobility problems by increasing transit usage.

The new "minimum allocation" category would be funded by cutting badly needed resources for both urban and rural areas. It would reduce the transit funds that go directly to urbanized areas and give the money to the states, and it would cut the national rural program. Significantly, the amendment also would take funds now assigned to the New Starts and Rail Modernization programs. This would dramatically curtail creation of new or expanded transit systems in communities *outside* the major cities usually portrayed as the prime beneficiaries of the transit program. And it would do so just as such new systems nationwide (e.g., Portland, Dallas, St. Louis and Denver) are succeeding in attracting substantial ridership and delivering tremendous benefits in terms of mobility, urban development and air quality.

Sponsors of the amendment have indicated that as many as 33 states would benefit. This is speculative, since the proposal calls for reducing funds from discretionary categories that benefit a broad range of states and communities, and which are widely distributed from year to year. Further, of the 33 states alleged to benefit, all but five are already receiving more than 100 percent return on their gas tax collections or on total Federal contributions.

Increasing Congestion and Harming our Economy

Traffic congestion in the Nation's largest 50 cities costs travelers more than $50 billion annually. These delays translate directly into added costs to businesses and to individuals. Transit carries the equivalent of five million additional automobiles per year. Even a relatively small reduction in transit capacity could dramatically increase congestion-and-delay costs for many American motorists. Further, transit is disproportionately used for peak period commuting, when the roads are at their *most* congested.

Undermining Environmental Progress

Minimum allocation will slow our progress in meeting pressing environmental goals. Roughly 110 million Americans live in areas with unhealthy air, according to EPA. Transit is substantially (30-40 percent) more energy efficient than automobile commuting. This efficiency advantage will continue to grow as a larger proportion of transit trips take place on low emissions clean fuel buses and light rail systems. All over the country, communities have made transit investment a cornerstone of their strategies to achieve Federal air quality standards. Plainly, shifting funds from transit investment or otherwise reducing transit capacity will undermine our efforts to give millions of Americans cleaner air to breathe. It will also undermine our commitment to global climate challenges.

Damaging Communities and Quality of Life

Transit provides essential access to jobs, shopping, medical services and other activities for the 80 million Americans who do not drive. Transit is essential to move people from welfare to work. A very small percentage of welfare recipients (only 6 percent) owns cars and two-thirds of available entry-level jobs are located in suburbs, far from the rural and central city areas where welfare recipients are concentrated. Further, studies in Philadelphia, Boston, Portland, Oregon and other areas have shown that the availability of convenient transit service increases property values in both urban and suburban areas. High-quality transit service also spurs economic development and job creation.

The President shares my belief that strong and vibrant transit systems are critical to the Nation's economy and to the well-being of our communities. I have very serious concerns about the disruptive impact that this amendment would have on balanced transportation for rural, suburban and urban areas, as well as the potential negative economic, environmental and energy consequences.

The Office of Management and Budget advises that it has no objection, from the standpoint of the Administration's program, to submission of these views for the consideration of Congress.

Sincerely,

Rodney E. Slater

Rodney E. Slater

SENATE MINIMUM ALLOCATION VOTE REPORT

Against	Leaning-Against	Undecided	Leaning-For	For
Sen. Dianne Feinstein (D-CA)	Sen. Nighthorse Campbell (R-CO)	Sen. Ted Stevens (R-AK)	Sen. Richard C. Shelby (R-AL)	Sen. Dale Bumpers (D-AR)
Sen. Barbara Boxer (D-CA)	Sen. Paul Coverdell (R-GA)	Sen. Frank H. Murkowski (R-AK)	Sen. Jeff Sessions (R-AL)	Sen. Tim Hutchinson (R-AR)
Sen. Christopher J. Dodd (D-CT)	Sen. Max Cleland (D-GA)	Sen. Jon Kyl (R-AZ)	Sen. John McCain (R-AZ)	Sen. Wayne Allard (R-CO)
Sen. Joseph I. Lieberman (D-CT)	Sen. Harry Reid (D-NV)	Sen. Bob Graham (D-FL)	Sen. Wendell H. Ford (D-KY)	Sen. Larry E. Craig (R-ID)
Sen. Daniel K. Inouye (D-HI)	Sen. Richard H. Bryan (D-NV)	Sen. Her Kohl (D-WI)	Sen. Rod Grams (R-MN)	Sen. Dirk Kempthorne (R-ID)
Sen. Daniel K. Akaka (D-HI)	Sen. Tom Daschle (D-SD)[1]	Sen. Russell D. Feingold (D-WI)	Sen. Pete V. Domenici (R-NM)	Sen. Daniel R. Coats (R-IN)
Sen. Carol Moseley-Braun (D-IL)	Sen. Orrin G. Hatch (R-UT)	Sen. Richard G. Lugar (R-IN)	Sen. Robert C. Byrd (D-WV)	Sen. Connie Mack (R-FL)
Sen. Richard J. Durbin (D-IL)	Sen. John W. Warner (R-VA)	Sen. John B. Breaux (D-LA)		Sen. Mitch McConnell (R-KY)
Sen. Edward M. Kennedy (D-MA)	Sen. Charles S. Robb (D-VA)	Sen. Mary L. Landrieu (D-LA)		Sen. Carl Levin (D-MI)
Sen. John Kerry (D-MA)	Sen. Patrick J. Leahy (D-VT)	Sen. Olympia J. Snowe (R-ME)		Sen. Spencer Abraham (R-MI)
Sen. Paul S. Sarbanes (D-MD)	Sen. James M. Jeffords (R-VT)	Sen. Susan Collins (R-ME)		Sen. Thad Cochran (R-MS)
Sen. Barbara A. Mikulski (D-MD)	Sen. William V. Roth Jr. (R-DE)	Sen. Max Baucus (D-MT)		Sen. Trent Lott (R-MS)
Sen. Paul Wellstone (D-MN)	Sen. Joseph Biden Jr. (R-DE)	Sen. Bob Kerrey (D-NE)		Sen. Conrad Burns (R-MT)
Sen. Christopher S. Bond (R-MO)	Sen. Bill Frist (R-Tn)	Sen. Phil Gramm (R-TX)		Sen. Jesse Helms (R-NC)
Sen. John Ashcroft (R-MO)	Sen. Fred Thompson (R-TN)	Sen. John D. Rockerfeller IV (D-WV)		Sen. Lauch Faircloth (R-NC)
Sen. Frank R. Lautenberg (D-NJ)		Sen. Sam Brownback (R-KS)		Sen. Kent Conrad (D-ND)
Sen. Robert G. Torricelli (D-NJ)		Sen. Charles E. Grassley (R-IA)		Sen. Byron L. Dorgan (D-ND)
Sen. Daniel Patrick Moynihan (D-NY)		Sen. Tom Harkin (D-IA)		Sen. Chuck Hagel (R-NE)
Sen. Alfonse M. D'Amato (R-NY)		Sen. Pat Roberts (R-KS)		Sen. Robert C. Smith (R-NH)
Sen. John Glenn (D-OH)				Sen. Judd Gregg (R-NH)
Sen. Mike DeWine (R-OH)				Sen. Jeff Bingaman (D-NM)
Sen. Ron Wyden (D-OR)				Sen. Don Nickles (R-OK)
Sen. Gordon H. Smith (R-OR)				Sen. James M. Inhofe (R-OK)
Sen. Arlen Specter (R-PA)				Sen. Strom Thurmond (R-SC)
Sen. Rick Santorum (R-PA)				Sen. Ernest F. Hollings (D-SC)
Sen. John H. Chafee (R-RI)				Sen. Tim Johnson (D-SD)
Sen. Jack Reed (D-RI)				Sen. Craig Thomas (R-WY)
Sen. Kay Bailey Hutchison (R-TX)				Sen. Michael B. Enzi (R-WY)
Sen. Robert F. Bennett (R-UT)				
Sen. Slade Gorton (R-WA)				
Sen. Patty Murray (D-WA)				
31	15	19	7	28

Look at "split" states

Bold: opposition leaders

March 6, 1998

[1] Will oppose all but Tim Johnson amendment

ISTEA - Transit
3-6-98

- Educating the choir
- We have for months seen our 2 big fight re Rio & DBE

Urban Development
Climate Change
Welfare to Work
Trans.

Labor - Bob McGlotten (?)

• This is at ♥ of preserving ISTEA

- we pledge to work w/ you

- In light of all s/ment - don't undermine transit programs...

- Lots of room to move MS...

Industry - Architects, Eng's, Sens

- large & talented industry

- "Cut & Cover" - get in & get out

- MX destroys the concept

- "design-build" - MX undermines

Chris Boyle - Vice Chair, APTA

- Thanks for helping turn a/c Carrier around

- Rpt - "Missing the Target"

Mayor Ken Barr - Ft. Worth

- rail project bet. Ft. Worth & Dallas
but it's not fully funded

- Otto not

Julie Carroll - Citizens w/ Disabilities

access to transit is critical

Kathryn McCarthy - Paratransit Solutions

esp for people w/
- disabilities

impact of
- ADA/paratransit provisions:
in 11 communities
~200K people + 4.8 M trips

96M spent last yr. on ADA/para

[value for cont. $ in public trans.]

Karl Benfield - NRDC

Sierra Club
EDF
Friends of Earth
etc.

ave Amer. uses 5X more fuel than the ave. Japanese

- We oppose taking $ away from successful prog's to fund highways

- Don't throw our good work ... w/out a good fight

Hank Dittmar

MA
rep's a dangerous precedent:

- anxious to get my assignments

New Starts Working Group

rep's > 40 Communities

- Admin's proposal - $846 M - was a healthy ↑ for new starts
from last yr.

- geopol. Δ in recent yr's:

- results of Sun Belt activity

- obliterates 40-40-20 allocation w/in

- unravels fragile coalition on distrib. of rail modernization $

- challenges effectiveness of FTA

- need Admin's help -

- to make case

- to analyze #s on MA impact

- Thrust of ISTEA is to push operating down
MA reverses that

- pushes more $ to state DOTs

- allows them to flex more $ to h/ways

Jo Reed - AARP

Was that Robin a Thank not Veto

[Low-Income Community Groups]

Senate Staff

Morley? - 2 Rights left on $5 B

- budget process

- approp's "

Mimi: Transit/MA - Shld be a veto issue (Mayor Barr's comments notwithstanding)

Lautenberg ?

underscore veto comments

Mitch: - Steve (Mayor Daley's Wash. rep.)

MA w/d leverage transit in Chicago

- Rob Alexander - Boxer

- Sen Reid's office

chief sponsor of ADA sponsoring MA!

Rory K.

- Chart showing "winners" + "losers" is notional only — depends on discretionary grants

- So, need charts from DOT showing alternative scenarios

March 6, 1998

Senate ISTEA Reauthorization - Transit Funding

- The Administration supports the agreement to provide additional funding for transit to the Senate ISTEA reauthorization.

- However, we are very concerned that a disproportionate share of the new funding is allocated towards New Start projects. Transit users and providers would be better served by reallocating some of these funds to the transit formula capital program.

- We should maintain and expand existing transit services and encourage the introduction of low cost transit service into new areas.

- Transit formula capital is allocated nationwide based on transit needs and usage -- it is the best means to ensure that transit funds are delivered where they are needed and can be best employed. New Start funding unfortunately is not necessarily allocated by need given Congress' predisposition to earmark projects.

- Investing in formula capital allows for improved and expanded service in transit dependent communities. Research indicates that more transit providers are served and a better return on investment is realized by improving service or expanding existing transit systems than constructing new systems.

- New Starts result in a higher cost per new passenger than expanding existing systems.

- The New Start selection process does not ensure that the least cost alternative is selected. Local governments and transit properties receive New Start monies in addition to their share of formula money. This creates an incentive to seek this "free" money to gain more local transit funding rather than pursue a lower cost solution that would not qualify for a New Start.

- The transit community generally accepts that the ratio of transit formula to transit discretionary funds (which include New Starts) should be 1.4 to 1.0. Allocating half of the $5 billion in new funds to New Starts skews this ratio to 1.1 to 1.0.

There are
- 14 full funding grant a/ments

- We've asked for funding to complete all of them.

- $850M - NEXTEA

Studies show you get a better return

MINIMUM ALLOCATION OF MASS TRANSIT ACCOUNT

QUESTION: What are your views on proposals to assure that each state receives a guaranteed amount of transit funding based on its payments into the Mass Transit Account of the Highway Trust Fund (minimum allocation).

ANSWER: MAJOR POINTS:

- I support the Administration's position, which is strong opposition to any minimum allocation for the Mass Transit Account.

- Such a provision would do substantial damage to the transit program, since the current formulas are based on transit needs-- not on contributions to the Highway Trust Fund -- and have been developed to maximize the national economic benefits.

- Minimum allocation proposals imply that the funding made available under the minimum allocation line item will be additional funding and that other line items will be held harmless. The reality, however, is that appropriations funding levels for transit are a finite level, especially in FY 1998 where we already have enacted appropriations. Thus, the transit minimum allocation funding would have to be taken off the top of the program. The result would be reduced formula funding, and in FY 1998, reduction in appropriations earmarks.

- Under some proposals, the minimum allocation calculation could be in excess of $1.2 billion per year or more than 25%. This means that FY 1998 New Starts earmarks in states such as **Colorado**, New York, Florida, and South Carolina would be cut accordingly. Bus earmarks across the county including those in Alabama, South Dakota, New Mexico, and North Carolina would likewise be reduced.

- Minim allocation estimates that ignore future New Starts funding ignore that states currently contribute more to the Mass Transit Account which have potential New Starts projects may very well receive substantial additional funding under the next six year reauthorization. For example, Colorado has the Guide the Ride package of projects, Virginia has the Norfolk-Virginia Beach LRT, and North Carolina has the Research Triangle LRT.

- Adoption of any minimum allocation approach will seriously impact many transit systems, especially those in the most transit intensive areas, thereby hurting our national transportation system.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages ▶

To Dorothy Robyn	From John Horsley
Dept./Agency	Phone # 366-4563
Fax # 456-2223	Fax #

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

THE WHITE HOUSE

WASHINGTON

November 5, 1997

The Honorable Bill Campbell
Chair
Transportation & Communications
Committee
The United States Conference of Mayors
1620 Eye Street, N.W.
Washington, D.C. 20006

Dear Bill:

Thank you for your letter. I appreciate knowing of your concerns regarding S. 1173, and I have shared your letter with my advisors.

My Administration shares your concerns regarding this legislation. We oppose changing the transit formula by adopting any form of minimum allocation for transit. We have communicated this and other concerns to the Senate, and we will continue to work very closely with Congress to craft multi-year reauthorization legislation that addresses America's infrastructure needs and helps us meet the transportation challenges of the 21st century while meeting the requirements of the balanced budget agreement.

Thanks again for writing.

Sincerely,

Bill Clinton

Transit helps meet National air quality goals

- The Nation's air quality nonattainment areas, particularly those in high-density urban areas, continue to need transit's help to meet tougher clean air standards. Roughly 110 million people live in areas with unhealthy air according to EPA. Cities need transit to decrease that number, protect their citizens' health, and comply with the law.

- Transit emits less pollution than auto travel on average, an advantage that will only grow with new EPA diesel bus emissions standards. Light rail is particularly efficient and clean, with most new transit systems beating auto efficiencies by substantial margins. Even when light rail is powered by fossil-fuel power plants, those plants are outside the city, away from people, and are far easier to keep clean than thousands of individual vehicles.

- Transit is also important because it provides critical air pollution offsets that would otherwise prevent needed highway projects from proceeding. Without transit, air pollution from highways would increase by 126 million pounds of hydrocarbons and 156 million pounds of nitrogen oxides.

- The average transit trip is also more energy efficient than the average auto trip, an advantage that grows substantially during commutes. The average bus or rail transit trip is 30% more energy efficient than the average auto commute trip, and 41% more efficient than a congested auto commute.

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Missing The Target: An Assessment of the State "Minimum Allocation" Approach to Distributing Federal Public Transportation Funds

by
Donald H. Camph, President
Aldaron, Inc.

A study prepared for the American Public Transit Association and the New Starts Working Group

Transportation Equity Act

The Transportation Equity Act provides a total of $41.3 billion for mass transit over six years. This is $9.8 billion or 31% more than the $31.5 billion authorized by the 1991 ISTEA bill. This increase exceeds the rate of inflation and will help to address the nation's growing mass transit needs.

The Administration has requested only $28.7 billion over six years in mass transit funding. Funding levels under The Transportation Equity Act surpass the administration's request by $12.6 billion. The Act provides $5 billion more than the spending levels authorized in the Banking Committee's bill.

The Transportation Equity Act will lay the foundation for the establishment of the "Transit Equity Fund" by the Budget Committee in the FY 1999 Budget Resolution. The money in this fund cannot be spent on anything but mass transit.

The additional $5 billion over the banking Committee's ISTEA bill will be divided as follows:

<u>$2.5 billion to New Starts</u>; All over the country, communities are demanding more mass transit service. This money will address the most pressing needs for new transit systems for growing cities, as well as build extensions to existing systems.

<u>$1.2 billion to the Urban Formula Program</u>; this program provides money to all communities with populations over 50,000 to help maintain and improve their local transit systems.

<u>$500 million to the Discretionary Bus Program</u>; this program allots money to large and small communities to purchase and maintain bus fleets.

<u>$500 million to the Fixed Guideway Modernization Program</u>; this program distributes funds among rail systems on a formula basis.

<u>$250 million to the Rural Formula Program</u>; this program distributes transit funds to communities with populations under 50,000.

<u>$40 million to the Elderly and Disabled Program</u>; this program provides funds to purchase vehicles which provide transportation service to people with disabilities and elderly individuals.

MASS TRANSIT PROGRAM FUNDING
Comparison of S. 1271 to New Funding Agreement
($ in millions)

	S. 1271 1998-2003	S. 1271, as amended 1998-2003
Formula Grants	**19,394**	**20,894**
Urbanized Area Formula	17,875	19,088
Elderly & Persons with Disabilities	478	516
Rural Area Formula	1,040	1,290
Discretionary Grants	**13,647**	**17,147**
Bus and Bus Related	2,729	3,229
Fixed Guideway Modernization	5,459	5,959
New Starts	5,459	7,959

Funding for Mass Transit

	1998-2003	Increase over 1991 ISTEA
Transit Equity Act	$ 41.3 billion	$ 9.8 billion
Committee Bill, S. 1271	$ 36.3 billion	$ 4.8 billion
Administration FY 1999 Budget	$ 28.7 billion	- $ 2.8 billion
1991 ISTEA bill	$ 31.5 billion	n/a

Note:	New Agreement	ISTEA
Highway Funding	$ 173 billion	$ 122 billion

MASS TRANSIT PROGRAM FUNDING
Funds Authorized by S. 1271, Banking Committee Mass Transit Title
($ in millions)

	1998	1999	2000	2001	2002	2003	1998-2003
Formula Grants	3,011	3,098	3,186	3,274	3,366	3,460	19,394
Urbanized Area Formula	2,776	2,855	2,935	3,018	3,102	3,189	17,875
Elderly & Persons with Disabilities	74	76	79	81	83	86	478
Rural Area Formula	161	166	171	176	181	186	1,040
Discretionary Grants	2,121	2,179	2,241	2,304	2,368	2,435	13,647
Bus and Bus Related	424	436	448	461	474	487	2,729
Fixed Guideway Modernization	848	872	896	921	947	974	5.459
New Starts	848	872	896	921	947	974	5.459
New Clean Fuel Technologies	200	200	200	200	200	200	1,200
Transit Planning and Research	167	171	176	181	186	191	1,071
Access to Jobs	100	100	100	100	100	100	600
University Transportation Centers	6	6	6	6	6	6	36
Administrative Expenses	53	55	56	58	59	61	343
Federal Transit Administration Totals	5,658	5,809	5,964	6,123	6,285	6,453	36,291

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MASS TRANSIT PROGRAM FUNDING
Comparison of S. 1271 to New Funding Agreement
($ in millions)

	S. 1271 1998-2003	S. 1271, as amended 1998-2003
Formula Grants	19,394	20,894
Urbanized Area Formula	17,875	19,088
Elderly & Persons with Disabilities	478	516
Rural Area Formula	1,040	1,290
Discretionary Grants	13,647	17,147
Bus and Bus Related	2,729	3,229
Fixed Guideway Modernization	5,459	5,959
New Starts	5,459	7,959

MASS TRANSIT PROGRAM FUNDING
$5 Billion in New Funds from the Transit Equity Fund
($ in millions)

	1998	1999	2000	2001	2002	2003	1998-2003
Formula Grants	3,011	3,398	3,485	3,574	3,666	3,760	20,894
Urbanized Area Formula	2,775	3,098	3,178	3,261	3,345	3,432	19,088
Elderly & Persons with Disabilities	74	84	86	88	90	93	516
Rural Area Formula	161	216	221	226	231	236	1,290
Discretionary Grants	2,121	2,879	2,941	3,004	3,068	3,135	17,147
Bus and Bus Related	424	536	548	561	574	587	3,229
Fixed Guideway Modernization	848	972	996	1,021	1,047	1,074	5,959
New Starts	848	1,372	1,396	1,421	1,447	1,474	7,959
New Clean Fuel Technologies	200	200	200	200	200	200	1,200
Transit Planning and Research	167	171	176	181	186	191	1,071
Access to Jobs	100	100	100	100	100	100	600
University Transportation Centers	6	6	6	6	6	6	36
Administrative Expenses	53	55	56	58	59	61	343
Federal Transit Administration Totals	5,658	6,809	6,964	7,123	7,285	7,453	41,291

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