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Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Domestic Policy Council

Series/Staff Member: Diane Regas

Subseries:

OA/ID Number: 9059

FolderID:

Folder Title:

ISTEA [Intermodal Surface Transportation Efficiency Act] [Folder 1] [1]

Stack:

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Row:

97

Section:

3

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4

Position:

1

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Roy Kienitz to Diane Regas; RE: Personally Identifiable Information [partial] (1 page)	12/14/1996	b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Diane Regas
OA/Box Number: 9059

FOLDER TITLE:

ISTEA [Intermodal Surface Transportation Efficiency Act] [Folder 1] [1]

2015-0463-F
db4283

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

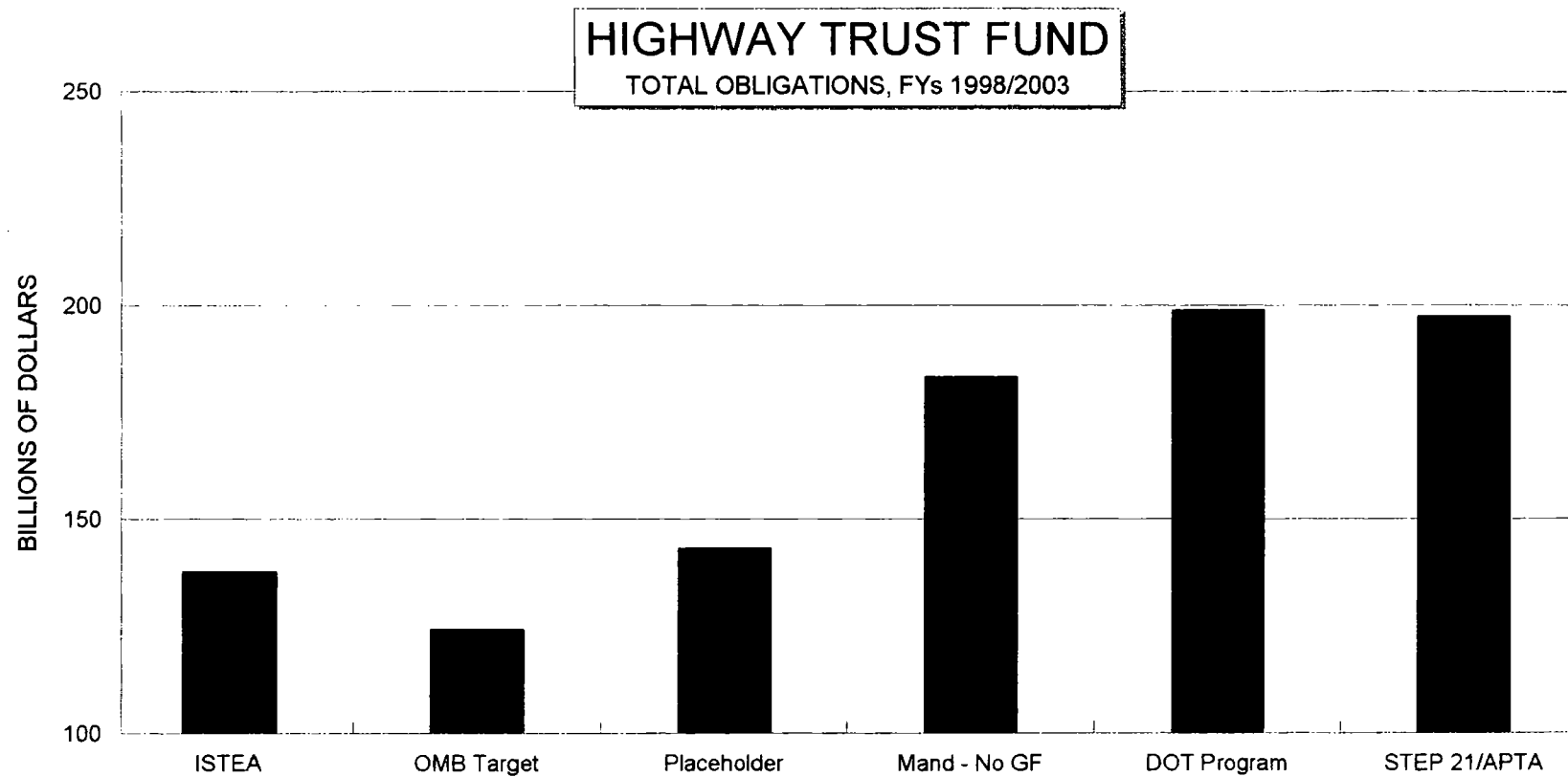
C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

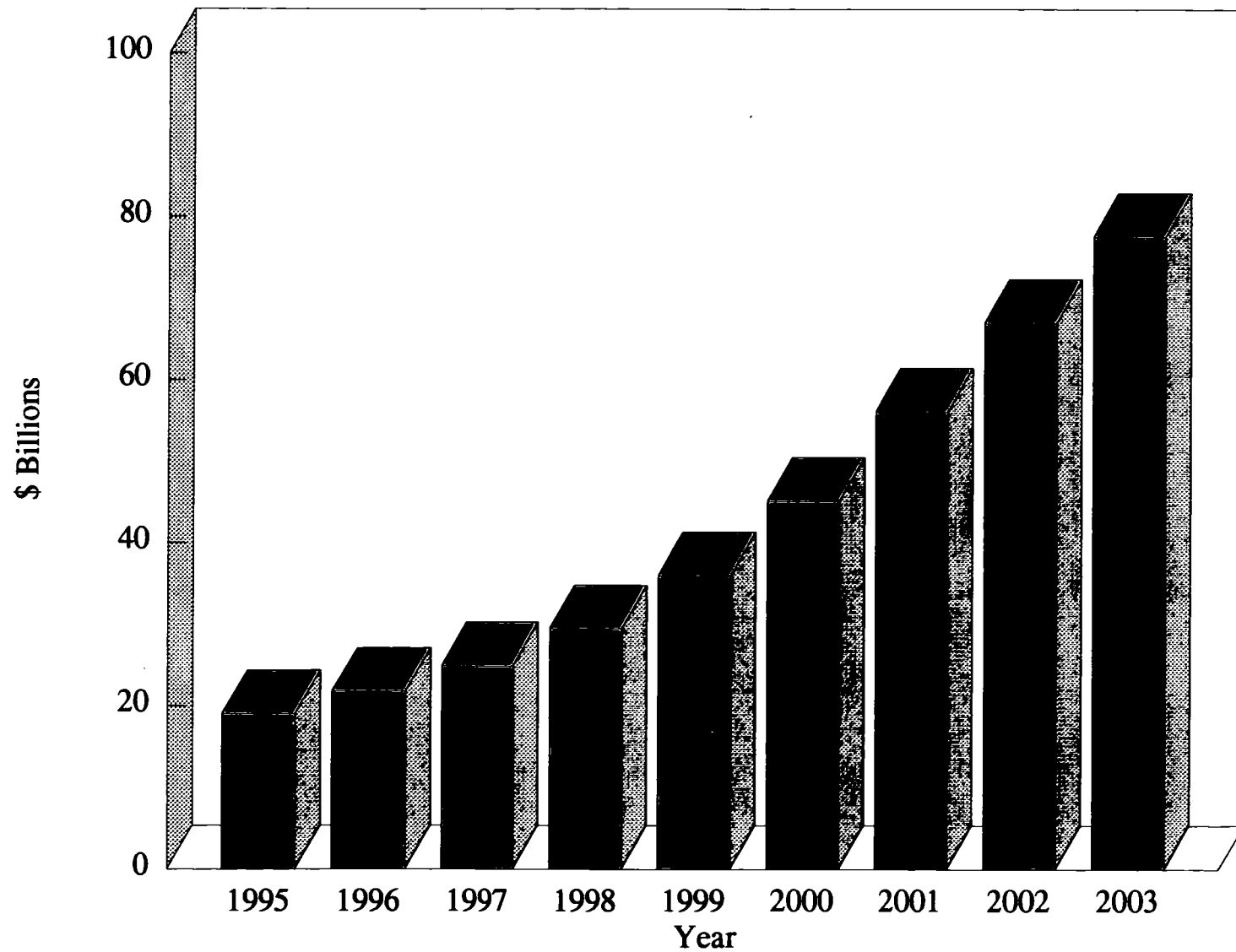
Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



HTF Cash Balance at OMB Targets

1995 - 2003



Withdrawal/Redaction Marker

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SURFACE TRANSPORTATION POLICY PROJECT

1400 16th Street, NW, # 300
Washington, DC 20036
phone: 202.939.3470
fax: 202.939.3475
email: stpp@transact.org

BOARD OF DIRECTORS

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Executive Director

MEMORANDUM

TO: Diane Regas, Domestic Policy Council
FROM: Roy Kienitz, STPP
SUBJ: Attendees for December 16 Meeting
DATE: December 14, 1996

The following people are scheduled to attend our meeting on Monday,
December 16 at 2:00 PM.

Name	Organization	Birthdate
Roy Kienitz	STPP	
Hank Dittmar	STPP	
Kaid Benfield	NRDC	
Greg Whetstone	NRDC	
Michael Replogle	EDF	
Ann Mesnikoff	Sierra Club	
John Echeverria	Audobon	
Gawain Kripke	Friends of the Earth	
Mary Marra	NWF	

(b)(6) [001]

I will call you Monday to get a room number and to give you Greg Whetstone's
Mary Marra's birthdates. Once again, thanks for setting this up.

STEERING COMMITTEE

Suzanne Abramson • PODER	Tom Butler • Association for Commuter Transportation	Jacky Grimshaw • Center for Neighborhood Technology	Ed Norton • National Trust for Historic Preservation
Sharon Banks • AC Transit	Amy Caggin • American Public Transit Association	Guy Nagor • National Wildlife Federation	Meg Maguire • Seaside America
Kaid Benfield • Natural Resources Defense Council	Michelle DePass • NYC Environmental Justice Alliance	Edward Hall • Intertribal Transportation Association	Les Stierman • East-West Gateway Coordinating Council
Jeff Blum • Citizen Action	Al Eisenberg • American Institute of Architects	Hal Hiemstra • Rails-to-Trails Conservancy	Allan Tull • American Association of Retired Persons
Earl Blumenauer • City of Portland, Oregon	Deeahn Ferris • Washington Office on Environmental Justice	Nancy Hirsch • Energy Conservation Coalition	Carol Warner • Environmental & Energy Study Institute
John Bosley • National Association of Regional Councils	Deborah Gordon • Union of Concerned Scientists	Bud Kanitz • National Neighborhood Coalition	Bill Wilkinson • Bicycle Federation of America
Rich Bradley • International Downtown Association	Alan Greenberg • League of American Bicyclists	Robert Molofsky • Amalgamated Transit Union	Nancy Willis • American Planning Association

Renewable and Natural Resources Staff
United States Environmental Protection Agency
Mail Code 2124
401 M Street, S.W.
Washington, D.C. 20460

Phone: (202) 260-2753

Fax: (202) 260-2300

To: Diane Regis

Fax Number: 456-7028

From: Ken Adler -260-6925

Fax Number: _____

Verifying Number: _____

Number of Pages (including cover sheet): _____

Date: _____

Time: _____

Comments ISTEA Material per our conversation, including:

- 1) EPA's comments on DOT's draft language
- 2) Hanson's talking points for his mtg w/ Downing, and
~~revised~~ DOT's position on our recommendations.
- 3) Three slides describing our priority issues: 1) CMAQ,
2) Brownfields, 3) Climate Change.

Call if you have questions.

**EPA'S COMMENTS ON PART 1 OF DOT'S DRAFT ISTEA REAUTHORIZATION
PROPOSAL (1/9/97)**

EPA appreciates the opportunity to comment on the Department of Transportation's draft reauthorization legislation for the Intermodal Surface Transportation Efficiency Act (ISTEA). EPA generally supports DOT's proposed changes. However, we have a number of suggested changes that would better enable ISTEA to achieve its full transportation and environmental objectives. A summary of our suggested changes is provided below, followed by specific suggested changes to the legislative language:

General Comments:

1. **Habitat Protection:** EPA strongly supports DOT's recommendation to add "natural habitat" to the relevant National Highway System (NHS) and Surface Transportation Program (STP) sections. We suggest that the term "protection" be added to these same references to emphasis the importance of both mitigation and "protection" of wetland and other natural habitats.
2. **Restriction's on Enhancement Funds:** EPA supports DOT's intention to restrict enhancement funding to "...activities that have a direct link to surface transportation [DOT's proposed language]." We are concerned, however, that this specific language would disallow the expenditure of enhancement funds for transportation-related urban sprawl problems, and restoration of wetlands and natural habitats where the loss was due to indirect hydrologic modifications. We do not have alternative language to propose at this time, and we recommend that further discussions on this issue be addressed in the broader context of DOT's proposals for the enhancements section.
3. **Fair and Equitable Treatment of Central Cities:** EPA strongly supports DOT's recommendation for "fair and equitable treatment of central cities" in the allocation of STP funds. EPA suggests, however, that the term "fair and equitable treatment" be clarified to insure that it is based on population levels, and not on road miles or fuel use amounts. We also suggest that the 200,000 population size limitation be eliminated, and that a specific population size limit be determined at a later time in guidance. Lastly, the concept of "fair and equitable treatment of central cities" should also be applied to other relevant ISTEA funding mechanisms.
4. **Brownfields:** EPA strongly believes that brownfields issues need to be addressed in the Administration's ISTEA Reauthorization legislation and we are currently working with the Department of Transportation to develop brownfields legislative language to be incorporated into the Administration's bill at a later time.

*We are
working on
this now.*

Specific Changes to DOT Draft ISTEA Legislation:

(All page numbers refer to the 32 page DOT draft proposal).

1. Beginning on Page 2 - **ADD** - the term "**protection**" to all references to "natural habitat and wetlands mitigation".

2. Page 2 - **ADD** to "No. 14" of - Subsection (a) (4) (Amends end of Section 103 of USC Title 23).

EPA suggests adding the following (in bold type) to the DOT amendment: "(14) Publicly owned, or owned by public private partnerships, intracity or intercity passenger rail" and "...publicly owned, or owned by public private partnerships, intermodal surface freight transfer facilities....".

3. Page 4 - **DELETE** - Subsection (d) "Transferability" provision, of the "National Highway System" Amendments (Amends Section 104 (c) of USC Title 23).

EPA suggests that the "Transferability of NHS Apportionments" provision be **deleted**, in order to insure that the transfer of funding from NHS to STP be as flexible as possible. EPA believes that this requirement will make the transfer of highway funds to STP much more difficult and will prove to be a hindrance to funding of environmentally-related transportation programs.

4. Page 7 - **DELAY INCLUSION** of Paragraph (2) of Subsection (b) "Eligibility Projects" provision of the "Surface Transportation Program" Amendments (Amends Paragraph (8) of Section 133 (b) of USC Title 23).

* EPA suggests that inclusion of this provision be **delayed** until DOT has submitted all of its proposed changes for the Enhancement Program. While we support the intent of DOT's language, EPA is concerned that the proposed language could limit enhancement spending on transportation-related urban sprawl problems, as well as on wetland and natural habitat protection and restoration programs.

5. Page 8 - **DELAY INCLUSION**- of Subsection (c) "Elimination of Safety Set-Aside" provision, of the "Surface Transportation Program" Amendments (Amends Section 133 (d) of USC Title 23).

Before EPA can support inclusion of this provision in the Administration's bill, we would like to know what affect this proposal would have on total funds available for other, non-safety related projects, under the STP.

6. Page 9 - **CLARIFY** - Subsection (f) "Obligatory Authority" provision, of the "Surface Transportation Program" Amendments (Amends Section 133 (f) of USC Title 23).

Under Paragraph (3) EPA suggests clarifying the term "fair and equitable treatment" of central cities over 200,000 in population. We suggest that this term be made more specific, by basing it on population statistics, or have DOT agree to include EPA in defining the term at a later date. Further, EPA suggests adding (in bold type) to the DOT proposal the following: "(3) Each State, in cooperation with each affected metropolitan planning organization, shall ensure fair and equitable treatment of central cities [DELETE: over 200,000 population] in implementing the requirements of paragraph (1), and shall ensure the fair and equitable treatment of Metropolitan Planning Organizations relative to the remainder of the State in carrying out Subsection (d)."

"To ensure fair treatment, States shall collect data on where funds are spent so that a comparison between spending in urbanized areas, non-urbanized areas, and central cities is possible. This data shall be collected for expenditure of Surface Transportation Programs, Congestion Mitigation and Air Quality (CMAQ), National Highway Systems, Bridge Rehabilitation and Repair, Interstate Construction, Maintenance and Transit programs."

7. Page 15 - ADD to - Paragraph (2) "Preventive Measures" provision of the "Highway Bridge Replacement and Rehabilitation Program" Amendments (Amends Section 144 (c) of USC Title 23).

EPA suggests adding the following (in bold type) to the amendment to read: (2) "(A) Each State seeking to obligate funds under this section to seismically retrofit, paint, apply calcium magnesium acetate to, **direct bridge deck runoff from impacting surface waters**, or install scour countermeasures ON a highway bridge ...". EPA believes that this change is important to protect fisheries and sensitive wildlife habits, including wetlands, and to comply with the requirements of the Coastal Zone Management Act (Section 1451 of USC Title 16c).

Thank you for allowing the EPA to comment on DOT's draft ISTEA legislation. If you have questions regarding EPA's comments, please call Robert Coronado at: (202) 260-5431.



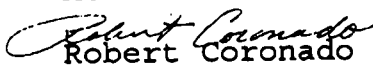
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

January 15, 1997

MEMORANDUM

SUBJECT: EPA's Comments on the Second Part of DOT's Draft
Proposal for Reauthorizing ISTEA

TO: Jim Jukes
Assistant Director, Legislative Reference Division
Office of Management and Budget
Attn: Jim Brown

FROM: 
Robert Coronado
Attorney-Advisor
Legislative Division

Attached for your review are EPA's comments on the second part of the Department of Transportation's draft proposal on reauthorization of the Intermodal Surface Transportation Efficiency Act (ISTEA).

Please contact me if you have questions about EPA comments:
(202) 260-5431. Thank you.

Attachment

cc: John Stanton
Diann Frantz
Ken Adler (427 WT)
Mark Stevens

Lynne Ross



**EPA'S COMMENTS ON PART 2 OF DOT'S DRAFT ISTEA REAUTHORIZATION
PROPOSAL (1/15/97)**

EPA appreciates the opportunity to review the second set of the Department of Transportation's draft reauthorization proposal for the Intermodal Surface Transportation Efficiency Act (ISTEA). As with the first set of the proposal, EPA concurs with DOT on most of its proposed changes to the statute. However, in certain provisions the proposal does not go far enough in expressing the goals which EPA believes DOT seeks to achieve. Therefore, EPA suggests the following changes to the DOT proposal:

Specific Changes to DOT's Draft ISTEA Proposal:

(All page numbers refer to the 16-page DOT second set draft proposal)

1. Page 3 - "Toll Roads, Bridges, Tunnels, and Ferries" Section (Amends Section 129 of USC Title 23):

The last paragraph of the section-by-section analysis for the "Toll Roads, Bridges, Tunnels, and Ferries" section asks for agency input on how the expansion of toll facilities might affect drivers of different income levels, and how this section might respond to that impact. EPA suggests the following changes:

EPA proposes that the section-by-section analyses be changed to reflect the more equitable responses produced by the Congestion Pilot Pricing Project and the ability of different income groups to participate in toll facility design through a strengthened public participation process. EPA would be pleased to provide appropriate language, if requested.

Rationale:

- 1) A strong public participation provision will ensure that affected groups have the opportunity to participate in the design of toll facilities, and through that participation address potential impacts.
- 2) Through the suggested changes to the variable tolling pilot program (see below). These changes could be used as models for other projects, including those without variably tolling. For example, the programs funded by the Congestion Pilot Pricing Project have produced examples of equity tolling proposals, including the "life-line" rate proposal and additional transit service proposed for the Oakland Bay Bridge Congestion Pilot Pricing Project.

2. Page 4 - "Reauthorization of Variable Pricing Pilot Program" Section (Amends Section 149 of USC Title 23)

Subsection (a):

* EPA proposes: changing "Variable" to "Value."

Rationale:

EPA supports the change in the name of the Congestion Pricing Pilot Program to better reflect the many benefits of variable pricing. However, EPA believes that the Administration's goals would be better served by adopting a more positive name for this section, such as "Value." "Value Pricing" is the name used by the State of California for its variable price toll road, SR-91. This term emphasizes the extra *value* that facility users receive as the result of the pricing, rather than simply the fact that the price changes.

Subsection (f): **CLARIFY** - EPA strongly supports this provision. Because these revenues are transportation-generated, they should be available for transportation-related purposes. **However, EPA proposes** defining the term "transportation purposes" in the proposal to "any and all activities considered transportation-related in any other section of ISTEA." This language clarifies the term while not broadening it beyond its current definition in the ISTEA statute.

Subsection (h): EPA supports this provision. Most current Congestion Pricing Pilot Programs projects have addressed this concern of toll pricing on low-income drivers, but the incorporation of this provision into law is consistent with Presidential Clinton's Executive Order on Environmental Justice.

Subsection (j): **CLARIFY** - **EPA proposes:** Amending the proposed language to allow Single Occupancy Vehicle (SOV) "buy-in" to High Occupancy Vehicle (HOV) lanes, as follows: "(8) Notwithstanding section 102 of Title 23 USC, any state may permit vehicles with one occupant to operate in high occupancy vehicle lanes if such vehicles are buying their way on to the lanes as part of a Value Pricing Pilot Program funded under this subsection."

Rationale:

EPA supports this provision, however, the original proposed language is unclear as to under what conditions a SOV would be considered "part" of a "Value" or "Variable" price program. EPA's suggested change will clarify this ambiguity.

3. Page 11. "Bicycle Transportation and Pedestrian Walkways" Section (Amends Section 217 of USC Title 23)

The general goal of this section appears to be fuller integration of bicyclists and pedestrians into the Nation's transportation system. Despite this goal, the title and the proposed language we believe focus inadvertently on facility provision, which is a necessary but not sufficient condition for useful access to the Nation's transportation system by bicyclists and pedestrians. EPA believes that the goal can be more fully expressed and implemented with these suggested changes:

Section title: **MODIFY** - Change the section title to "Integrating Bicyclists and Pedestrians into the Transportation System"

Subsection (a)(1):

EPA proposes: Clarify both the pedestrian eligibility criteria, and the bicycle eligibility in the existing statute, by referring to the proposed definition below.

Rationale:

EPA supports the expansion of eligibility criteria, especially given the number of National Highway System-miles in urban areas. However, "pedestrian walkways" could be construed rather narrowly.

Subsection (c), to revise "(g) Planning and Design":

EPA proposes: "(g) Planning and Design—Bicyclists and pedestrians shall be given due consideration in the comprehensive transportation plans developed by each metropolitan planning organization and State in accordance with section 134 and 135 of this title, respectively. Bicyclist and pedestrian facilities shall be considered to include, but not be limited to:

- 
1. separate facilities, divided facilities, and facilities which share the roadway with the roadway,
 2. the connections of these facilities to and across other transportation facilities, and
 3. any investments which enhance bicyclist and pedestrian comfort, safety, and utility.

These facilities shall be considered in conjunction with all new construction and reconstruction of transportation facilities. Transportation plans and project shall provide due consideration for safety, connectivity, contiguous routes."

Given the internal definition of these facilities, the definition for "bicycle transportation facility" in subsection (i)(1) would no longer be needed. EPA supports the pedestrian definition.

Rationale:

EPA has several concerns with the original proposed language. In the second sentence (Line 12), the term "where appropriate" together with "shall be considered" leaves an opportunity for Federal aid recipients to *not* properly evaluate bicycle and pedestrian facilities. A more appropriate formulation is already given in the first and last sentences of the section.

In addition, the second sentence may be interpreted to restrict the consideration of separate bicycle facilities and walkways. The larger goal, as expressed in the last sentence, is broader than the provision of additional facilities. The larger goal is the incorporation of those facilities and their users into the full transportation system, so that safety and continuity are enhanced. These are the same goals stipulated in ISTEA for motorists and motorcycle users. In proposing the above changes to the draft language, EPA attempts to move the planning requirements toward fulfilling those goals for all users and to focus the language on the ultimate goals and the users.

EPA believes that these change fulfills the goals of the DOT-proposed language. It does leave out the exemption for areas where bicyclists and pedestrians are not permitted and it does not propose

repeal of such prohibitions. Given that there were 610 pedestrian deaths on pedestrian-prohibited facilities last year, some jurisdictions may want to use some of these funds to respond to this challenge and this language change allows such a response.

Thank you for allowing the EPA to comment on DOT's second set draft of ISTEA legislation. If you have questions regarding EPA's comments, please contact Robert Coronado (EPA/OCLA) at : (202) 260-5431.

DRAFT**EPA-OMS Comments on draft CMAQ legislation**

1/21/97

(b) **ELIGIBLE PROJECTS.**-Except as provided in subsection (c), a State may obligate funds apportioned to it under section 104(b)(2) for the congestion mitigation and air quality improvement program only for a transportation project or program if the project or program is for an area that was designated as a nonattainment area for ozone, carbon monoxide, or particulate matter (PM-10) under section 107(d) of the CAA and was classified pursuant to sections 181(a), 186(a), or 188(a) or (b) of the CAA and

* * - *The PM-10 reference should also be deleted (leaving only particulate matter) so that both PM-10 and future PM-2.5 nonattainment areas will be eligible.*

* * - *Above mention of "...and was classified pursuant to sections 181(a), 186(a), or 188(a) or (b) of the CAA..." should be deleted so that future nonattainment areas will be eligible.*

world
new ozone
area
ineligible for
CMAQ \$

(1)(A) if the Secretary, after consultation with the Administrator of the EPA, determines, on the basis of information published by the EPA pursuant to section 108(f)(1)(A) of the CAA;

- *EPA can accept the addition of clauses (xii) and (xvi) (vehicle scrappage and extreme cold start projects) if language is added for DOT and EPA to jointly establish project selection guidance.*

that the project or program is

(i) likely to contribute to the attainment of a national ambient air quality standard in a nonattainment area designated and classified in accordance with this subsection; or

- *The phrase "and classified" should be deleted for the reason described above.*

(ii) likely to reduce emissions for the maintenance of a NAAQS in a nonattainment area designated and classified in accordance with this subsection that was later redesignated by the Administrator of the EPA as an attainment area under section 107(d) of the CAA (a "maintenance" area); or

- *The phrase "and classified" should be deleted for the reason described above.*

(3) if the Secretary, after consultation with the Administrator of the EPA, determines that the project is likely to contribute to the attainment of a national ambient air quality standard, whether through reductions in vehicle miles traveled, or fuel consumption, through traffic management and control improvement, or through other factors.

- *Need to make sure that projects contributing to the maintenance of an area are also eligible.* *
- *"Traffic management and control improvement" explicitly makes traffic signalization improvements eligible. These projects are already eligible- why is it necessary for this to be specifically emphasized in the legislation? We would like a clarification of whether this is referring to traffic signalization improvements or to more region-wide traffic management centers.* *

(f) NONATTAINMENT BOUNDARIES- For the purposes of this section, the boundaries of nonattainment and maintenance areas shall continue to be determined by the Administrator of the EPA in accordance with sections 181(a), 186(a), or 188(a) or (b) of CAA except that such boundaries may be adjusted upon agreement by any affected metropolitan planning organization and governor. *

- *Again, the reference to sections 181(a), 186(a), or 188(a) or (b) of CAA should be deleted and replaced with section 107(d) of the CAA.* *

EPA also wants the following language added:

(g) PROJECT SELECTION- DOT and EPA shall jointly establish CMAQ project selection guidance which gives priority to projects that achieve long-term, sustainable emission reduction benefits and those that reduce single-occupant vehicle use. The guidance shall include measures to ensure that state and local air quality agencies and the general public be provided a full opportunity to participate in the project selection process. *

- *EPA and DOT have discussed adding the above language. This language does not exclude any currently eligible projects or any new ones proposed by DOT, but attempts to give priority to projects with long-term sustainable emission benefits selected by the states/local agencies for funding.*

January 17, 1997

Talking Points for Hansen-Downey ISTE A Meeting

Introduction

Administration's environmental and urban priorities are critically linked to transportation policy. ISTE A provides a unique vehicle to address a number of these priorities:

- New PM and Ozone NAAQS Regulation
- Rebuilding Urban Areas: the Administration's Urban Initiative
- Achieving Administration's Climate Change Commitments

We'd like to help DOT develop an ISTE A proposal that successfully engages these Administration priorities.

Congestion Mitigation and Air Quality Improvement Program

We thought
Downey
said ok -
Janno says
No.

Particulate Matter Apply CMAQ to all "particulate matter" problems, not just PM-10 problem areas as currently proposed by DOT. EPA will support DOT's request for additional CMAQ money when (and if) the new NAAQS standards increase the number of "nonattainment" areas.

This is #1
issue for
EPA
←

Suggested ISTE A language Where ever ISTE A refers to "ozone" and "carbon monoxide" add particulate matter.

I think
DOT
agrees w/
this.

Project Selection Insert language in ISTE A that gives priority to CMAQ projects that produce long-term sustainable air quality benefits. EPA and DOT can develop regulations or guidance to implement.

Suggested ISTE A language in bold: "...the project or program is likely to contribute on a long-term sustainable basis to the attainment or maintenance of a national ambient air quality standard...."

1. Brownfields

DOT agrees
with this

Right of Way DOT's current policy is to avoid brownfields that are in the transportation "right-of-way." At a minimum, ISTE A should pay for site assessment. If assessment shows that clean-up is cost-effective, then clean-up should proceed, and project should not avoid brownfield.

We thought
Downey
agreed, but
Janno
says No.

Project Eligibility While limited ISTE A funds have been used for select Brownfields, ISTE A should include language that makes it *explicit* that Brownfields are eligible for ISTE A funds. EPA recognizes that we need to set boundaries on what type and under what circumstances Brownfield projects would be eligible. I propose our staff jointly develop language establishing these boundaries. For example, we would like ISTE A to fund:

- transportation components of Brownfield projects, e.g., on and off ramps;
- brownfields and infill development that will reduce congestion, VMT growth, and air

pollution by creating a mode shift from automobile to transit, pedestrian, and bike.

Liability In case they raise the liability issue, we don't think it is an ISTEA issue. We are working to help them better understand the liability issue. The purpose of the assessment phase is to determine extent of contamination, and potential liabilities.

3. Climate Change, Energy Efficiency, and State Apportionment

Background Transportation accounts for 1/3 of U.S. greenhouse gas emissions, and is the fastest growing source of emissions in the U.S. Other than parking cashout, Administration has very few commitments from transportation sector to address climate change.

We want 300-500 million fund to reward top 10 states who reduce energy use most on a per capita basis.

Changing State Apportionment Formula Right now a state's ISTEA funds increase with fuel consumption. This sends the wrong signals to the states. At a minimum, we should consider changing the apportionment formula so that it is neutral on fuel consumption. This way we don't tell states how to achieve energy efficiency.

If You Want to Propose an Expanded DOT Budget

- As the Administration's first opportunity to support and fund priorities for the environment, welfare reform, and urban revitalization, the Administration should seek more ISTEA money, not less
- We recognize that EPA's recommendations require additional money, and that, politically, DOT can't take this money from existing programs
- EPA proposes to help DOT seek additional money to fund our recommendations.
- The President's ISTEA proposal will be much stronger if we combine EPA's and DOT's ISTEA recommendations

Additional Issues You May Want To Mention, But Not Discuss In Detail

Downey said unlikely

MPO Representation Many cities are under-represented by the current MPO structure. Because many MPOs are weighted in favor of suburbs, and they control substantial ISTEA funds, it encourages more beltways, and less transit. We would like ISTEA to require that representation be based on size of population served.

Downey said yes

Funding EPA to Help Speed Project Review OMB has suggested, and we agree, that ISTEA money fund EPA positions to help speed EPA's review of ISTEA funded projects.

Pilot to Restore Wetlands Lost Prior to Clean Water Act Transportation is the second largest cause of wetland loss (DOI Report to Congress). We are proposing a pilot to restore 50,000 to 150,000 acres of wetlands that were lost prior to CWA, to compensate for historical loss from transportation activities.

Downey and Garvey want to do more on wetlands. We are sending them a ^{new} proposal.

New National Particulate Matter and Ozone Ambient Air Quality Standards

- ISTEA funds (CMAQ and Enhancements) have been an important mechanism by which the **Federal Government** has provided support to nonattainment (generally urban) areas in addressing air quality goals.
- The new proposed standards will result in an increased number of areas that are in violation.
- We have heard from the local governments that if we are going to increase the number of areas in nonattainment, we must find ways to fund solutions in those areas.
- Local governments also believe it is unacceptable to reduce funding in other areas and funding categories to cover the costs of the new NAAQS.
- New non-attainment areas will need assistance developing the necessary institutional relationships, community partnerships, and planning capabilities.

Rebuilding Urban Areas--The Administration's Urban Initiative

- **Transportation affects access to jobs for welfare recipients, urban environmental quality, brownfield restoration, and community quality of life.**
- **Administration can use ISTEA to support urban economic revitalization, increase opportunity through better mobility, and create environmentally- and community-friendly transportation choice.**

Specific opportunities within ISTEA:

- **make brownfields explicitly eligible for transportation funds;**
- **increase funds for urban areas in CMAQ and the STP set-aside;**
- **improve MPOs by providing better representation for urban areas, improving public participation, and encouraging innovative LUTRAQ-style planning; and,**
- **create performance incentives to help transportation systems meet the community's broad range of goals for mobility, access, environmental quality, and community livability.**

Supporting the Administration's Climate Change Commitments

- Transportation accounts for 1/3 of US greenhouse gas emissions. It is the fastest-growing source of emissions in the United States.
- We should use the opportunity for the Administration to take definitive action in supporting its domestic and international commitments to limit greenhouse gas emissions. Taking no action will make it *even more difficult* to keep our commitments.
- Climate actions through ISTEA also produce economic efficiency and reduce all other emissions, while increasing mobility choice and community livability.

Specific opportunities include:

- tying ISTEA allocations to state transportation energy efficiency
- leveling the playing field between auto and non-auto commutes with Parking Cash Out
- increasing the funding available to urban areas

Regas
230
Total Pages:

LRM ID: JAB59

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Wednesday, February 19, 1997

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: James C. Murr (for) Assistant Director for Legislative Reference

OMB CONTACT: James A. Brown 395-3473

PHONE: (202) ~~ERROR: Server error: Entry not found in index~~ FAX: (202) 395-3109

~~ERROR: Server error: Entry not found in index~~

SUBJECT: Environmental Protection Agency; JUSTICE; TRANSPORTATION Views on
TRANSPORTATION Proposed Draft Bill on ISTE A Reauthorization

DEADLINE: 5:00 Thursday, February 20, 1997

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: These are the papers on Climate Change/ISTEA which Transportation and EPA agreed to supply. The Department of Justice has also submitted a paper.

DISTRIBUTION LIST

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61-JUSTICE - Andrew Fois - (202) 514-2141
117 and 340-TRANSPORTATION - Tom Herlihy - (202) 366-4687
19-Council on Environmental Quality - Michelle Denton - (202) 39/5-5750
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76-National Economic Council - Sonyia Matthews - (202) 45/6-2174

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David B Sandalow
Rosina M. Bierbaum
Elwood J. Holstein
Diane C. Regas
SEIDEL_SA

W

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Barbara Chow
Zach Church
Dorothy Robyn
Kevin F. Neyland
Michael A. Fitzpatrick
Christopher D. Wolz
Jim Murr

LRM ID: JAB59 **SUBJECT:** Environmental Protection Agency; JUSTICE; TRANSPORTATION
Views on TRANSPORTATION Proposed Draft Bill on ISTEA Reauthorization

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

JIM BROWN Tel. 395-3473 FAX: 395-3109
TO: ~~ERROR: Server error: Entry not found in index~~
Office of Management and Budget 395-3454
Branch-Wide Line (to reach legislative assistant): ~~ERROR: Server error: Entry not found in index~~

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the reponse of our agency to your request for views on the above-captioned subject:

_____ **Concur**

_____ **No Objection**

_____ **No Comment**

_____ **See proposed edits on pages** _____

_____ **Other:** _____

_____ **FAX RETURN of** _____ **pages, attached to this reponse sheet**

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 its 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 sector 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.



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

OFFICE OF THE ASSISTANT SECRETARY FOR TRANSPORTATION POLICY

Number of Pages including this Page: 6

Date: 2/24/97

TO:

Diane Regas

Fax # 456-7028

FROM:

JOHN N. LIEBER
DEPUTY ASSISTANT SECRETARY
FOR TRANSPORTATION POLICY

(202) 366-4450

FAX: (202) 366-7127

FAX MESSAGE:

02/19/97

NEXTEA & GLOBAL CLIMATE CHANGE DOT Proposals

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 share, more program slots
- Elimination of statutory

Federal
elements

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To Bring up
Paper

Further, DOT is pursuing a broad range of research and deployment activities that are supportive of the Administration's Global Climate Change policies:

Support for more fuel efficient clean-fuel vehicles

- Since its inception in 1992, USDOT's Congestion Mitigation and Air Quality Improvement Program (CMAQ) has provided nearly \$291 million for alternative fuel projects. This represents about 11 percent of the more than \$2.7 billion in total funds obligated or earmarked for specific projects between 1992 and 1995.
- ISTEA included a favorable match ratio (90%, rather than the usual 80%) for clean-fueled buses. The additional 10% ratio is worth up to \$60 million over the life of NEXTEA, if used by transit operators and other government entities purchasing buses.

Research on more fuel efficient and clean-fueled vehicles

- Over the course of the past five years, the Federal Transit Administration (FTA) has had major programs underway related to electric and hybrid vehicles. FTA's enacted budgets for FY96 and FY97 included almost \$15 million to develop a new generation of transit buses which will be less polluting. This includes development of a light-weight, fully accessible low emission, fuel-efficient bus. Prototype buses will be tested in regular service during 1997. FTA has requested \$8 million in FY98 for this activity. A second major research effort is development of a fuel cell bus which will convert fuel directly to electricity for propulsion with ultra-low emissions. \$11 million has been requested for this and other new bus technology demonstration projects in FY98.
- The National Highway Traffic Safety Administration's (NHTSA's) enacted FY97 budget included \$2.5 million for examining the crash worthiness of next generation vehicles. DOT has requested a similar amount in FY98. The satisfactory evaluation of the safety of personal AFVs is critical to commercial deployment.
- The Research and Special Programs Administration (RSPA) joined DOE in a pilot project under the Clean Cities initiative to provide technical assistance to ten cities on the developing infrastructure to support electric vehicles. (\$75K FY 1996).
- Federal Highway Administration (FHWA), FTA, and RSPA have had preliminary discussions with the Defense Advanced Research Projects Agency (DARPA), the Department of Energy, Department of Commerce and the Electric Vehicle Coalition on the possible transfer of the DARPA electric vehicle program to DOT. A transfer to DOT or DOE could accelerate the commercialization of electric fuel vehicles. The DARPA Electric and Hybrid Electric Vehicle Program has spent \$100 million over the past five years, plus industry match. DARPA will no longer fund this program beginning FY98. The consortia are requesting \$50 million for FY98, and the same for later years.
- The Bureau of Transportation Statistics (BTS) is undertaking an assessment of the system implications of alternative energy vehicles in connection with PNGV. (\$250K)

Research on Sustainable Development

- The proposed National Science and Technology Council's (NSTC) Transportation R&D Committee's Science and Technology Strategy contains many elements which would support R&T efforts directed at the Global Climate Change Initiative. Under that strategy, DOT is working closely with EPA to develop a Strategic Partnership Initiative on *Environmental Sustainability of Transportation Systems*. This initiative will include research into the impacts of expanding and enhancing transportation capacity. In NEXTEA, DOT includes a \$10 million authorization for intermodal strategic transportation research. This item will enable DOT to participate in the NSTC Partnerships Initiatives including the contemplated *Environmental Sustainability of Transportation Systems* as well related partnership initiatives. (The latter includes an environmental monitoring activity and next generation motor vehicles, i.e. PNGV passenger cars and medium and heavy duty vehicles.)
- As part of RSPA's R&T program, work has been initiated to assess the transportation-related sustainability issues, including global warming. Work has been initiated to develop an R&D agenda for ensuring the economic, social, and environmental sustainability of US transportation activities. The effort will consider factors influencing transportation demand and land use; the planning context in which transportation decisions are made; and the potential contributions of various strategies to sustainability, including alternative vehicle technologies, ITS, new types of transit services, demand management, transit oriented development, and greater land use controls. (This an initial study for \$75K as part of RSPA's \$2.2 million to support activities in this area.)
- FHWA's Highway Safety R&D (\$8.8 million/FY 1997) program includes a pedestrian and bicyclist safety effort in support of the Department's National Bicycling and Walking Initiative, which aims to double the number of pedestrian and bicycle trips and reduce the number of bicyclists and pedestrians killed or injured by 10%. This program will develop improved planning techniques, new methods for identifying problem locations, innovative engineering countermeasures and training tools to guide users in the implementation of improved pedestrian and bicycle facilities.
- DOT has spent approximately \$5.5 million in FY96 and \$5 million in FY97 on planning research related to global Climate Change, with a\$5 million requested in FY98. The spending falls into two categories, both aimed at providing better estimates of travel in the calculation of greenhouse gas emissions. The two categories are the TRANSIMS project and general improvements to travel forecasting procedures (Travel Model Improvement Program). TRANSIMS uses household, traveler and traffic micro simulation, combined with new emissions procedures, to provide much better estimates of emissions, including greenhouse gases, than current methods allow for. TRANSIMS has been committed to as part of the Climate Change Action Plan. Improving existing procedures will modify existing tools to enhance their ability to analyze travel issues.

- FHWA's Environmental Research program has several research activities related to sustainability. These include: assisting MPOs and States in meeting Clean Air Act requirements; and increasing community and public involvement related to the community impacts of proposed transportation projects (\$5.5 million/FY 1997). Among research projects funded are a synthesis of literature on greenhouse gas inventory, impacts and strategies to reduce greenhouse gases (\$50 K, FY 1997). FHWA contributed \$200K to a National Academy of Sciences/TRB study on Transportation for a Sustainable Environment which focuses on biodiversity and climate changes impacts of transportation, and emphasizes the global nature of the problem. In addition to the FHWA share, \$150K from the National Cooperative Highway Research Program and \$150K from the National Cooperative Transit Research Program were contributed (NCHRP and NCTRP are drawdowns from ISTEA transportation research and planning funds).
- FHWA held, with TRB, a national environmental research conference in November, and the following additional research needs were identified for the energy conservation, alternative fuels and climate change category, with total costs of \$1.6 to 2 million:
 - Preparing a public outreach toolkit to promote options to reduce personal transportation energy consumption and greenhouse gas emissions.
 - Market prospects of alternative fuel and super efficient vehicles and implications for greenhouse gas emissions.
 - Consequences of alternative highway pricing and financing systems for fuel consumption and green house gas emissions.
 - Implications of global motorization for energy use and the environment.
 - Improving the efficiency of goods movements: developing information for state/MPO planning efforts.
 - Changes in the geography of production systems: implications for freight energy use.
- The Office of the Secretary's policy office research program includes the following efforts related to sustainability: developing environmental, energy, and safety policies and policies for access for transportation disadvantaged (\$100K/FY98).

Support for more efficient land use.

- FTA has examined transit supportive developments that are less dependent on automobile access and more conducive to transit riding, walking, and bicycling. FTA has also developed guidelines for planning and design of land use patterns that are sensitive to the needs of public transit. These guidelines are meant to create an efficient environment for future growth in suburban areas. This project began in 1990.
- FHWA also supported the LUTRAQ project conducted by 1000 Friends of Oregon. FHWA contributed approximately \$200,000 to LUTRAQ in FY92 and FY93. FHWA funds supported development of the analytic procedures used in the LUTRAQ process.

2/24/97

February 18, 1997

ENERGY EFFICIENCY PROPOSALS

Recommendations:

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Legislative language:

Add to Sec. 1003 Authorization of Appropriations: add (a)(9) Fuel Efficiency Incentive Fund.

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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.

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OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Science Division

Executive Office of the President
436 Old Executive Office Building
Washington, DC 20502

202-456-6130

202-456-6027 (FAX)

FAX TRANSMITTAL SHEET

DATE: 2/6/97

TO: Dianne Regas

PHONE NUMBER: 6-5589

FAX NUMBER: 6-7028

FROM: Carolyn Huntton

NUMBER OF PAGES (INCLUDING COVER SHEET): 8

Dianne - Please call when we can discuss -

Thanks,
Carolyn

Protection of Children in Federal Actions Associated with Exposures to Environmental & Safety Hazards.

DISCUSSION DRAFT -- DO NOT CITE OR RELEASE

PROTECTION OF CHILDREN IN FEDERAL ENVIRONMENTAL HEALTH AND SAFETY ACTIONS

Poor title

related to

America's children are this country's future. Preparing our children for the 21st century is among our most important national priorities. To fulfill this task we must recognize that America's children face significant and unique threats from an array of hazards. A growing body of scientific knowledge demonstrates that children are particularly at risk from environmental hazards:

- Children's neurological, immunological, digestive and other bodily systems are still developing, making them more susceptible to toxic pollutants and other environmental hazards;
- Children eat more food, drink more fluids, and breathe more air in proportion to their body weight than adults, and spend more time outside in play, so they may be more exposed to toxic pollutants and other environmental hazards;
- Children are less able than adults to recognize and to protect themselves from exposure to toxic pollutants and other environmental hazards; and
- Children face potential exposures to toxic pollutants over their entire lifetime, with the possibility of more significant health impacts;
- Children may be at increased risk due to differences in exposure pathways (e.g. greater hand-to-mouth contact, more frequent ingestion of non-food items).

Our experience tells us that children have different needs when we act to protect health and safety:

- Children's size and weight can affect how well they are protected by safety features;
- Children have activity patterns that are different from those of adults, which may

all this relates to environmental hazards

Safety

increase their exposure to health and safety risks;

- Children are less able to protect themselves from risk, and less responsive to warning regimes.

While Federal agencies typically consider the effect of their work on children, existing standards were derived in many instances principally from data on adults. We need to enhance our understanding of how environmental ~~health~~ and safety risks to children differ from the risks to adults. The array and complexity of environmental ~~health~~ and safety threats facing children today, and uncertainty about the adequacy of existing standards established principally to protect adults, pose a significant challenge to our ability to protect our children's health ~~and safety~~.

The Federal government is responding vigorously to this challenge, acting to address threats to children's environmental health in the new Food Quality Protection Act, accounting for children in the development of new standards for passive restraints in cars, and taking administrative action to protect children from tobacco use, lead, food-borne illness, and other hazards. But we should do more.

The Federal government must establish a national policy to protect the health of American children from environmental ~~health~~ and safety hazards, and apply its resources, including its scientific research capabilities, in a coordinated and efficient manner to address these threats to children. A coordinated approach is necessary to avoid duplication, to ensure efficient assignment of tasks among agencies, and to promote decisions based on full information about the costs and benefits of particular agency actions.

Only by tailoring governmental actions, including the setting of environmental ~~health~~ and safety standards, to recognize and address the often greater impact that environmental pollutants and ~~other health and~~ safety hazards have upon the health and well-being of our children, can we ensure both more effective governance and more healthy and productive futures for our children. The task before us is large -- developing the basic scientific knowledge of how toxic chemicals and other environmental ~~health~~ and safety hazards may differentially impact on children may take years. But the need to act, and to act promptly, to protect the future of our nation cannot be disregarded.

NOW, THEREFORE, to establish a coordinated federal strategy for the protection of children from the risks environmental ~~health~~ and safety hazards, and by the authority vested in me as President by the Constitution and laws of the United States of America, it is hereby ordered as follows:

Section 1. Policy.

amended with
1-101. Each Federal agency shall assign priority to the identification and assessment of environmental ~~health~~ ^{exposures} and safety ~~risks~~ ^{hazards} that may disproportionately affect children. *risks ?*

1-102. The head of each Federal agency shall ensure that it considers, and that its policies, programs, activities, and standards appropriately address, disproportionate risks to children that result from environmental ~~health~~ ^{exposures} or safety hazards, to the fullest extent consistent with the agency's mission and applicable law.

Section 2. Definitions. The following definitions shall apply to this order.

2-201. Federal agency means any authority of the United States that is an agency under 44 U.S.C. 3502(1). Agencies not subject to this Executive order are encouraged to participate in its implementation and to conform their programs and activities to its provisions. For purposes of this order, military departments, as defined in 5 U.S.C. 102, are covered under the auspices of the Department of Defense.

2-202. Covered regulatory action means any substantive regulatory action initiated after the date of this Executive order that is likely to result in a rule that may:

- (a) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health, or safety, or state, local, or tribal governments or communities; and
- (b) Concern an environmental ~~health~~ ^{exposures} or safety ~~risks~~ ^{hazards} that disproportionately may affect children. *regards the best results in*

Section 3. Children's ~~Health~~ IWG.

Environmental Exposures and Safety Hazards
Use Thompson

*Children's
EE + SH*

3-301. Within 60 days of the date of this order, there shall be established an interagency working group (IWG) on ~~Children's Health~~, which shall implement and promote the purposes of this Executive order.

3-302. The IWG shall be composed of representatives of Federal agencies and White House offices with responsibility for the regulation of risks from toxic pollutants or other environmental, ~~health~~ ^{exposure} or safety hazards, or whose activities may substantially affect such hazards, or which conducts scientific or medical research related to such risks or hazards. Member agencies shall include, but are not limited to, the Consumer Product Safety Commission (CPSC); the Council on Environmental Quality (CEQ); the Department of Agriculture (USDA); the Department of Energy (DOE), Department of Health and Human Services (HHS), including, the Centers for Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), and the National Institutes of Health (NIH); the Department of Housing and Urban Development (HUD); the Department of Justice (DOJ); the Department of Transportation; Domestic Policy Council (DPC); the Environmental Protection Agency (EPA); the Office of Management and Budget (OMB); and the Office of Science and Technology Policy (OSTP).

EE + SH

3-303. The IWG shall develop a coordinated Federal strategy for Children's ~~Health and Safety~~, to include at least the following elements:

- (a) Statements of guiding principles, general policy, and targeted annual priorities that will govern the Federal approach to achieving the goals of this order.
- (b) A coordinated research agenda for the Federal government, including steps to implement the plan for the ~~consolidated~~ research database developed pursuant to section 4 of this order, and for a cross-cutting budget to accomplish this research.
- (c) Recommendations for appropriate partnerships among Federal, state, and local governments and the private, academic, and non-profit sectors.
- (d) Proposals to enhance public outreach and communication to assist families in evaluating risks to infants and children and in making informed consumer choices;
- (e) An identification of high-priority initiatives for the Federal government to undertake in advancing protection of children's ~~health and safety~~.

*from toxic environmental
exposures & safety
hazards.*

- (f) A statement regarding the desirability of new legislation to fulfill or promote the purposes of this Executive Order.

3-304. The IWG shall annually prepare a report on research, data, or other information that would enhance our ability to understand, analyze, and respond to environmental, ~~health~~, and safety risks to children. For purposes of this report, every Federal agency shall identify and specifically describe for the IWG all data needs that have arisen in the course of the agency's programs and activities, including regulatory and enforcement actions. The IWG shall incorporate agency submissions into its report and ensure that this report is publicly available and widely disseminated. The White House Office of Science and Technology Policy and the National Science and Technology ~~Committee~~ shall ensure that this report is fully considered in establishing research priorities. *Council*

*env. health
research on
Risks -*

3-305. The IWG shall be composed of the Secretary or head of each of the member agencies, or their designees at the Assistant Secretary level or its equivalent.

3-306. The IWG may establish subcommittees and working groups as appropriate to assist the IWG in carrying out its obligations and responsibilities under this order.

3-307. The Administrator of the Environmental Protection Agency shall serve as interim chair of the IWG, with responsibility for arranging the first meeting. At the first meeting, the IWG shall elect a permanent chair, who will serve for a period of one year. Subsequent chairs shall be elected by the IWG to serve for one-year terms, with no one member agency holding the chairmanship of the IWG for more than two consecutive one-year periods.

3-308. The IWG shall exist for a period of four years. At least six months prior to the expiration of that period, the member agencies shall assess the need for continuation of the IWG or its functions, and make appropriate recommendations to the President.

Section 4. Research Coordination and Integration

4-401. Within six months of the date of this order, the White House Office of Science and Technology Policy and the National Science and Technology ~~Committee~~ shall present to the IWG a proposed plan for establishing, maintaining, and keeping current a

*make
it
only
R+D
for
environmental
health*

*a distributed database
may be better*

consolidated research data base that lists and describes all research conducted or funded by the Federal government that is related to adverse health effects in children and infants resulting from exposure to toxic pollutants or other environmental ^{exposures} ~~health~~ or safety hazards. This plan shall include recommendations to ensure that the activities of the IWG and other requirements of this Executive order are fully integrated with, and not duplicative of, other current or planned initiatives with respect to children's health and safety.

*define infectious diseases?
genetic diseases?
nutrition?
mental health?*

4-402. The proposed plan shall promote the submission of information on academic and other private research for inclusion in the data base.

4-403. The plan shall include provisions to ensure that the ~~consolidated~~ research data base is available to the public, to the scientific and academic communities, and to all Federal agencies.

Section 5. Agency environmental, ~~health~~ or safety regulations.

5-501. For each covered regulatory action, each agency shall provide the following information, developed as part of the agency's decisionmaking process (unless prohibited by law):

- (a) An evaluation of the effects of the covered regulatory action on children;
- (b) An assessment of potentially effective and reasonably feasible alternatives to the covered regulatory action that have been identified by the agency or the public and that may be more protective of children; and
- An explanation of why the covered regulatory action is preferable to the identified potential alternative(s).

5-502. In emergency situations or when an agency is obligated by law to act more quickly than normal review procedures allow, the agency shall comply with the provisions of this section to the extent practicable. For those regulatory actions that are governed by a court-imposed or statutory deadline, the agency shall, the extent practicable, schedule rulemaking proceedings so as to permit sufficient time for completing the analysis required by this section.

5-503. The analysis required by this section shall be made part of the administrative record for the covered regulatory action or otherwise made available to the public.

Section 6. General Provisions.

6-601. This order is intended only for internal management of the Executive Branch. This order is not intended, and should not be construed to create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies, its officers, or its employees. This order shall not be construed to create any right to judicial review involving the compliance or noncompliance with this order by the United States, its agencies, its officers, or any other person.

6-602. Federal agencies should implement this order consistent with, and to the extent permitted by, existing law.

6-603. This order shall be effective immediately and shall continue to be in effect until revoked.

The White House

_____, 1997



OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Science Division

Executive Office of the President
436 Old Executive Office Building
Washington, DC 20502202-456-~~6027~~ 4133

202-456-6027 (FAX)

FAX TRANSMITTAL SHEET

DATE:

TO: *BRADLEY CAMPBELL, Diane Reser*PHONE NUMBER: *456-6549*FAX NUMBER: *456-6546* *456-7028*FROM:
*Carolyn Hutton*NUMBER OF PAGES (INCLUDING COVER SHEET): *9*

Brad: At Diane's request, I have worked with Duane Alexander and Lynn Goldman to try and merge more of the Children's Initiative Report with the draft Ex. Order while still maintaining emphasis on the environmental/hazard regulatory language. This is a first attempt so please give me some feedback and I'll be happy to try again.

My home phone # is 703-415-4392, and I plan to be around most of the weekend, so please call if I can help.

Thanks, Carolyn

PROMOTION AND PROTECTION OF CHILDREN'S HEALTH AND SAFETY THROUGH FEDERAL ACTIONS

Preparing America's children for the 21 st century is among our most important national priorities. Today's children face the promise of a new century of unparalleled opportunity in which new technologies, improvements in health, expanding economies, and other advances create the hope that their future will be the brightest of any generation in history. However, too many of them face obstacles that obscure that bright future, including exposures to hazards and diseases, unhealthy behaviors, violence, abuse, and inadequate educational opportunities. The devastating economic and social costs of these obstacles are indisputable. An essential component to overcoming these obstacles is to establish policy, program and regulatory decisions founded on sound scientific research.

Much of the progress that has been achieved in childhood issues grew out of critical research efforts that have advanced our understanding of how children and youth grow into healthy and productive individuals. Research has helped to inform policy and regulatory decisions and program development, track outcomes, and identify strategies that work and those that do not.

There continue to be significant needs to ensure that children grow up to be healthy, well-educated, and responsible members of society. Given the rapidly changing nature of our communities and nation, strengthening the national attention to child and adolescent development, health, and safety is especially crucial. While Federal agencies typically consider

the effect of their work on children, existing standards and regulations were derived in many instances principally from data on adults. We need to enhance our understanding of how environmental, health, and safety risks to children differ from the risks to adults just as we need to know that the medication we give our children is as appropriate for them as it is for their parents. The array and complexity of threats facing children today, and uncertainty about the adequacy of existing standards established principally to protect adults, pose a significant challenge to our ability to protect our children's health, safety and well being.

One significant area where the federal investment in research has improved outcomes for children is through regulations intended to protect them from environmental and safety hazards. The Federal government is responding vigorously to this challenge by acting to address threats to children's environmental health in the new Food Quality Protection Act, accounting for children in new standards for passive restraints in cars, and taking administrative action to protect children from tobacco exposure/use, lead, food-borne illness, and other hazards. But we should do more.

We must establish a Federal policy to promote and protect the health and well being of American children. This should include scientific research conducted in a coordinated and efficient manner to address the threats to children. A coordinated approach is necessary to avoid duplication, to ensure efficient assignment of tasks among agencies, and to promote decisions based on full information about the costs and benefits of particular actions. Scientific

2a

research must be the cornerstone of government actions.

Only by tailoring governmental actions that recognize and address the often greater impact that health and safety hazards have upon the health and well-being of our children, can we ensure their healthy and productive futures. The task before us is large---developing the basic scientific knowledge of how to protect our children's health, safety and well being will take years. But the need to act, and to act promptly, to protect the future of our nation cannot be disregarded.

Promotion and
NOW, THEREFORE, to establish a coordinated federal strategy for the protection of children ~~from the risks environmental, health, and safety hazards~~ *is health, safety and well being*, and by the authority vested in me as President by the Constitution and laws of the United States of America, it is hereby ordered as follows:

Section 1. Policy.

1-101. Each Federal agency shall assign priority to the identification and assessment of ~~environmental, health, and safety risks~~ *that may disproportionately affect children's health and safety*, *within their jurisdiction*.

1-102. The head of each Federal agency shall ensure that it considers, and that its policies, programs, activities, and standards appropriately address, ~~disproportionate risks to children that result from environmental, health, or safety hazards~~ *the health and safety of children*, to the fullest extent consistent with the agency's mission and applicable law.

Section 2. Definitions. The following definitions shall apply to this order.

2-201. Federal agency means any authority of the United States that is an agency under 44 U.S.C. 3502(1). Agencies not subject to this Executive order are encouraged to participate in its implementation and to conform their programs and activities to its provisions. For purposes of this order, military departments, as defined in 5 U.S.C. 102, are covered under the auspices of the Department of Defense.

2-202. Covered regulatory action means any substantive regulatory action initiated after the date of this Executive order that is likely to result in a rule that may:

- (a) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health, or safety, or state, local, or tribal governments or communities; and
- (b) Concern an environmental, health, or safety risk that disproportionately may affect children.

Section 3. Children's ~~Health and Safety~~ Task Force

- (4) A statement regarding the desirability of new legislation to fulfill or promote the purposes of this Executive Order.

3-304. The ^{TF}~~IFWG~~ shall annually prepare a report on research, data, or other information that would enhance our ability to understand, analyze, and respond to ~~environmental~~ health, and safety ~~issues~~ to children. For purposes of this report, every Federal agency shall identify and specifically describe for the ^{TF}~~IFWG~~ ^{of the UNMET} all data needs that have arisen in the course of the agency's programs and activities, including regulatory and enforcement actions. The ^{TF}~~IFWG~~ shall incorporate agency submissions into its report and ensure that this report is publicly available and widely disseminated. The White House Office of Science and Technology Policy, ^(Council and the OMB) and the National Science and Technology Committee, shall ensure that this report is fully considered in establishing research priorities.

3-305. The ^{TF}~~IFWG~~ shall be composed of the Secretary or head of each of the member agencies, or their designees at the Assistant Secretary level or its equivalent.

3-306. The ^{TF}~~IFWG~~ ^{will} establish subcommittees and working groups ^{to include but not be limited to:} ~~as appropriate to~~ assist the ~~IFWG~~ in carrying out its obligations and responsibilities under this order.

1. Environmental Hazards 4. Longitudinal Studies
2. Developmental Programs 5. Health and Behavior
3. Health Issues (including learning) and the Sect. for HHS

3-307. The ^{TF}~~Administrator~~ of the Environmental Protection Agency, shall serve as interim ^{co-}chair of the ^{TF}~~IFWG~~, with responsibility for arranging the first meeting. ~~At the first~~ ^(Diane said she would redraft this section) meeting, the ~~IFWG~~ shall elect a permanent chair, who will serve for a period of one year. Subsequent chairs shall be elected by the ~~IFWG~~ to serve for one year terms, with no one member agency holding the chairmanship of the ~~IFWG~~ for more than two consecutive one year periods.

3-308. The ^{TF}~~IFWG~~ shall exist for a period of four years. At least six months prior to the expiration of that period, the member agencies shall assess the need for continuation of the ^{TF}~~IFWG~~ or its functions, and make appropriate recommendations to the President.

Section 4. Research Coordination and Integration

4-401. Within six months of the date of this order, the White House Office of Science and Technology Policy and the National Science and Technology ^(Council) Committee shall present to the IWG a proposed plan for establishing, maintaining, and keeping current a

~~consolidated~~ research data base that lists and describes all research conducted or funded by the Federal government that is related to ^{the} ~~adverse health effects in children and infants resulting~~ ^{and safety of} ~~from exposure to toxic pollutants or other environmental, health, or safety hazards~~. This plan shall include recommendations to ensure that the activities of the ~~TF~~ ^{TF} and other requirements of this Executive order are fully integrated with, and not duplicative of, other current or planned initiatives with respect to children's health and safety.

4-402. The proposed plan shall promote the submission of information on academic and other private research for inclusion in the data base.

4-403. The plan shall include provisions to ensure that the consolidated research data base is available to the public, to the scientific and academic communities, and to all Federal agencies.

~~PROPOSED~~ ^{PROPOSED}
Section 5. ~~Agency environmental, health, or safety regulations~~ ^{reg ACTIONS}

5-501. For each covered regulatory action, each agency shall provide the following information, developed as part of the agency's decisionmaking process (unless prohibited by law):

- (a) An evaluation of the effects of the covered regulatory action on children;
- (b) An assessment of potentially effective and reasonably feasible alternatives to the covered regulatory action that have been identified by the agency or the public and that may be more protective of children; and
- © An explanation of why the covered regulatory action is preferable to the identified potential alternative(s).

5-502. In emergency situations or when an agency is obligated by law to act more quickly than normal review procedures allow, the agency shall comply with the provisions of this section to the extent practicable. For those regulatory actions that are governed by a court-imposed or statutory deadline, the agency shall, the extent practicable, schedule rulemaking proceedings so as to permit sufficient time for completing the analysis required by this section.

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6-601. This order is intended only for internal management of the Executive Branch. This order is not intended, and should not be construed to create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies, its officers, or its employees. This order shall not be construed to create any right to judicial review involving the compliance or noncompliance with this order by the United States, its agencies, its officers, or any other person.

6-602. Federal agencies should implement this order consistent with, and to the extent permitted by, existing law.

6-603. This order shall be effective immediately and shall continue to be in effect until revoked.

The White House

_____, 1997

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EXECUTIVE OFFICE OF THE PRESIDENT

Washington D.C. 20503

TELECOPIER COVER SHEET

Date: February 6, 1997

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Telecopier:

Telephone:

From:

Bradley M. Campbell
Associate Director/CEQ

Telecopier: 202/456-0753

Telephone: 202/395-5750

Number of Pages (including cover): 10

Comment:

This is a revised draft of the Children's Environmental Health
Executive Order in response to the meeting held Monday, February
3, 1997. Formal OMB circulation of the Executive Order is
postponed until next Monday, February 10, 1997. Any additional
comments should be received by COB Friday, February 7, 1997.

Dep'ty Sec'y
LISA Gilmore

Children's Environmental Health Executive Order

MEETING ATTENDEES:

<u>Name</u>	<u>Agency</u>	<u>Telephone</u>	<u>FAX</u>
Bradley M. Campbell	CEQ	(202) 456-6224	456-0753
Bill Dinkelacker	DOT	(202) 622-1285	622-1294
Elizabeth Drye	WH/DPC	(202) 456-5573	456-7028
Lynn Goldman	EPA/OPPTS	(202) 260-2902	260-1847
Gary Guzy	EPA	(202) 260-7960	260-3684
Diane Regas	WH/DPC	(202) 456-5589	456-7028
Polly Milius	DOJ/ENRD	(202) 514-1442	514-4231
Sylvia Liu	DOJ/ENRD	(202) 305-0639	514-4231
Kathy Wallman	NEC	(202) 456-2620	456-2878
Michael Fitzpatrick	OMB/OIRA	(202) 395-1247	395-3047
Don Arbuckle	OMB/OIRA	(202) 395-5897	395-7245
Richard Jackson	NCEH/CDC/HHS	(770) 488-7000	770 488-7015
Ronald Matzner	SBA	(202) 205-6882	205-6846
Jason Shogren	CEA	(202) 395-5012	395-6853
Leslie Kux	FDA	(301) 827-1127	301 443-0739
Sharon Smith Holston	FDA	(301) 827-3450	301 443-5930
Catherine Lorraine	FDA	(301) 827-3360	301 594-6777
Mary Agocs	CDC/HHS	(202) 690-8598	690-7519
Ron Medford	CPSC	(301) 504-0554	301 504-0407
Pamela Gilbert	CPSC	(301) 504-0550	301 504-0121
Camille Mittelholtz	DOT	(202) 366-4861	366-7618
Carrie Jelsma	OMB	(202) 395-4727	395-5836
Dalton Paxman	OPHS/HHS	(202) 205-5829	205-9478
Jim Simon	DOJ	(202) 514-3370	514-0557
Elgie Holstein	NEC	(202) 456-2800	456-2223
Jim Aidala	EPA	(202) 260-2897	260-1847
Eric Rubel	CPSC	(301) 504-0980	301 504-0403
Jeffrey Hunker	Commerce	(202) 482-6055	482-4636
Rob Fairweather	OMB	(202) 395-6827	395-5836
Bob Dreher	EPA	(202) 260-8040	260-8046
Bob Nordhaus	DOE	(202) 586-5966	586-1499
Camille Acevedo	HUD	(202) 708-2084	401-0349
Geri Palast	DOL		219-5288
Andrea Wargo	ATSDR/HHS	(202) 690-7536	690-6985
Seth Harris	Asst Secr Pol	(202) 219-6181	219-6924
Ken Clark			482-3843
John Kennedy	HUD/OGC	(202) 708-2203	708-5698
Dave Jacobs	HUD/OLHC	(202) 755-4973	755-1000
Steven Galson	DOE	(202) 586-7700	586-9626
Fred Siskind	DOL	(202) 219-6197	219-9322
Louise Cohen	EPA/Leg. Aff.	(202) 260-8346	260-5185

DISCUSSION DRAFT -- DO NOT CITE OR RELEASE**PROTECTION OF CHILDREN
IN FEDERAL ENVIRONMENTAL, HEALTH, AND SAFETY ACTIONS**

America's children are this country's future. Preparing our children for the 21st century is among our most important national priorities. To fulfill this task we must recognize that America's children face significant and unique threats from an array of hazards. A growing body of scientific knowledge demonstrates that children are particularly at risk from environmental hazards:

- Children's neurological, immunological, digestive and other bodily systems are still developing, making them more susceptible to toxic pollutants and other environmental hazards;
- Children eat more food, drink more fluids, and breathe more air in proportion to their body weight than adults, and spend more time outside in play, so they may be more exposed to toxic pollutants and other environmental hazards;
- Children are less able than adults to recognize and to protect themselves from exposure to toxic pollutants and other environmental hazards;
- Children face potential exposures to toxic pollutants over their entire lifetime, with the possibility of more significant health impacts; and
- Children may be at increased risk due to differences in exposure pathways (e.g., greater hand-to-mouth contact, more frequent ingestion of non-food items).

Our experience tells us that children have different needs when we act to protect health and

safety:

- Children's size and weight can affect how well they are protected by safety features;
- Children have activity patterns that are different from those of adults, which may increase their exposure to health and safety risks; and
- Children are less able to protect themselves from risk, and are less responsive to warning regimes.

While Federal agencies typically consider the effect of their work on children, existing standards were derived in many instances principally from data on adults. We need to enhance our understanding of how environmental, health, and safety risks to children differ from the risks to adults. The array and complexity of environmental, health, and safety threats facing children today, and potential inadequacy of existing standards established principally to protect adults, pose a significant challenge to our ability to protect our children's health and safety.

The Federal government is responding vigorously to this challenge, acting to address threats to children's environmental health in the new Food Quality Protection Act, accounting for children in the development of new standards for passive restraints in cars, and taking administrative action to protect children from tobacco use, lead, food-borne illness, and other hazards. But we should do more.

The Federal government must establish a national policy to protect the health of American children from environmental, health, and safety hazards, and apply its resources, including its scientific research capabilities, in a coordinated and efficient manner to address these threats to children. A coordinated approach is necessary to avoid duplication, to ensure efficient assignment of tasks among agencies, and to promote decisions based on full information about the costs and benefits of particular agency actions.

Only by tailoring governmental actions, including the setting of environmental, health, and safety standards, to recognize and address the often greater impact that environmental pollutants and other health and safety hazards have upon the health and well-being of our children, can we ensure both more effective governance and more healthy and productive futures for our children. The task before us is large -- developing the basic scientific knowledge of how toxic chemicals and other environmental, health, and safety hazards may differentially affect children may take years. But the need to act, and to act promptly, to protect the future of our nation cannot be disregarded.

NOW, THEREFORE, to establish a coordinated federal strategy for the protection of children from the risks environmental, health, and safety hazards, and by the authority vested in me as President by the Constitution and laws of the United States of America, it is hereby ordered as follows:

Section 1. Policy.

1-101. Each Federal agency shall make it a high priority to identify and assess environmental, health, and safety risks that may disproportionately affect children.

1-102. Each Federal agency shall ensure that it considers, and that its policies, programs, activities, and standards appropriately address, disproportionate risks to children that result from environmental, health, or safety hazards, to the fullest extent consistent with the agency's mission and applicable law.

Section 2. Definitions. The following definitions shall apply to this order.

2-201. Federal agency means any authority of the United States that is an agency

under 44 U.S.C. 3502(1), other than those considered to be independent regulatory agencies as defined in 44 U.S.C. 3502(10). Agencies not subject to this Executive order are encouraged to participate in its implementation and to conform their programs and activities to its provisions. For purposes of this order, military departments, as defined in 5 U.S.C. 102, are covered under the auspices of the Department of Defense.

2-202. Covered regulatory action means any substantive regulatory action initiated after the date of this Executive order that is likely to result in a rule that may:

- (a) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; and
- (b) Concern an environmental, health, or safety hazard or risk that may disproportionately affect children.

Section 3. Children's Health ^{Risks} IWG

[There are 10s of groups called it's its confining]

3-301. Within 60 days of the date of this order, there shall be established an interagency working group (IWG) on Children's Health ^{Risks (CHR)}, which shall implement and promote the purposes of this section.

3-301 The (IWG) CHR will report to the President through the Domestic Policy Council.

3-302. The IWG shall be composed of representatives of Federal agencies and White House offices with responsibility for the regulation of risks from environmental, health, or safety hazards, or whose activities may substantially affect such hazards, or which conducts scientific or medical research related to such risks or hazards. Member agencies shall include, but are not limited to, the Consumer Product Safety Commission (CPSC); the Council on Environmental Quality (CEQ); the Department of Agriculture (USDA); the Department of Energy (DOE), Department of Health and Human Services (HHS), including, the Centers for

Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), and the National Institutes of Health (NIH); the Department of Housing and Urban Development (HUD); the Department of Justice (DOJ); the Department of Transportation; the ^{with office of Policy Development} ~~Domestic~~ ~~Policy Council (DPC)~~ ^(DPD); the Environmental Protection Agency (EPA); the Office of Management and Budget (OMB); and the Office of Science and Technology Policy (OSTP).

3-303. The IWG shall develop a coordinated Federal strategy for Children's Health and Safety, to include at least the following elements:

- (a) Statements of principles, general policy, and targeted annual priorities that will guide the Federal approach to achieving the goals of this order.
- (b) A coordinated research agenda for the Federal government, including steps to implement the plan for the consolidated research database developed pursuant to section 4 of this order, and for a cross-cutting budget to accomplish this research.
- (c) Recommendations for appropriate partnerships among Federal, State, and local governments and the private, academic, and non-profit sectors.
- (d) Proposals to enhance public outreach and communication to assist families in evaluating risks to infants and children and in making informed consumer choices;
- (e) An identification of high-priority initiatives for the Federal government to undertake in advancing protection of children's health and safety.
- (f) A statement regarding the desirability of new legislation to fulfill or promote the purposes of this Executive Order.

3-304. The IWG shall annually prepare a report on research, data, or other information that would enhance our ability to understand, analyze, and respond to environmental, health, and safety risks to children. For purposes of this report, every Federal agency shall identify and specifically describe for the IWG all data needs that have arisen in

the course of the agency's programs and activities, including regulatory and enforcement actions. The IWG shall incorporate agency submissions into its report and ensure that this report is publicly available and widely disseminated. The White House Office of Science and Technology Policy and the National Science and Technology Committee shall ensure that this report is fully considered in establishing research priorities.

3-305. The IWG shall be composed of the Secretary or head of each of the member agencies, or their designees at the Assistant Secretary level or its equivalent.

3-306. *Secretary of HHS & the Admin shall serve as joint co-chairs*
~~The Administrator of the Environmental Protection Agency shall serve as interim chair of the IWG, with responsibility for arranging the first meeting. At the first meeting, the IWG shall elect a permanent chair, who will serve for a period of one year. Subsequent chairs shall be elected by the IWG to serve for one-year terms, with no one member agency holding the chairmanship of the IWG for more than two consecutive one-year periods.~~

3-306 - The CHR may identify, through interagency agreement, staff to support the work of the committee

3-307. The IWG shall exist for a period of four years. At least six months prior to the expiration of that period, the member agencies shall assess the need for continuation of the IWG or its functions, and make appropriate recommendations to the President.

Section 4. Research Coordination and Integration

4-401. Within six months of the date of this order, the White House Office of Science and Technology Policy and the National Science and Technology Committee shall present to the IWG a proposed plan for establishing, maintaining, and keeping current a consolidated research data base that lists and describes all research conducted or funded by the Federal government that is related to adverse health effects in children and infants resulting from exposure to environmental, health, or safety hazards. This plan shall include recommendations to ensure that the activities of the IWG and other requirements of this

Executive order are fully integrated with, and not duplicative of, other current or planned initiatives with respect to children's health and safety.

4-402. The proposed plan shall promote the submission of information on academic and other private research for inclusion in the data base.

4-403. The plan shall include provisions to ensure that the consolidated research data base is available to the public, to the scientific and academic communities, and to all Federal agencies.

Section 5. Agency environmental, health, or safety regulations.

5-501. For each covered regulatory action submitted to the Office of Information and Regulatory Affairs (OIRA) for review, the agency shall provide to OIRA the following information developed as part of the agency's decisionmaking process (unless prohibited by law):

- (a) An evaluation of the effects of the covered regulatory action on children;
- (b) An assessment of potentially effective and reasonably feasible alternatives to the covered regulatory action that have been identified by the agency or the public and that may be more protective of children; and
- (c) An explanation of why the covered regulatory action is preferable to the identified potential alternative(s).

5-502. In emergency situations or when an agency is obligated by law to act more quickly than normal review procedures allow, the agency shall comply with the provisions of this section to the extent practicable. For those regulatory actions that are governed by a

court-imposed or statutory deadline, the agency shall, the extent practicable, schedule rulemaking proceedings so as to permit sufficient time for completing the analysis required by this section.

5-503. The analysis required by this section shall be made part of the administrative record for the covered regulatory action or otherwise made available to the public.

Section 6. General Provisions.

6-601. This order is intended only for internal management of the Executive Branch. This order is not intended, and should not be construed to create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies, its officers, or its employees. This order shall not be construed to create any right to judicial review involving the compliance or noncompliance with this order by the United States, its agencies, its officers, or any other person.

6-602. Federal agencies should implement this order consistent with, and to the extent permitted by, existing law.

6-603. This order shall be effective immediately and shall continue to be in effect until revoked.

The White House

_____, 1997

12/16 1 STEA

PLEASE SIGN IN

Diane REGAS	WH PAC	456-2216
Greg Wetstone	NRDC	289-2409
Roy Kienitz	STPP	939-3478
GAWAIN KRIPKE	FRIENDS OF THE EARTH	783-7400 x212 for 783-0444
HANK DITTMAR	STPP	939-3474
Diane Montgomery	JMB	395-3834
Michael Replogle	Environmental Defense Fund	202/387-3500 tel. 234-6049 fax
Kaid Benfield	NRDC	289-6868 - 289-1060 Fax
John Echeverria	Nat'l Audubon Society	861-7742 (4290 F)
Ann Mesnikoff	Sierra Club	675-7902
CRISTIAN SANTOS-ROSA	CSA	395-1410
Dorothy Robyn	NEC	456-5365 456-2223(F)
Ellen Seidman	NEC	456-5359 456-1605(F)
Elizabeth Cummings	DOT	(ph) 366-4860 (fax) 366-7618

ADDRESSING WELFARE DEPENDENCY WITH TRANSPORTATION

The recent welfare bill has made the task of getting people off welfare and into work even more urgent than before. In its search for ways to assist this transition, the Clinton administration should look to transportation. Federal transportation funds can be used to give welfare recipients better access to jobs, and to make communities with high levels of welfare dependency more attractive to job creation. Reauthorization of ISTEA presents an opportunity to provide funding for these activities.

Background

A significant share of the welfare dependent population is concentrated in urban and older suburban areas with high unemployment, few job opportunities and poor access to job growth centers. Getting and holding a job requires more than basic skills and daycare; poor access to suburban employment centers can be a major barrier.

Access to a car is least prevalent among the lowest income classes; nearly 40% of workers with annual income below \$10,000 don't commute by car, compared to around 20% in the relatively modest \$25,000 to \$35,000 income range¹. This is largely because of cost; the American Automobile Association estimates that in 1995 it cost an average of \$6500 to own and operate one car. By necessity, low income workers spend less, but even a fraction of this amount can be too much for a worker on a minimum wage salary of \$9880 per year. In 1977, the median price of a new car was 18 weeks salary for the average worker. In 1991, it was 25 weeks salary².

Although low income workers use public transportation more than others, transit is often a poor provider of access to the suburbs, where most job growth occurs. Traditional suburb-to-central city "AM inbound; PM outbound" service is a big revenue source for transit systems, and routes are structured to serve the middle income riders that use these routes. Use of certain kinds of transit -- commuter trains, subways and elevated rail -- is actually higher among middle income workers than the poor. Low income "reverse commuters", who leave the central city or inner ring suburb in the morning to reach a suburban job, have limited options. Where service does exist, suburban transit stations tend to be far from the actual workplace, and connector bus or van service is either unavailable or infrequent. Park-and-Ride lots have helped make suburban transit stations accessible to suburban-dwelling commuters, but these investments don't help the reverse commuter.

In addition, transportation investments have contributed to a spatial mismatch between jobs and workers, particularly low income workers. Forty years of highway building at the suburban fringe has bought down the cost of development in those areas to the disadvantage of older communities. In many places, the cost of building new roads -- almost always in low-density exurban areas -- has made it impossible to spend adequate funds on maintaining existing infrastructure. The strong emphasis on road building as a priority for federal funds has led to a program with an unintentional but definite anti-urban bias. In 1994 and 1995, per capita spending of federal road money

in urbanized areas was \$54; in what the Census Bureau calls "non-urbanized areas" - mostly low density outer suburbs -- per capita spending was \$115.³.

Proposal

ISTEA II should fund strategies that improve access to jobs for the chronically underemployed. Eligible activities for funding would fall into two general categories:

1. ***Programs that bring people to jobs.*** This includes reverse commute and suburban job link programs involving van-pools, buses or fixed rail, and transit voucher programs. Descriptions of two such programs -- Chicago's "Shuttle Bug" suburban job link program and New York City's TransitChek voucher program -- are attached. Similar efforts are currently being funded in five cities by HUD's \$17 million "Bridges to Work" pilot program.
2. ***Programs that bring jobs to people.*** This includes a variety of ways to use transportation investments to make troubled communities more attractive to job growth. Examples are joint development agreements to revitalize transit stations and the neighborhoods around them, redevelopment of blighted "brownfields" areas to encourage new businesses to locate in urban areas, and improvements to extensive but poorly maintained rail infrastructure in urban areas together with the location of manufacturing or shipping facilities in these areas. Descriptions of sample projects in the Chicago and Tampa areas are attached.

The program would be run by US DOT in coordination with other federal agencies, possible including the Departments of Labor, HUD and/or HHS, or perhaps the Community Empowerment Board. It would build on experience gained from the Federal Transit Administration's Livable Communities Initiative and HUD's Bridges to Work program. Eligible recipients for grants would include the state DOTs that get most other ISTEA money, but would also include other state agencies, local governments, either through their transportation, social service or economic development agencies, non-profit social service groups and CDCs.

This would not be a pilot program to test these ideas. They have been tested. The purpose of this program is implementation. Accordingly, funding could begin at around \$100 million per year and grow to as much as \$400 million per year.

- Attachments:
1. *National Journal* article "The Reverse Commute", 11/23/96
 2. *New York Times* Op-Ed "From Welfare To Work, Without A Car", 11/23/96
 3. Shuttle-Bug Reverse Commute Program, one-page summary
 4. TransitChek voucher program, one-page summary
 5. Ybor City Streetcar project, one-page summary
 6. Tootsie Roll Factory project, one-page summary

¹ See *Commuting In America II*, Eno Transportation Foundation, Inc., 1996. p.56.

² Ibid, p.40.

³ See *Getting A Fair Share: An Analysis of Federal Transportation Spending*, Surface Transportation Policy Project, 1996, p. 6.

The Reverse Commute

The jobs are in the suburbs. But getting there is hard for inner-city residents without cars or efficient public transit. Experimental programs aim to provide direct transportation to work sites and address such needs as extended child care.

BY ROCHELLE L. STANFIELD

BALTIMORE—Scot T. Spencer was driving along Eager Street one weekday noon in a shabby section of Baltimore's east side, past clusters of men who were hanging out on the corners and didn't look very eager at all.

Spencer, physical development director for the Historic East Baltimore Community Action Coalition, is eager to put them and others to work. But jobs are scarce around here. Even though the typically employment-rich Johns Hopkins Hospital complex is just a few blocks away and this neighborhood is part of Baltimore's empowerment zone—the local target area for the Clinton Administration's urban revitalization scheme—more than half the adult population is unemployed.

So Spencer is about to do something radical, if not downright contradictory, for an organization implementing an empowerment zone program. He's going to look for suburban employment for inner-city residents.

"I'd love to place people in jobs around here," he said. But even though the empowerment zone is spurring employment in the neighborhood, he continued, "the reality is, there probably aren't enough jobs in the city."

In a rare departure from its traditional economic development focus on creation of inner-city jobs, the Housing and Urban Development (HUD) Department is sponsoring a \$17 million, five-city experiment in reverse commuting called Bridges to Work. Baltimore is one of the participants, along with Chicago, Denver, Milwaukee and St. Louis. The experiment arises from a new appreciation at HUD, and among urban advocates generally, of the economic interdependence of cities and their suburbs.

"We cannot think about our inner-city communities as economies unto themselves, even though we think they have substantial economic development potential," Michael A. Stegman, assistant HUD secretary for policy development and research, said. "If you get a job out [in the suburbs] and bring back a good paycheck into your community, you can

do a much better job of supporting the supermarkets, the retail developments that have been missing in your community. You're importing dollars to sustain your neighborhood."

Welfare reform, with its requirement that most recipients find jobs within two years, has increased the urgency of expanding job searches to the entire metropolitan area. But this development was probably inevitable anyway in the face of a new economic geography. The suburbs are where the jobs are. In the 10 largest metropolitan areas, more than two-thirds of all jobs created during the 1980s were in the suburbs. The proportion of blue-collar jobs was even higher. (See chart, p. 2548.)

"You fish where the fish are," said Mark Alan Hughes, vice president of Public/Private Ventures, a Philadelphia-based community and economic development consulting firm, who dreamed up Bridges to Work and is overseeing it for HUD. "You start with the fact that you've got lots of poor people in the cities and jobs moving to or starting up in the suburbs and you've got three options—dispersal: move the poor people out to the suburbs; development: recentralize jobs back in the city; and mobility: just try to connect the dots."

That's easier said than done. In Baltimore, for example, even though short-handed suburban businesses are hungry for the kind of minimally skilled workers Spencer can supply, political, psychological and economic barriers stand in the way.

And an even greater immediate obstacle is this logistical fact of life: You can't get there from here. Unless, of course, you drive a car. And Spencer estimates that at least half the potential workers in East Baltimore don't.

In fact, the reason Spencer was in his car on that weekday noon was to drive a carless reporter from his office to Penn Station in downtown Baltimore. She had to catch an intercity Amtrak Metroliner for the 13-minute ride out to the Baltimore-Washington International (BWI) Airport business district, where jobs are sprouting

faster than the weeds that were uprooted to clear mile after mile of land for industrial parks and warehouse complexes.

The \$8 trip is the only public transit option available at that time of day. It may be luxurious, but it's also expensive and not very convenient. A much cheaper light-rail system runs streetcars into the general area every 15 minutes, but the stations are even farther away from the airport complex.

Although 80 square miles of commercial opportunity surround BWI, all that's visible from its railroad station is a vast stretch of parking lot. Every few minutes, a shuttle bus goes to the air terminal. Nothing goes to most of the job sites.

So the reporter called Neil M. Shpritz, executive director of the BWI Business Partnership Inc., the suburban organization collaborating with Spencer on HUD's suburban job-placement experiment. Shpritz had to bring his own car to pick up the reporter. For the 400 aspiring employees they hope to place through Bridges to Work, Shpritz and Spencer are working on more-efficient arrangements.

Shpritz describes his involvement as purely pragmatic. Of Hughes's three options, mobility is the only practical solution, he said. Employers around BWI "know they have problems finding a relatively low-wage labor force out here, and they know they need a labor force because their businesses are doing well," he explained. "And the segment of the labor force they're looking for—at wages of \$7-\$11 an hour—can't afford houses out here."

With \$1.6 million from HUD through the Bridges to Work program, Spencer is buying vans to whisk his East Baltimore workers out to Shpritz's job sites. That's the physical bridge, but it's only the beginning. The program will also feature a job-placement service, orientation sessions to make the suburbs seem less alien to people who may not have been there before, the guarantee of a free ride home during the work shift in case of emergency and supplemental child care assistance because the commute will lengthen an average workday.

Just to conceive of such a comprehensive reverse-commuting program required breaking out of the narrow mental confines of urban isolationism. To translate this small experiment into a routine part of metropolitan economic life, however, will require leaping a series of other barriers. None is likely to be higher than those imposed by traditional public transit notions and practices.

TRANSIT REVERSAL

Until very recently, to many close observers of the urban scene the phrase



Scott T. Spencer of the Historic East Baltimore Community Action Coalition
He'd like to help people work in the city but says there probably aren't enough jobs there.

"innovative public transit" was a contradiction in terms. Most city systems still operate as they have for decades. A few suburban systems do try new ways to provide transit, but creativity is a slow, difficult process.

The suburban bus division of Chicago's Regional Transportation Authority, called Pace, is one transit agency that has broken out of the mold. "We're just trying to be responsive and flexible," Terrence Brannon, Pace's deputy executive director, said. "A lot of transit agencies just aren't interested in this kind of stuff."

Even Pace didn't set out to be different, Brannon conceded. "The reason we're doing it is because of our charge to serve a suburban market," he continued. "It kind of forces you to become creative, because it's not a good market for transit."

Transit typically accounts for only 2 per cent of suburban transportation. Brannon, who is trying to increase this market share, is banking on city-to-suburb riders to do it. At present, 47 per cent of his riders travel between suburbs, 41 per cent from suburb to city and only 12 per cent from city to suburb. But the outbound ridership increased by 33 per cent during the 1980s, the fastest-growing segment.

Not surprisingly, Pace is to be a major player in Chicago's Bridges to Work demonstration. Also not surprisingly, Baltimore's Mass Transit Administration (MTA) isn't. The Maryland legislature, which heavily subsidizes MTA, requires the transit agency to recover 50 per cent of its costs from fares. So the agency can't establish a new service or even a different route without the assurance of a sufficient number of paying customers.

"In some ways it does constrain us," Harvey Zelefsky, MTA's director of plan-

ning, acknowledged. "But it does keep us honest."

That's not how Spencer would describe it. "You can't create a demand if people can't get down there for a [job] interview in the first place," he said. "It's almost comical that this happens."

Reverse commuting of the kind envisioned in Bridges to Work turns traditional transit planning on its head. The immutable rule of mass transport has been to move a lot of people at once from one densely concentrated place to another. Within cities, where mass transit began and where most of it still operates, that means sending large-capacity vehicles down fixed routes.

The commute from suburb to city requires only a slight variation. The transit operator picks up riders at a central location—a big suburban parking lot that riders reached by car—and travels along a fixed route to the city's business district.

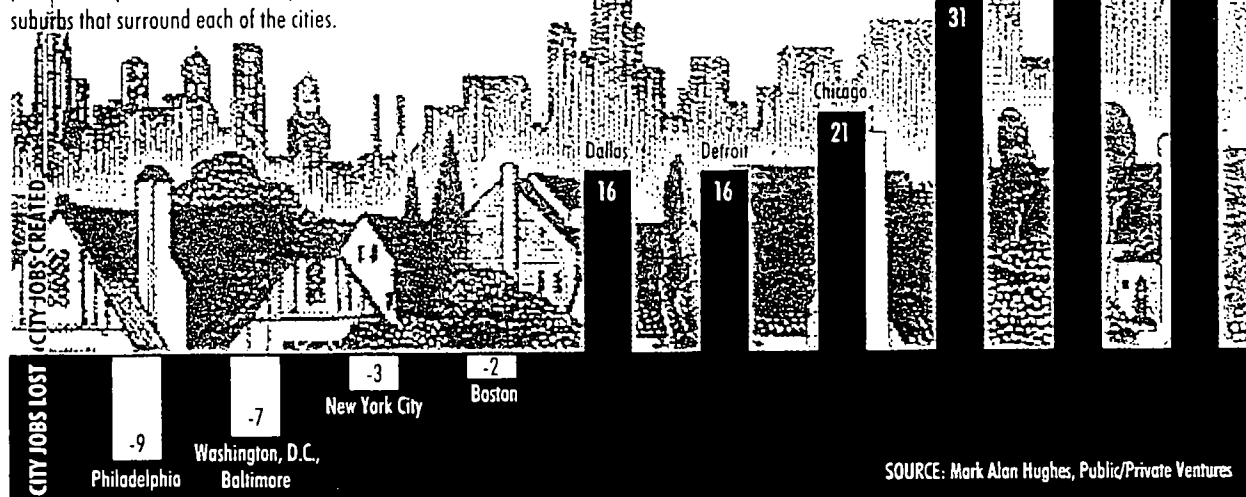
To simply reverse that doesn't work. Just to get to a central pickup point within the city using public transportation could take as long as the total commute would take by car. And what happens at the other end of the ride? "You can't just drop folks at the corner of an expressway and let them walk two miles to work," Joseph Tierney, who is co-directing Bridges to Work for Public/Private Ventures, said.

In Chicago's suburbs, Pace operates between the end of the regular Chicago Transit Authority (CTA) lines out to such major employers as Sears, Roebuck and Co., which four years ago moved its headquarters with 4,000 employees from Chicago's West Side to the far northwestern suburbs.

But that's not a viable solution for most inner-city residents because it means a

Where New Jobs Are: Suburbs

Far more jobs are created in the suburbs than in the central cities. The chart shows the number of jobs created (or in some cases lost) from 1985-91 in 10 big cities for every 100 jobs created in the suburbs that surround each of the cities.



very long commute. A CTA elevated line, for example, runs from the North Lawndale section of the West Side out to the edge of the city, and a Pace bus goes the rest of the way to various job locations. "You theoretically could make the connections, but it would take almost two hours to do that. So people just won't use it," said John J. Plunkett, president of Suburban Job-Link, a nonprofit job-training organization in Chicago that pioneered a comprehensive reverse-commuting program for West Side residents 10 years ago. Plunkett heads the Chicago version of Bridges to Work.

Suburban Job-Link, among other things, reduces the commute to 25 minutes by running express buses from the West Side out to job sites. That, ironically, means setting limits. Plunkett restricts eligibility for his program to people who live within three blocks of his bus routes.

"We get people who say, 'I'll get to your bus no matter how far I have to go,'" Plunkett said. "But we know if we apply our restriction rigidly, we're going to have a much happier ridership. People are going to keep their jobs longer because they're not going to have to get up real early in the morning just to hook up with us. It just works better."

Time of day presents another problem. Suburb-to-city transit is designed for the office rush hours. That's not the schedule used by factories, warehouses and other employers of blue-collar workers in the suburbs. Many operate around the clock, and even the day shift starts much earlier than rush hour.

"That's another thing about being flexible," Brannon said. Even if you can transport people for an evening or overnight shift, for example, "if you're not there to pick them up in the morning when they get off of work, you're going to lose them."

There's yet another timetable for job interviews, which typically take place during the day after rush hour. "We found that when our regular transportation was out here to take people to work, that was really no good for people looking for a job," Plunkett said. "So now we run two kinds of transportation."

CROSSING THE BARRIERS

The physical constraints inherent in providing mass transit are the first barrier to cross in placing inner-city residents in suburban jobs, but they're far from the only ones.

"I think it's really important not to make the mistake of saying, 'If we just had the transportation problem solved, everything would be fine,'" said Margery Austin Turner, who recently returned as principal research associate to the Urban Institute in Washington from a stint as deputy assistant secretary at HUD, where she helped plan Bridges to Work. "Transportation is part of the problem, but if you fix that, that would probably be the solution for only a relatively small number of people."

Plunkett solved several problems early in 1995 with the construction of what he calls the Suburban Oasis, a job training-job search site and transit transfer point in DuPage County not far from the Cook

County line. In a breakthrough for the new metropolitan-wide thinking, Chicago helped finance the building and has invested more than \$1 million in the program. "I'm sure eyebrows were raised at both ends, in City Hall as well as the suburbs," Plunkett said.

Among other things, the Oasis provides an island of cultural, ethnic and racial familiarity in an unfamiliar world. The psychological wall between city and suburb is often much higher than job-placement specialists expect it to be. In Baltimore, for example, Spencer is finding a large proportion of potential workers "who say, 'I don't want to leave the city,'" he said. "In trying to understand why, we find it means escaping their comfort margin. It can be distance. It can be family [needs]. It can be race or perceptions of race, but they don't want to escape" that margin of comfort.

In Chicago, Plunkett finds the Oasis a big help in breaking down this barrier of fear. "One of the reasons we moved our orientation to the suburbs is so we can physically demonstrate [the feasibility of working in the suburbs] on the very first day," he said. "Somebody gets on our vehicle [on the West Side] and is whisked out here and it really didn't take all that long—well, that's a surprise in itself. Then we run around some of the industrial areas where our facility is, and they've never seen so many factories in their entire life. So right away, they'll internalize some of the notions that we just used to talk about."

Even so, once they are on the job with-

out cars, they're stuck. That's why an important component of Bridges to Work is a guaranteed ride home in case of emergency or unanticipated overtime. At the BWI complex, Shpritz already provides a similar guarantee for middle-class suburban workers who volunteer to take public transportation as a means to relieve highway congestion and alleviate air pollution. "It gets used less than we expected," he said. "It's really an insurance policy [for the workers], and it works very well."

Then there are economic humps to overcome in reverse commuting. It might cost more to work in the suburbs than closer to home, for example, because of extended child care. Plunkett has not subsidized child care in his Suburban Job-Link program, but Bridges to Work intends to do so. In the Baltimore area, both Spencer and Shpritz see it as a necessary incentive to get potential workers into the program.

Spencer is planning to pay for the additional time a child would need to be cared for because the commute would lengthen the parent's workday. Using a child care center closer to the job would probably not be feasible. "There are some child care facilities out here," Shpritz said. "But they're not cheap. I can't see a \$7-an-hour worker affording them."

Other economic constraints are more subtle. For some suburban commutes, the most efficient form of transportation is a vanpool. In suburban Chicago, Pace operates 250 vanpools, most of them between suburbs. Brannon envisions setting up vanpools for Bridges to Work participants, but there are problems.

Pace's vans are driven by workers who pay for fuel and maintenance with a credit card provided by Pace and keep the vans at home in their own garages. That requires the vanpool drivers to have a good credit history—which usually means a long work history—and a garage.

"A lot of people in Bridges to Work don't have that," Brannon said. "So we're looking at getting some kind of central storage location and fuel and maintenance contracts with, maybe, some local inner-city service stations." Not necessarily a big problem, but one more bump in the road to metropolitan job opportunities.

GUARANTEED FUTURE

Bridges to Work intends to put a total of 1,600 inner-city residents to work outside Baltimore, Denver, Milwaukee and St. Louis and another 1,600 in suburban Chicago. The significance of that number would be lost in rounding off the statistics of the millions of potential inner-city workers and job openings in suburbs across the country. If the experiment works, the Clinton Administration



Susan M. Munick

Michael A. Stegman, an assistant Housing and Urban Development secretary
Workers can help their inner-city communities by spending their suburban wages at home.

promises to seed 75 additional Bridges to Work programs. That's still small change.

Real access for inner-city residents to the metropolitan labor market will require the institutionalization of cross-county job placement and effective regional public transit. Those are perhaps the biggest obstacles of all.

County welfare administrators and those who run the Job Training Partnership Act (JTPA), the major federal employment program for the disadvantaged, "draw a mental map that confines the residents of [inner cities] to the bleakest part of the metropolitan labor market," Hughes, the father of Bridges to Work, said. "They're not even thinking about reaching out [across county boundaries]."

The need to put welfare recipients to work fast may force the states—now in the process of devising their own welfare-to-work programs—to look to metropolitan-wide job placements. JTPA still doesn't make it easy, however. That program is administered within geographically narrow service delivery areas. Case-workers in one service delivery area have no incentive to go outside the area for placements. Indeed, to do so invites a bureaucratic hassle. Congress has had a JTPA overhaul under consideration for several years but has failed to pass it.

On the transit side, as long as the reverse commute is dependent on a narrow federal grant program such as Bridges to Work, it isn't likely to become a major factor in the work life of most communities. To guarantee its spread and its future as a viable transit option, reverse commuting will have to become as universal and as institutionalized as the inbound commute.

That might happen on a small scale. Indeed, Pace has already taken over four

of the most efficient Suburban Job-Links routes. In Baltimore, Zelefsky said he would be monitoring Bridges to Work closely. "If they can demonstrate there's demand and it would be economically feasible, then we would definitely consider taking over that service," he said.

But the seeds of failure lurk in the blossoms of success. So far, those involved insist they haven't heard any suburban resistance to busloads of mostly minority, inner-city residents showing up in their communities. They also acknowledge, however, that few suburban residents are aware of the prospect of their arrival, and that when their presence is felt in suburbs, there could be a racial backlash from the communities.

If the program works and disadvantaged inner-city residents get good jobs in the suburbs, the first thing they are likely to do is buy cars. Indeed, Plunkett has a roster of hundreds of former Job-Links participants who now either own cars or carpool with others to good suburban jobs. Inbound public transportation is in demand because of road congestion and lack of downtown parking, two problems that commuters to the suburbs probably won't face any time soon.

As Pace and a few other creative transit agencies are doing already, however, Bridges to Work is expected to demonstrate that you can get there from here. That's vital to businesses around BWI, Shpritz recognized. "You can't have healthy growth in the [suburban] counties if Baltimore City fails," he said.

During the campaign, President Clinton kept citing the 10.5 million jobs created during his first term. "Without transportation," Hughes said, "they might as well be in Mexico as in the suburbs." ■

From Welfare to Work, Without a Car

By John O. Norquist

MILWAUKEE

During the Great Depression, Ira Gershwin wrote "Nice work, if you can get it." In today's sprawling metropolitan areas, you're more likely to hear "Nice work, if you can get to it."

The goal of the new Federal welfare law is to move millions of people from welfare to work. But while the poor are largely concentrated in central cities, employment opportunities are increasingly located in far-flung suburbs. Many people on welfare don't have reliable, affordable ways to reach those jobs.

Policy makers are slow to catch on. In southeast Wisconsin, for instance, state transportation officials are getting ready to spend up to \$2 billion to expand an interstate highway that already runs through the heart of Milwaukee. They would prefer not to include affordable rail

John O. Norquist, a Democrat, is Mayor of Milwaukee.

transit as part of the plan, leaving out central city residents who want to follow the migration of jobs to the suburbs but cannot afford cars.

The American Automobile Association puts the average cost of car ownership at \$6,500 per year. That's far beyond the reach of households at the poverty level. And without cars, or affordable public transportation,

The new law
makes it smart to
help mass transit.

many jobs will remain beyond their reach.

In a study of the San Francisco Bay area, for example, the Applied Research Center found that service-sector jobs were more likely to be in suburbs but housing costs, lack of mass transit and discrimination combined to make it "nearly impossible for urban residents of color" to get those jobs.

The Clinton Administration has proposed a "Bridges to Work" program to subsidize buses and vans taking city residents to suburban and exurban jobs. But this is a stopgap measure at best. Door-to-door long-distance shuttles simply are not cost effective.

Over the long term, we need to stop subsidizing suburban sprawl. Housing credits and the \$8.5 billion a year the nation spends for new roads alone help pull jobs and businesses away from urban neighborhoods.

Some forward-looking communities have taken a different approach.

In St. Louis, where the recently opened Metro-Link light rail line connects Lambert Field Airport with downtown and East St. Louis, an innovative program has brought together business, government and community groups that collaborate on creating jobs, providing housing and delivering social services along the rail corridor.

In Maryland's Montgomery County, officials changed zoning and housing codes to encourage construction of moderately priced new homes. They have begun to meet their goal of attracting police officers, teachers and other public employees who had



been priced out of the region's real estate market.

The nonprofit Surface Transportation Policy Project is working with communities across the nation to duplicate such programs. Congress can do its part by enhancing the 1991 Intermodal Surface Transportation Efficiency Act. That law was a good beginning, stimulating community involvement in transportation decisions and increasing overall financing for transit. Now, as Congress considers reauthorizing the legislation, it should allocate more money for mass transportation — with incentives for transit systems that offer urban residents access to jobs in the suburbs.

If we are to successfully assist people in moving off welfare and into work, we must make it easier for them to get to work. □

The "Shuttle Bug" Reverse Commute Project

Lake & Cook Counties, IL

Shuttle Service Promotes Transit and Helps Inner City Workers

Background: An innovative project on the outskirts of Chicago is providing shuttle service from a suburban commuter rail station to nearby companies, providing inner-city workers with access to suburban jobs. This program, known as the "Shuttle Bug," is part of a \$750,000 CMAQ funded project to provide improved multimodal access to a suburban business center in the Lake-Cook corridor. Located in Deerfield and Northbrook, approximately 25 miles northwest of downtown Chicago, the reverse commute project provides service between a Metra commuter rail station and local businesses. The service, which began in March, 1996, operates weekdays during rush hour and serves six routes in 15-passenger vans. Initial weekly ridership totaled 550 passengers, and ridership is growing. As of June, 1996, weekly ridership totaled over 840 passengers, and the Transportation Management Association (TMA) of Lake-Cook, which sponsored the project, is looking to expand service with larger vehicles. According to the Executive Director of the TMA of Lake-Cook, "This project is a win-win for all parties involved. The shuttle service will improve the labor accessibility of employers in the corridor, provide employees a convenient, reliable and hassle free way to commute to work and help reduce the traffic congestion on Lake-Cook Road."

The Shuttle Bug service is complemented by a separate CMAQ funded project in the Villages of Deerfield and Northbrook for the construction of improvements in the sidewalk system within 1/2 a mile of the Metra Station. This will improve pedestrian access in the vicinity of the commuter rail station.

Community Benefits: Shuttle Bug improves labor force accessibility for firms in the Lake-Cook area, particularly to the inner city labor force. With decentralization a continuing trend in the Chicago area, projects such as these provide needed access for low-income, inner city residents who, without such systems, are at a disadvantage in the labor force. The reverse commute project facilitates the hiring of inner city workers by suburban firms.

Transportation Benefits. By providing convenient shuttle service between the rail station and local businesses, individual employees will be encouraged to take mass transportation. As a result of this modal diversion, the project will help reduce congestion on roads in the Lake-Cook area and reduce auto emissions.

Economic Impacts: The project is public-private partnership between the TMA of Lake-Cook, the Villages of Northbrook and Deerfield and their respective Chambers of Commerce, and 14 businesses representing over 11,000 employees. Both the public and the private sector provided the local share funding for the project. Further, due to diversions from the private automobile, local governments may reduce the need to build new and wider roads, thus cutting back on the costs of infrastructure.

Contact: William Baltutis
Executive Director, TMA of Lake-Cook
847.948.4023

TransitChek®

New York, NY

Innovative financing promotes transit in the Big Apple

About the Program: The TransitChek Program in the New York City area coordinates the distribution of employer-purchased transit fare subsidies. It began in 1987 when the TransitCenter created the nation's first subsidy voucher system for transit. Using one voucher, employees or employers could purchase fare media (i.e., passes, tickets, or tokens) from any transit agency in the area. Before the TransitCenter, companies had to purchase tickets or token from each transit agency in the region and distribute them to employees according to their commuting patterns. Under the system developed by TransitCenter, companies could purchase TransitChek vouchers up to \$15 per month per employee that were valid for all local transit systems. In return for purchasing the transit vouchers for employees, participating companies received a tax break and TransitCenter received a small fee. The TransitCenter's position as intermediary agent between the transit agencies and the employers made the program attractive to a large number of employers because it eliminated administrative burden.

Innovative Financing: Although the program was off the ground in the early 1990s, TransitCenter was still financially supported by its host agencies, the Port Authority of New York and New Jersey, the Metropolitan Transportation Authority, and New Jersey Transit. However, two events enabled TransitCenter to become financially self-sufficient. First was enactment of the National Energy Policy Act in 1992, which raised the cap on the subsidy to \$60 per employee per month. This provided larger tax savings to companies and a greater revenue stream for TransitCenter. The cap increase and better marketing helped raise 1993 sales of vouchers 200 percent from 1992 and, according to Larry Filler, Executive Director of TransitCenter, the number of fare subsidy programs across the country increased three fold.

TransitCenter then received \$1.7 million in ISTEA CMAQ funds to hire a sales force to market TransitChek and assist large companies in using the program. With the grant, TransitCenter hired eight sales representatives to expand marketing activities and expanded their service to the entire New York State nonattainment area. The result was that between 1993 and 1995, sales of vouchers increased by 78 percent, bringing annual sales to nearly \$42 million. As a result of these sales increases, TransitCenter will become financially self-sufficient in 1997 from the revenues generated by the TransitChek Program. More importantly, the TransitChek Program has increased transit ridership in the New York Metropolitan area. Last year alone, TransitChek was responsible for generating over 2 million additional rides.

Contact: Larry Filler
Executive Director, TransitCenter
(212) 435-8100

Ybor City Electric Streetcar

Tampa, FL

A New Streetcar Helps Revitalize an Older Community

Background: Ybor City, a district of Tampa, Florida, is constructing a historic streetcar line to enhance economic development and provide an alternative mode of transportation to the automobile. To facilitate the construction of the 2.3-mile line, Ybor City was awarded a Livable Communities Initiative demonstration grant by the Federal Transit Administration in April of 1996. The line will run through Ybor, a classic urban village which has shown strong signs of revitalization in recent years and was designated as an Enterprise Community by the Department of Housing and Urban Development. The electric streetcar, along with pedestrian enhancements, will assist in the revitalization efforts as well as provide a new and economical way of moving between various destinations. The streetcar will run between downtown Ybor and the Tampa Convention Center and will connect most of the residential, commercial, community, and public service activities in this ethnically diverse community. Destinations along the line include historic Ybor, cruise ship terminals, retail shops along Garrison Channel, the Ice Palace (hockey arena), the Sheraton Hotel, the Florida Aquarium, and the Tampa Convention Center.

Economic Impacts: The historic district of Ybor City and the waterfront area in Downtown Tampa is a significant residential area and an emerging art, entertainment, and convention district. The \$21 million project, funded from federal, state and local sources, will make the area more attractive as a tourist destination and will increase the national appeal of the Tampa Convention Center.

Transportation Benefits: The streetcar will provide improved connections between trip attractions in the Ybor City district and will alleviate traffic congestion parking pressure. The electric cars will make more frequent stops, and operate longer hours, with lower costs, than the existing bus system, and transit ridership is expected to increase. The clean electric cars will help Tampa maintain its recent Clean Air Act designation as an air quality maintenance area.

Community Benefits: The streetcar will improve transit service and increase access to jobs for community residents, particularly the low income and minority populations that live along the line. Because of the streetcar project and Ybor's designation as an Enterprise Community, economic activity and employment in the community is expected to increase. The project is unlike many others in that it was conceived by the community, rather than a governing body or independent agency. The project evolved in response to recommendations by the Tampa Enterprise Community Vision, which called for improved transportation by various modes and a renewal of the economic base of the area. The Community Vision was developed through a series of community meetings organized by residents, business leaders, service providers, and government officials. Local architects, engineers, historians, and community residents volunteered their time and services to develop the project plan.

Contact: Steve Carroll
Hillsborough Area Regional Transit (HARTline)
(813) 223-6831

Chicago and the Tootsie Roll Factory: An Intermodal Success Story

by Don Chen and David Chandler

Chicago's economic heritage owes much to its role as a transportation hub. As historian William Cronon contends, during the latter half of the 19th century, "[Chicago] was where the West began." It served as the interface where frontier resources could be drawn in, then channeled to the nation's great Eastern cities. Even today, where trains and barges compete with trucks and planes, Chicago's importance to the American freight industry is astounding. According to the General Accounting Office, "...nearly half of all intermodal freight shipments [in the US] either originate, terminate, or connect in Chicago."

In recent years, however, what was once Chicago's great strength—its regional transportation system—is now one of the factors threatening the economic heart of the city.

Traffic congestion, deteriorating facilities, and the development of new infrastructure in exurban areas have diminished

To counteract these dispersing forces, community leaders have started implementing innovative measures

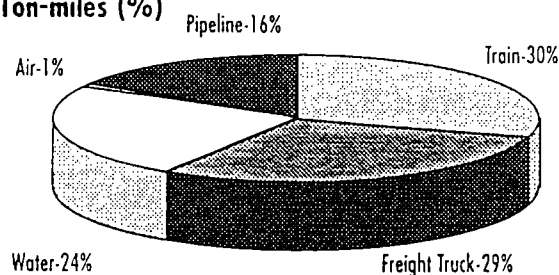
the city's intermodal transportation resources and the potential for economies of scale to create favorable conditions in industrial zones. With support from the city and a variety of sources, the project is a joint effort between Greater Southwest and local industries, and centers around an ideal region for industrial investment.

The industrial corridor is located on Chicago's Southwest Side, which is crisscrossed by freight rail lines that drove its early development and continue to provide direct service to industrial giants like Nabisco, Tootsie Roll, and Occidental Chemical. The area is also the site of intermodal freight depots for Sante Fe, Norfolk & Southern, and the Belt Line (which plays a major role in intra-region transfers) to name a few.

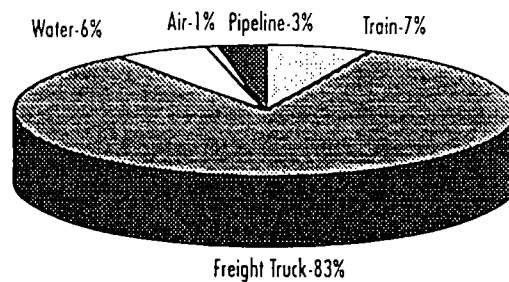
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The U. S. Freight Transport System, 1989

Ton-miles (%)



Energy Use (%)



Source: U.S. Congress, Office of Technology Assessment, *Saving Energy in U.S. Transportation*, OTA-ETI-589, July 1994, page 44.

the advantages of locating in the city. As a result, many large businesses, such as Sears, have been enticed to pull up stakes and head for the suburbs.

aimed at retaining businesses and revitalizing communities. One effort, spearheaded by the Greater Southwest Development Corporation, draws on

Chicago Freight continued from page 3

Furthermore, the area is accessible by bus and rail transit.

Chicago's Southwest Side is one of a limited number of areas in America in which a range of industrial customers do business directly with freight rail lines, sending or receiving full freight cars as producers or users. In this area, there are also industrial companies that provide products or services for other nearby manufacturers, and there are companies whose waste provides feedstock for neighboring industries. In this setting, rail lines sometimes provide the only practical transport link from producer to consumer, bypassing the highway system entirely and optimizing environmental as well as economic efficiencies. As urban industrial areas such as Chicago's Southwest Side are reinvigorated, this highly integrated type of transport development may become more common.

As part of its overall planning effort, Greater Southwest conducted a needs assessment survey of forty-one industrial companies in the area.

These companies ranked "a good arterial street system and availability of public transportation" as the single most attractive feature for industrial location in their area. Also, infrastructure development, particularly street and viaduct improvements, were among the most significant concerns of the responding companies. In several cases, respondents to the Southwest survey were the intermodal depot operators who voiced the same concerns noted in a recent FHWA study of Chicago intermodal rail facilities. Greater Southwest is supporting efforts to secure these improvements as part of an integrated development strategy, which recognizes the importance of maintaining state-of-the-art intermodal facilities so that local industries can continue to be served by efficient freight rail. As projects like the Southwest corridor are developed, it is becoming increasingly clear that their success will largely hinge on the availability of resources to improve highway infrastructure leading to

and from Chicago intermodal yards. Another critical element will be the level of coordination and economic development planning to take advantage of all the possible transfer and partnership opportunities.

It is largely because of the efforts of Greater Southwest that the Southwest Side is enjoying an economic renaissance. And the project is just part of Greater Southwest's pursuit of a community vision. It has in the past worked to preserve the social and economic fabric of the region by opposing the development of an expressway that would have destroyed a number of residential neighborhoods. It later focused community energy on advocating the development of the Orange Line, a major new passenger rail line that connects the Southwest Side to Chicago's Loop and the Midway Airport.

But the intermodal corridor development project is an effort to promote total community economic development, while taking advantage of Chicago's wealth of intermodal

resources and boosting the regional economy. It also underscores the fact that planning and partnerships are essential to reaping the energy efficiency and environmental benefits associated with intermodal freight movement. And increasingly, Chicagoans are recognizing that increasing the rail share of cargo movement between states and between intermodal yards could also yield significant economic rewards for the region. It may take a while before significant numbers of companies like Tootsie Roll, Kraft, and Nabisco decide to work in intermodal freight coalitions with their neighbors. But the support for intermodal freight from the city and groups like Greater Southwest signifies a deepening understanding that Chicago could stand to gain a lot by nurturing an environment in which transportation modes don't just compete against each other, but also complement one another. That's the part of Chicago's history that is really worth creating. ▼

ADDRESSING WELFARE DEPENDENCY WITH TRANSPORTATION

The recent welfare bill has made the task of getting people off welfare and into work even more urgent than before. In its search for ways to assist this transition, the Clinton administration should look to transportation. Federal transportation funds can be used to give welfare recipients better access to jobs, and to make communities with high levels of welfare dependency more attractive to job creation. Reauthorization of ISTEA presents an opportunity to provide funding for these activities.

Background

A significant share of the welfare dependent population is concentrated in urban and older suburban areas with high unemployment, few job opportunities and poor access to job growth centers. Getting and holding a job requires more than basic skills and daycare; poor access to suburban employment centers can be a major barrier.

Access to a car is least prevalent among the lowest income classes; nearly 40% of workers with annual income below \$10,000 don't commute by car, compared to around 20% in the relatively modest \$25,000 to \$35,000 income range¹. This is largely because of cost; the American Automobile Association estimates that in 1995 it cost an average of \$6500 to own and operate one car. By necessity, low income workers spend less, but even a fraction of this amount can be too much for a worker on a minimum wage salary of \$9880 per year. In 1977, the median price of a new car was 18 weeks salary for the average worker. In 1991, it was 25 weeks salary².

Although low income workers use public transportation more than others, transit is often a poor provider of access to the suburbs, where most job growth occurs. Traditional suburb-to-central city "AM inbound; PM outbound" service is a big revenue source for transit systems, and routes are structured to serve the middle income riders that use these routes. Use of certain kinds of transit -- commuter trains, subways and elevated rail -- is actually higher among middle income workers than the poor. Low income "reverse commuters", who leave the central city or inner ring suburb in the morning to reach a suburban job, have limited options. Where service does exist, suburban transit stations tend to be far from the actual workplace, and connector bus or van service is either unavailable or infrequent. Park-and-Ride lots have helped make suburban transit stations accessible to suburban-dwelling commuters, but these investments don't help the reverse commuter.

In addition, transportation investments have contributed to a spatial mismatch between jobs and workers, particularly low income workers. Forty years of highway building at the suburban fringe has bought down the cost of development in those areas to the disadvantage of older communities. In many places, the cost of building new roads -- almost always in low-density exurban areas -- has made it impossible to spend adequate funds on maintaining existing infrastructure. The strong emphasis on road building as a priority for federal funds has led to a program with an unintentional but definite anti-urban bias. In 1994 and 1995, per capita spending of federal road money

in urbanized areas was \$54; in what the Census Bureau calls "non-urbanized areas" - mostly low density outer suburbs -- per capita spending was \$115.³.

Proposal

ISTEA II should fund strategies that improve access to jobs for the chronically underemployed. Eligible activities for funding would fall into two general categories:

- 1. Programs that bring people to jobs.** This includes reverse commute and suburban job link programs involving van-pools, buses or fixed rail, and transit voucher programs. Descriptions of two such programs -- Chicago's "Shuttle Bug" suburban job link program and New York City's TransitChek voucher program -- are attached. Similar efforts are currently being funded in five cities by HUD's \$17 million "Bridges to Work" pilot program.
- 2. Programs that bring jobs to people.** This includes a variety of ways to use transportation investments to make troubled communities more attractive to job growth. Examples are joint development agreements to revitalize transit stations and the neighborhoods around them, redevelopment of blighted "brownfields" areas to encourage new businesses to locate in urban areas, and improvements to extensive but poorly maintained rail infrastructure in urban areas together with the location of manufacturing or shipping facilities in these areas. Descriptions of sample projects in the Chicago and Tampa areas are attached.

The program would be run by US DOT in coordination with other federal agencies, possible including the Departments of Labor, HUD and/or HHS, or perhaps the Community Empowerment Board. It would build on experience gained from the Federal Transit Administration's Livable Communities Initiative and HUD's Bridges to Work program. Eligible recipients for grants would include the state DOTs that get most other ISTEA money, but would also include other state agencies, local governments, either through their transportation, social service or economic development agencies, non-profit social service groups and CDCs.

This would not be a pilot program to test these ideas. They have been tested. The purpose of this program is implementation. Accordingly, funding could begin at around \$100 million per year and grow to as much as \$400 million per year.

- Attachments:
1. *National Journal* article "The Reverse Commute", 11/23/96
 2. *New York Times* Op-Ed "From Welfare To Work, Without A Car", 11/23/96
 3. Shuttle-Bug Reverse Commute Program, one-page summary
 4. TransitChek voucher program, one-page summary
 5. Ybor City Streetcar project, one-page summary
 6. Tootsie Roll Factory project, one-page summary

¹ See *Commuting In America II*, Eno Transportation Foundation, Inc., 1996. p.56.

² Ibid, p.40.

³ See *Getting A Fair Share: An Analysis of Federal Transportation Spending*, Surface Transportation Policy Project, 1996, p. 6.

The Reverse Commute

The jobs are in the suburbs. But getting there is hard for inner-city residents without cars or efficient public transit. Experimental programs aim to provide direct transportation to work sites and address such needs as extended child care.

BY ROCHELLE L. STANFIELD

BALTIMORE—Scot T. Spencer was driving along Eager Street one weekday noon in a shabby section of Baltimore's east side, past clusters of men who were hanging out on the corners and didn't look very eager at all.

Spencer, physical development director for the Historic East Baltimore Community Action Coalition, is eager to put them and others to work. But jobs are scarce around here. Even though the typically employment-rich Johns Hopkins Hospital complex is just a few blocks away and this neighborhood is part of Baltimore's empowerment zone—the local target area for the Clinton Administration's urban revitalization scheme—more than half the adult population is unemployed.

So Spencer is about to do something radical, if not downright contradictory, for an organization implementing an empowerment zone program. He's going to look for suburban employment for inner-city residents.

"I'd love to place people in jobs around here," he said. But even though the empowerment zone is spurring employment in the neighborhood, he continued, "the reality is, there probably aren't enough jobs in the city."

In a rare departure from its traditional economic development focus on creation of inner-city jobs, the Housing and Urban Development (HUD) Department is sponsoring a \$17 million, five-city experiment in reverse commuting called Bridges to Work. Baltimore is one of the participants, along with Chicago, Denver, Milwaukee and St. Louis. The experiment arises from a new appreciation at HUD, and among urban advocates generally, of the economic interdependence of cities and their suburbs.

"We cannot think about our inner-city communities as economies unto themselves, even though we think they have substantial economic development potential," Michael A. Stegman, assistant HUD secretary for policy development and research, said. "If you get a job out [in the suburbs] and bring back a good paycheck into your community, you can

do a much better job of supporting the supermarkets, the retail developments that have been missing in your community. You're importing dollars to sustain your neighborhood."

Welfare reform, with its requirement that most recipients find jobs within two years, has increased the urgency of expanding job searches to the entire metropolitan area. But this development was probably inevitable anyway in the face of a new economic geography. The suburbs are where the jobs are. In the 10 largest metropolitan areas, more than two-thirds of all jobs created during the 1980s were in the suburbs. The proportion of blue-collar jobs was even higher. (See chart, p. 2548.)

"You fish where the fish are," said Mark Alan Hughes, vice president of Public/Private Ventures, a Philadelphia-based community and economic development consulting firm, who dreamed up Bridges to Work and is overseeing it for HUD. "You start with the fact that you've got lots of poor people in the cities and jobs moving to or starting up in the suburbs and you've got three options—dispersal: move the poor people out to the suburbs; development: recentralize jobs back in the city; and mobility: just try to connect the dots."

That's easier said than done. In Baltimore, for example, even though short-handed suburban businesses are hungry for the kind of minimally skilled workers Spencer can supply, political, psychological and economic barriers stand in the way.

And an even greater immediate obstacle is this logistical fact of life: You can't get there from here. Unless, of course, you drive a car. And Spencer estimates that at least half the potential workers in East Baltimore don't.

In fact, the reason Spencer was in his car on that weekday noon was to drive a carless reporter from his office to Penn Station in downtown Baltimore. She had to catch an intercity Amtrak Metroliner for the 13-minute ride out to the Baltimore-Washington International (BWI) Airport business district, where jobs are sprouting

faster than the weeds that were uprooted to clear mile after mile of land for industrial parks and warehouse complexes.

The \$8 trip is the only public transit option available at that time of day. It may be luxurious, but it's also expensive and not very convenient. A much cheaper light-rail system runs streetcars into the general area every 15 minutes, but the stations are even farther away from the airport complex.

Although 80 square miles of commercial opportunity surround BWI, all that's visible from its railroad station is a vast stretch of parking lot. Every few minutes, a shuttle bus goes to the air terminal. Nothing goes to most of the job sites.

So the reporter called Neil M. Shpritz, executive director of the BWI Business Partnership Inc., the suburban organization collaborating with Spencer on HUD's suburban job-placement experiment. Shpritz had to bring his own car to pick up the reporter. For the 400 aspiring employees they hope to place through Bridges to Work, Shpritz and Spencer are working on more-efficient arrangements.

Shpritz describes his involvement as purely pragmatic. Of Hughes's three options, mobility is the only practical solution, he said. Employers around BWI "know they have problems finding a relatively low-wage labor force out here, and they know they need a labor force because their businesses are doing well," he explained. "And the segment of the labor force they're looking for—at wages of \$7-\$11 an hour—can't afford houses out here."

With \$1.6 million from HUD through the Bridges to Work program, Spencer is buying vans to whisk his East Baltimore workers out to Shpritz's job sites. That's the physical bridge, but it's only the beginning. The program will also feature a job-placement service, orientation sessions to make the suburbs seem less alien to people who may not have been there before, the guarantee of a free ride home during the work shift in case of emergency and supplemental child care assistance because the commute will lengthen an average workday.

Just to conceive of such a comprehensive reverse-commuting program required breaking out of the narrow mental confines of urban isolationism. To translate this small experiment into a routine part of metropolitan economic life, however, will require leaping a series of other barriers. None is likely to be higher than those imposed by traditional public transit notions and practices.

TRANSIT REVERSAL

Until very recently, to many close observers of the urban scene the phrase



Scott T. Spencer of the Historic East Baltimore Community Action Coalition
He'd like to help people work in the city but says there probably aren't enough jobs there.

"innovative public transit" was a contradiction in terms. Most city systems still operate as they have for decades. A few suburban systems do try new ways to provide transit, but creativity is a slow, difficult process.

The suburban bus division of Chicago's Regional Transportation Authority, called Pace, is one transit agency that has broken out of the mold. "We're just trying to be responsive and flexible," Terrence Brannon, Pace's deputy executive director, said. "A lot of transit agencies just aren't interested in this kind of stuff."

Even Pace didn't set out to be different, Brannon conceded. "The reason we're doing it is because of our charge to serve a suburban market," he continued. "It kind of forces you to become creative, because it's not a good market for transit."

Transit typically accounts for only 2 per cent of suburban transportation. Brannon, who is trying to increase this market share, is banking on city-to-suburb riders to do it. At present, 47 per cent of his riders travel between suburbs, 41 per cent from suburb to city and only 12 per cent from city to suburb. But the outbound ridership increased by 33 per cent during the 1980s, the fastest-growing segment.

Not surprisingly, Pace is to be a major player in Chicago's Bridges to Work demonstration. Also not surprisingly, Baltimore's Mass Transit Administration (MTA) isn't. The Maryland legislature, which heavily subsidizes MTA, requires the transit agency to recover 50 per cent of its costs from fares. So the agency can't establish a new service or even a different route without the assurance of a sufficient number of paying customers.

"In some ways it does constrain us," Harvey Zelefsky, MTA's director of plan-

ning, acknowledged. "But it does keep us honest."

That's not how Spencer would describe it. "You can't create a demand if people can't get down there for a [job] interview in the first place," he said. "It's almost comical that this happens."

Reverse commuting of the kind envisioned in Bridges to Work turns traditional transit planning on its head. The immutable rule of mass transport has been to move a lot of people at once from one densely concentrated place to another. Within cities, where mass transit began and where most of it still operates, that means sending large-capacity vehicles down fixed routes.

The commute from suburb to city requires only a slight variation. The transit operator picks up riders at a central location—a big suburban parking lot that riders reached by car—and travels along a fixed route to the city's business district.

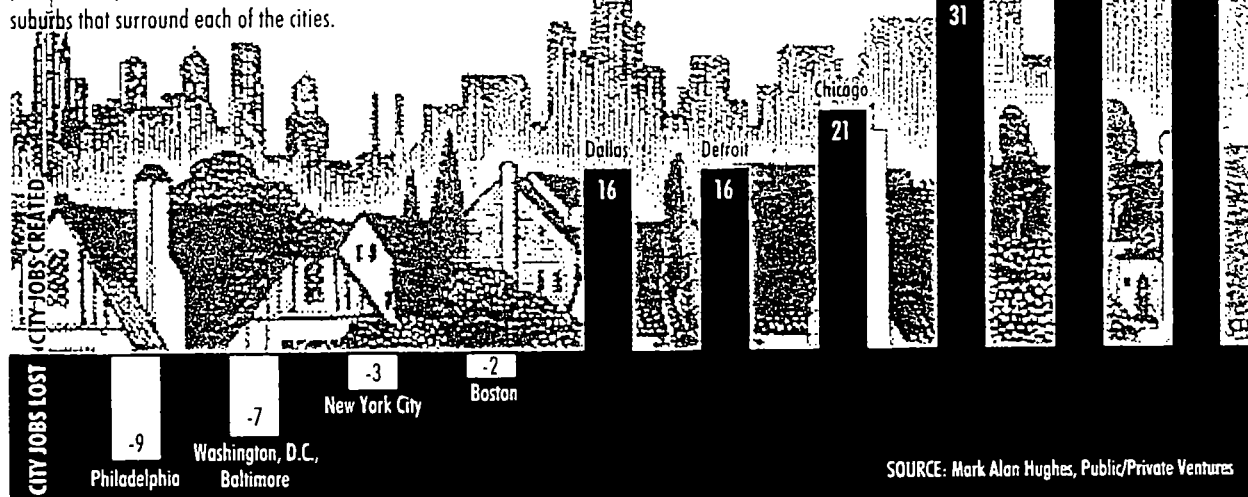
To simply reverse that doesn't work. Just to get to a central pickup point within the city using public transportation could take as long as the total commute would take by car. And what happens at the other end of the ride? "You can't just drop folks at the corner of an expressway and let them walk two miles to work," Joseph Tierney, who is co-directing Bridges to Work for Public/Private Ventures, said.

In Chicago's suburbs, Pace operates between the end of the regular Chicago Transit Authority (CTA) lines out to such major employers as Sears, Roebuck and Co., which four years ago moved its headquarters with 4,000 employees from Chicago's West Side to the far northwestern suburbs.

But that's not a viable solution for most inner-city residents because it means a

Where New Jobs Are: Suburbs

Far more jobs are created in the suburbs than in the central cities. The chart shows the number of jobs created (or in some cases lost) from 1985-91 in 10 big cities for every 100 jobs created in the suburbs that surround each of the cities.



very long commute. A CTA elevated line, for example, runs from the North Lawn-dale section of the West Side out to the edge of the city, and a Pace bus goes the rest of the way to various job locations. "You theoretically could make the connections, but it would take almost two hours to do that. So people just won't use it," said John J. Plunkett, president of Suburban Job-Link, a nonprofit job-training organization in Chicago that pioneered a comprehensive reverse-commuting program for West Side residents 10 years ago. Plunkett heads the Chicago version of Bridges to Work.

Suburban Job-Link, among other things, reduces the commute to 25 minutes by running express buses from the West Side out to job sites. That, ironically, means setting limits. Plunkett restricts eligibility for his program to people who live within three blocks of his bus routes.

"We get people who say, 'I'll get to your bus no matter how far I have to go,'" Plunkett said. "But we know if we apply our restriction rigidly, we're going to have a much happier ridership. People are going to keep their jobs longer because they're not going to have to get up real early in the morning just to hook up with us. It just works better."

Time of day presents another problem. Suburb-to-city transit is designed for the office rush hours. That's not the schedule used by factories, warehouses and other employers of blue-collar workers in the suburbs. Many operate around the clock, and even the day shift starts much earlier than rush hour.

"That's another thing about being flexible," Brannon said. Even if you can transport people for an evening or overnight shift, for example, "if you're not there to pick them up in the morning when they get off of work, you're going to lose them."

There's yet another timetable for job interviews, which typically take place during the day after rush hour. "We found that when our regular transportation was out here to take people to work, that was really no good for people looking for a job," Plunkett said. "So now we run two kinds of transportation."

CROSSING THE BARRIERS

The physical constraints inherent in providing mass transit are the first barrier to cross in placing inner-city residents in suburban jobs, but they're far from the only ones.

"I think it's really important not to make the mistake of saying, 'If we just had the transportation problem solved, everything would be fine,'" said Margery Austin Turner, who recently returned as principal research associate to the Urban Institute in Washington from a stint as deputy assistant secretary at HUD, where she helped plan Bridges to Work. "Transportation is part of the problem, but if you fix that, that would probably be the solution for only a relatively small number of people."

Plunkett solved several problems early in 1995 with the construction of what he calls the Suburban Oasis, a job training-job search site and transit transfer point in DuPage County not far from the Cook

County line. In a breakthrough for the new metropolitan-wide thinking, Chicago helped finance the building and has invested more than \$1 million in the program. "I'm sure eyebrows were raised at both ends, in City Hall as well as the suburbs," Plunkett said.

Among other things, the Oasis provides an island of cultural, ethnic and racial familiarity in an unfamiliar world. The psychological wall between city and suburb is often much higher than job-placement specialists expect it to be. In Baltimore, for example, Spencer is finding a large proportion of potential workers "who say, 'I don't want to leave the city,'" he said. "In trying to understand why, we find it means escaping their comfort margin. It can be distance. It can be family [needs]. It can be race or perceptions of race, but they don't want to escape" that margin of comfort.

In Chicago, Plunkett finds the Oasis a big help in breaking down this barrier of fear. "One of the reasons we moved our orientation to the suburbs is so we can physically demonstrate [the feasibility of working in the suburbs] on the very first day," he said. "Somebody gets on our vehicle [on the West Side] and is whisked out here and it really didn't take all that long—well, that's a surprise in itself. Then we run around some of the industrial areas where our facility is, and they've never seen so many factories in their entire life. So right away, they'll internalize some of the notions that we just used to talk about."

Even so, once they are on the job with-

out cars, they're stuck. That's why an important component of Bridges to Work is a guaranteed ride home in case of emergency or unanticipated overtime. At the BWI complex, Shpritz already provides a similar guarantee for middle-class suburban workers who volunteer to take public transportation as a means to relieve highway congestion and alleviate air pollution. "It gets used less than we expected," he said. "It's really an insurance policy [for the workers], and it works very well."

Then there are economic humps to overcome in reverse commuting. It might cost more to work in the suburbs than closer to home, for example, because of extended child care. Plunkett has not subsidized child care in his Suburban Job-Link program, but Bridges to Work intends to do so. In the Baltimore area, both Spencer and Shpritz see it as a necessary incentive to get potential workers into the program.

Spencer is planning to pay for the additional time a child would need to be cared for because the commute would lengthen the parent's workday. Using a child care center closer to the job would probably not be feasible. "There are some child care facilities out here," Shpritz said. "But they're not cheap. I can't see a \$7-an-hour worker affording them."

Other economic constraints are more subtle. For some suburban commutes, the most efficient form of transportation is a vanpool. In suburban Chicago, Pace operates 250 vanpools, most of them between suburbs. Brannon envisions setting up vanpools for Bridges to Work participants, but there are problems.

Pace's vans are driven by workers who pay for fuel and maintenance with a credit card provided by Pace and keep the vans at home in their own garages. That requires the vanpool drivers to have a good credit history—which usually means a long work history—and a garage.

"A lot of people in Bridges to Work don't have that," Brannon said. "So we're looking at getting some kind of central storage location and fuel and maintenance contracts with, maybe, some local inner-city service stations." Not necessarily a big problem, but one more bump in the road to metropolitan job opportunities.

GUARANTEED FUTURE

Bridges to Work intends to put a total of 1,600 inner-city residents to work outside Baltimore, Denver, Milwaukee and St. Louis and another 1,600 in suburban Chicago. The significance of that number would be lost in rounding off the statistics of the millions of potential inner-city workers and job openings in suburbs across the country. If the experiment works, the Clinton Administration



Michael A. Stegman, an assistant Housing and Urban Development secretary
Workers can help their inner-city communities by spending their suburban wages at home.

promises to seed 75 additional Bridges to Work programs. That's still small change.

Real access for inner-city residents to the metropolitan labor market will require the institutionalization of cross-county job placement and effective regional public transit. Those are perhaps the biggest obstacles of all.

County welfare administrators and those who run the Job Training Partnership Act (JTPA), the major federal employment program for the disadvantaged, "draw a mental map that confines the residents of [inner cities] to the bleakest part of the metropolitan labor market," Hughes, the father of Bridges to Work, said. "They're not even thinking about reaching out [across county boundaries]."

The need to put welfare recipients to work fast may force the states—now in the process of devising their own welfare-to-work programs—to look to metropolitan-wide job placements. JTPA still doesn't make it easy, however. That program is administered within geographically narrow service delivery areas. Case-workers in one service delivery area have no incentive to go outside the area for placements. Indeed, to do so invites a bureaucratic hassle. Congress has had a JTPA overhaul under consideration for several years but has failed to pass it.

On the transit side, as long as the reverse commute is dependent on a narrow federal grant program such as Bridges to Work, it isn't likely to become a major factor in the work life of most communities. To guarantee its spread and its future as a viable transit option, reverse commuting will have to become as universal and as institutionalized as the inbound commute.

That might happen on a small scale. Indeed, Pace has already taken over four

of the most efficient Suburban Job-Links routes. In Baltimore, Zelefsky said he would be monitoring Bridges to Work closely. "If they can demonstrate there's demand and it would be economically feasible, then we would definitely consider taking over that service," he said.

But the seeds of failure lurk in the blossoms of success. So far, those involved insist they haven't heard any suburban resistance to busloads of mostly minority, inner-city residents showing up in their communities. They also acknowledge, however, that few suburban residents are aware of the prospect of their arrival, and that when their presence is felt in suburbs, there could be a racial backlash from the communities.

If the program works and disadvantaged inner-city residents get good jobs in the suburbs, the first thing they are likely to do is buy cars. Indeed, Plunkett has a roster of hundreds of former Job-Links participants who now either own cars or carpool with others to good suburban jobs. Inbound public transportation is in demand because of road congestion and lack of downtown parking, two problems that commuters to the suburbs probably won't face any time soon.

As Pace and a few other creative transit agencies are doing already, however, Bridges to Work is expected to demonstrate that you can get there from here. That's vital to businesses around BWI, Shpritz recognized. "You can't have healthy growth in the [suburban] counties if Baltimore City fails," he said.

During the campaign, President Clinton kept citing the 10.5 million jobs created during his first term. "Without transportation," Hughes said, "they might as well be in Mexico as in the suburbs." ■

Susan M. Altmann

From Welfare to Work, Without a Car

By John O. Norquist

MILWAUKEE

During the Great Depression, Ira Gershwin wrote "Nice work, if you can get it." In today's sprawling metropolitan areas, you're more likely to hear "Nice work, if you can get to it."

The goal of the new Federal welfare law is to move millions of people from welfare to work. But while the poor are largely concentrated in central cities, employment opportunities are increasingly located in far-flung suburbs. Many people on welfare don't have reliable, affordable ways to reach those jobs.

Policy makers are slow to catch on. In southeast Wisconsin, for instance, state transportation officials are getting ready to spend up to \$2 billion to expand an interstate highway that already runs through the heart of Milwaukee. They would prefer not to include affordable rail

John O. Norquist, a Democrat, is Mayor of Milwaukee.

transit as part of the plan, leaving out central city residents who want to follow the migration of jobs to the suburbs but cannot afford cars.

The American Automobile Association puts the average cost of car ownership at \$6,500 per year. That's far beyond the reach of households at the poverty level. And without cars, or affordable public transportation,

The new law
makes it smart to
help mass transit.

many jobs will remain beyond their reach.

In a study of the San Francisco Bay area, for example, the Applied Research Center found that service-sector jobs were more likely to be in suburbs but housing costs, lack of mass transit and discrimination combined to make it "nearly impossible for urban residents of color" to get those jobs.

The Clinton Administration has proposed a "Bridges to Work" program to subsidize buses and vans taking city residents to suburban and exurban jobs. But this is a stopgap measure at best. Door-to-door long-distance shuttles simply are not cost effective.

Over the long term, we need to stop subsidizing suburban sprawl. Housing credits and the \$8.5 billion a year the nation spends for new roads alone help pull jobs and businesses away from urban neighborhoods.

Some forward-looking communities have taken a different approach.

In St. Louis, where the recently opened Metro-Link light rail line connects Lambert Field Airport with downtown and East St. Louis, an innovative program has brought together business, government and community groups that collaborate on creating jobs, providing housing and delivering social services along the rail corridor.

In Maryland's Montgomery County, officials changed zoning and housing codes to encourage construction of moderately priced new homes. They have begun to meet their goal of attracting police officers, teachers and other public employees who had



been priced out of the region's real estate market.

The nonprofit Surface Transportation Policy Project is working with communities across the nation to duplicate such programs. Congress can do its part by enhancing the 1991 Intermodal Surface Transportation Efficiency Act. That law was a good beginning, stimulating community involvement in transportation decisions and increasing overall financing for transit. Now, as Congress considers reauthorizing the legislation, it should allocate more money for mass transportation — with incentives for transit systems that offer urban residents access to jobs in the suburbs.

If we are to successfully assist people in moving off welfare and into work, we must make it easier for them to get to work. □

The "Shuttle Bug" Reverse Commute Project

Lake & Cook Counties, IL

Shuttle Service Promotes Transit and Helps Inner City Workers

Background: An innovative project on the outskirts of Chicago is providing shuttle service from a suburban commuter rail station to nearby companies, providing inner-city workers with access to suburban jobs. This program, known as the "Shuttle Bug," is part of a \$750,000 CMAQ funded project to provide improved multimodal access to a suburban business center in the Lake-Cook corridor. Located in Deerfield and Northbrook, approximately 25 miles northwest of downtown Chicago, the reverse commute project provides service between a Metra commuter rail station and local businesses. The service, which began in March, 1996, operates weekdays during rush hour and serves six routes in 15-passenger vans. Initial weekly ridership totaled 550 passengers, and ridership is growing. As of June, 1996, weekly ridership totaled over 840 passengers, and the Transportation Management Association (TMA) of Lake-Cook, which sponsored the project, is looking to expand service with larger vehicles. According to the Executive Director of the TMA of Lake-Cook, "This project is a win-win for all parties involved. The shuttle service will improve the labor accessibility of employers in the corridor, provide employees a convenient, reliable and hassle free way to commute to work and help reduce the traffic congestion on Lake-Cook Road."

The Shuttle Bug service is complemented by a separate CMAQ funded project in the Villages of Deerfield and Northbrook for the construction of improvements in the sidewalk system within 1/2 a mile of the Metra Station. This will improve pedestrian access in the vicinity of the commuter rail station.

Community Benefits: Shuttle Bug improves labor force accessibility for firms in the Lake-Cook area, particularly to the inner city labor force. With decentralization a continuing trend in the Chicago area, projects such as these provide needed access for low-income, inner city residents who, without such systems, are at a disadvantage in the labor force. The reverse commute project facilitates the hiring of inner city workers by suburban firms.

Transportation Benefits. By providing convenient shuttle service between the rail station and local businesses, individual employees will be encouraged to take mass transportation. As a result of this modal diversion, the project will help reduce congestion on roads in the Lake-Cook area and reduce auto emissions.

Economic Impacts: The project is public-private partnership between the TMA of Lake-Cook, the Villages of Northbrook and Deerfield and their respective Chambers of Commerce, and 14 businesses representing over 11,000 employees. Both the public and the private sector provided the local share funding for the project. Further, due to diversions from the private automobile, local governments may reduce the need to build new and wider roads, thus cutting back on the costs of infrastructure.

Contact: William Baltutis
Executive Director, TMA of Lake-Cook
847.948.4023

TransitChek®

New York, NY

Innovative financing promotes transit in the Big Apple

About the Program: The TransitChek Program in the New York City area coordinates the distribution of employer-purchased transit fare subsidies. It began in 1987 when the TransitCenter created the nation's first subsidy voucher system for transit. Using one voucher, employees or employers could purchase fare media (i.e., passes, tickets, or tokens) from any transit agency in the area. Before the TransitCenter, companies had to purchase tickets or token from each transit agency in the region and distribute them to employees according to their commuting patterns. Under the system developed by TransitCenter, companies could purchase TransitChek vouchers up to \$15 per month per employee that were valid for all local transit systems. In return for purchasing the transit vouchers for employees, participating companies received a tax break and TransitCenter received a small fee. The TransitCenter's position as intermediary agent between the transit agencies and the employers made the program attractive to a large number of employers because it eliminated administrative burden.

Innovative Financing: Although the program was off the ground in the early 1990s, TransitCenter was still financially supported by its host agencies, the Port Authority of New York and New Jersey, the Metropolitan Transportation Authority, and New Jersey Transit. However, two events enabled TransitCenter to become financially self-sufficient. First was enactment of the National Energy Policy Act in 1992, which raised the cap on the subsidy to \$60 per employee per month. This provided larger tax savings to companies and a greater revenue stream for TransitCenter. The cap increase and better marketing helped raise 1993 sales of vouchers 200 percent from 1992 and, according to Larry Filler, Executive Director of TransitCenter, the number of fare subsidy programs across the country increased three fold.

TransitCenter then received \$1.7 million in ISTEA CMAQ funds to hire a sales force to market TransitChek and assist large companies in using the program. With the grant, TransitCenter hired eight sales representatives to expand marketing activities and expanded their service to the entire New York State nonattainment area. The result was that between 1993 and 1995, sales of vouchers increased by 78 percent, bringing annual sales to nearly \$42 million. As a result of these sales increases, TransitCenter will become financially self-sufficient in 1997 from the revenues generated by the TransitChek Program. More importantly, the TransitChek Program has increased transit ridership in the New York Metropolitan area. Last year alone, TransitChek was responsible for generating over 2 million additional rides.

Contact: Larry Filler
Executive Director, TransitCenter
(212) 435-8100

Ybor City Electric Streetcar

Tampa, FL

A New Streetcar Helps Revitalize an Older Community

Background: Ybor City, a district of Tampa, Florida, is constructing a historic streetcar line to enhance economic development and provide an alternative mode of transportation to the automobile. To facilitate the construction of the 2.3-mile line, Ybor City was awarded a Livable Communities Initiative demonstration grant by the Federal Transit Administration in April of 1996. The line will run through Ybor, a classic urban village which has shown strong signs of revitalization in recent years and was designated as an Enterprise Community by the Department of Housing and Urban Development. The electric streetcar, along with pedestrian enhancements, will assist in the revitalization efforts as well as provide a new and economical way of moving between various destinations. The streetcar will run between downtown Ybor and the Tampa Convention Center and will connect most of the residential, commercial, community, and public service activities in this ethnically diverse community. Destinations along the line include historic Ybor, cruise ship terminals, retail shops along Garrison Channel, the Ice Palace (hockey arena), the Sheraton Hotel, the Florida Aquarium, and the Tampa Convention Center.

Economic Impacts: The historic district of Ybor City and the waterfront area in Downtown Tampa is a significant residential area and an emerging art, entertainment, and convention district. The \$21 million project, funded from federal, state and local sources, will make the area more attractive as a tourist destination and will increase the national appeal of the Tampa Convention Center.

Transportation Benefits: The streetcar will provide improved connections between trip attractions in the Ybor City district and will alleviate traffic congestion parking pressure. The electric cars will make more frequent stops, and operate longer hours, with lower costs, than the existing bus system, and transit ridership is expected to increase. The clean electric cars will help Tampa maintain its recent Clean Air Act designation as an air quality maintenance area.

Community Benefits: The streetcar will improve transit service and increase access to jobs for community residents, particularly the low income and minority populations that live along the line. Because of the streetcar project and Ybor's designation as an Enterprise Community, economic activity and employment in the community is expected to increase. The project is unlike many others in that it was conceived by the community, rather than a governing body or independent agency. The project evolved in response to recommendations by the Tampa Enterprise Community Vision, which called for improved transportation by various modes and a renewal of the economic base of the area. The Community Vision was developed through a series of community meetings organized by residents, business leaders, service providers, and government officials. Local architects, engineers, historians, and community residents volunteered their time and services to develop the project plan.

Contact: Steve Carroll
Hillsborough Area Regional Transit (HARTline)
(813) 223-6831

Chicago and the Tootsie Roll Factory: An Intermodal Success Story

by Don Chen and David Chandler

Chicago's economic heritage owes much to its role as a transportation hub. As historian William Cronon contends, during the latter half of the 19th century, "[Chicago] was where the West began." It served as the interface where frontier resources could be drawn in, then channeled to the nation's great Eastern cities. Even today, where trains and barges compete with trucks and planes, Chicago's importance to the American freight industry is astounding. According to the General Accounting Office, "...nearly half of all intermodal freight shipments [in the US] either originate, terminate, or connect in Chicago."

In recent years, however, what was once Chicago's great strength—its regional transportation system—is now one of the factors threatening the economic heart of the city.

Traffic congestion, deteriorating facilities, and the development of new infrastructure in exurban areas have diminished

To counteract these dispersing forces, community leaders have started implementing innovative measures

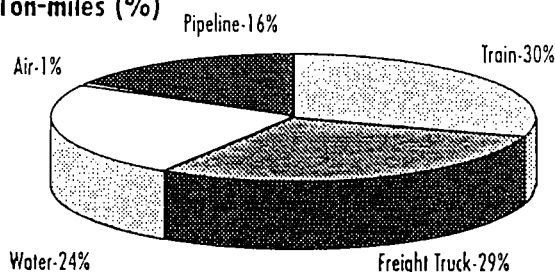
the city's intermodal transportation resources and the potential for economies of scale to create favorable conditions in industrial zones. With support from the city and a variety of sources, the project is a joint effort between Greater Southwest and local industries, and centers around an ideal region for industrial investment.

The industrial corridor is located on Chicago's Southwest Side, which is crisscrossed by freight rail lines that drove its early development and continue to provide direct service to industrial giants like Nabisco, Tootsie Roll, and Occidental Chemical. The area is also the site of intermodal freight depots for Sante Fe, Norfolk & Southern, and the Belt Line (which plays a major role in intra-region transfers) to name a few.

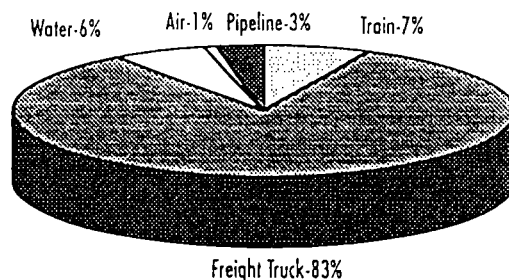
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The U. S. Freight Transport System, 1989

Ton-miles (%)



Energy Use (%)



Source: U.S. Congress, Office of Technology Assessment, Saving Energy in U.S. Transportation, OTA-ETI-589, July 1994, page 44.

the advantages of locating in the city. As a result, many large businesses, such as Sears, have been enticed to pull up stakes and head for the suburbs.

aimed at retaining businesses and revitalizing communities. One effort, spearheaded by the Greater Southwest Development Corporation, draws on

Chicago Freight continued from page 3

Furthermore, the area is accessible by bus and rail transit.

Chicago's Southwest Side is one of a limited number of areas in America in which a range of industrial customers do business directly with freight rail lines, sending or receiving full freight cars as producers or users. In this area, there are also industrial companies that provide products or services for other nearby manufacturers, and there are companies whose waste provides feedstock for neighboring industries. In this setting, rail lines sometimes provide the only practical transport link from producer to consumer, bypassing the highway system entirely and optimizing environmental as well as economic efficiencies. As urban industrial areas such as Chicago's Southwest Side are reinvigorated, this highly integrated type of transport development may become more common.

As part of its overall planning effort, Greater Southwest conducted a needs assessment survey of forty-one industrial companies in the area.

These companies ranked "a good arterial street system and availability of public transportation" as the single most attractive feature for industrial location in their area. Also, infrastructure development, particularly street and viaduct improvements, were among the most significant concerns of the responding companies. In several cases, respondents to the Southwest survey were the intermodal depot operators who voiced the same concerns noted in a recent FHWA study of Chicago intermodal rail facilities. Greater Southwest is supporting efforts to secure these improvements as part of an integrated development strategy, which recognizes the importance of maintaining state-of-the-art intermodal facilities so that local industries can continue to be served by efficient freight rail. As projects like the Southwest corridor are developed, it is becoming increasingly clear that their success will largely hinge on the availability of resources to improve highway infrastructure leading to

and from Chicago intermodal yards. Another critical element will be the level of coordination and economic development planning to take advantage of all the possible transfer and partnership opportunities.

It is largely because of the efforts of Greater Southwest that the Southwest Side is enjoying an economic renaissance. And the project is just part of Greater Southwest's pursuit of a community vision. It has in the past worked to preserve the social and economic fabric of the region by opposing the development of an expressway that would have destroyed a number of residential neighborhoods. It later focused community energy on advocating the development of the Orange Line, a major new passenger rail line that connects the Southwest Side to Chicago's Loop and the Midway Airport.

But the intermodal corridor development project is an effort to promote total community economic development, while taking advantage of Chicago's wealth of intermodal

resources and boosting the regional economy. It also underscores the fact that planning and partnerships are essential to reaping the energy efficiency and environmental benefits associated with intermodal freight movement. And increasingly, Chicagoans are recognizing that increasing the rail share of cargo movement between states and between intermodal yards could also yield significant economic rewards for the region. It may take a while before significant numbers of companies like Tootsie Roll, Kraft, and Nabisco decide to work in intermodal freight coalitions with their neighbors. But the support for intermodal freight from the city and groups like Greater Southwest signifies a deepening understanding that Chicago could stand to gain a lot by nurturing an environment in which transportation modes don't just compete against each other, but also complement one another. That's the part of Chicago's history that is really worth creating. ▼

A NATIONAL INITIATIVE ON TRANSPORTATION AND THE ENVIRONMENT

ISTEA Reauthorization is an opportunity to make a new commitment to addressing the unintended consequences of transportation spending. In place of the old focus on building facilities, the federal role should shift toward addressing the impacts of transportation on society not captured by user charges. In addition to air pollution, wetlands loss, climate change and other environmental effects, these include dependence on fossil fuels, land use impacts, and undoing the damage to communities caused by past transportation investments. Just for air pollution, estimated costs for health care, lost productivity and other effects range from \$30 billion to over \$200 billion per year, almost none of which is paid by transportation users.

These problems should be the focus of a new, comprehensive federal approach to understanding and lessening the impacts of transportation on the environment. Such a program could include several basic elements:

1. Assuring reauthorization of those parts of ISTEA with environmentally beneficial effects: the CMAQ and transportation enhancements programs, funding for transit and rail, and its planning and transportation conformity provisions.
2. A federal commitment to having every new transit bus purchased in the U.S. in the next five years powered by clean fuels. This could be done by providing the funding necessary to cover the incremental costs of alternative fuel vehicles over conventional ones.
3. A new effort to protect wetlands from the impacts of development driven by transportation facilities, and, if the science proves valid, funding for restoration of deteriorated wetlands to partially compensate for ongoing losses.
4. Establishment of performance measures for energy efficiency in transportation that can be used to track the performance of states and metropolitan areas over time and reward states and metropolitan areas that are doing well.
5. An expansion of the Congestion Pricing Pilot Program created by ISTEA to promote full-cost pricing of transportation facilities.

These activities fall along a broad range but share a common theme. All are meant to promote a value we claim to hold dear -- protecting the environment -- which will not be properly addressed in a system that continues to focus building facilities rather than providing efficient transportation without undue external effects.

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5. An expansion of the Congestion Pricing Pilot Program created by ISTEA to promote full-cost pricing of transportation facilities.

These activities fall along a broad range but share a common theme. All are meant to promote a value we claim to hold dear -- protecting the environment -- which will not be properly addressed in a system that continues to focus building facilities rather than providing efficient transportation without undue external effects.

A NATIONAL INITIATIVE ON TRANSPORTATION AND THE ENVIRONMENT

ISTEA Reauthorization is an opportunity to make a new commitment to addressing the unintended consequences of transportation spending. In place of the old focus on building facilities, the federal role should shift toward addressing the impacts of transportation on society not captured by user charges. In addition to air pollution, wetlands loss, climate change and other environmental effects, these include dependence on fossil fuels, land use impacts, and undoing the damage to communities caused by past transportation investments. Just for air pollution, estimated costs for health care, lost productivity and other effects range from \$30 billion to over \$200 billion per year, almost none of which is paid by transportation users.

These problems should be the focus of a new, comprehensive federal approach to understanding and lessening the impacts of transportation on the environment. Such a program could include several basic elements:

1. Assuring reauthorization of those parts of ISTEA with environmentally beneficial effects: the CMAQ and transportation enhancements programs, funding for transit and rail, and its planning and transportation conformity provisions.
2. A federal commitment to having every new transit bus purchased in the U.S. in the next five years powered by clean fuels. This could be done by providing the funding necessary to cover the incremental costs of alternative fuel vehicles over conventional ones.
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JOBS, COMMUNITIES & THE ENVIRONMENT

AN AGENDA FOR ISTEA REAUTHORIZATION

ISTEA made the biggest change to federal transportation policy in a generation. In 1997, we need to both protect and build on ISTEA's reforms. The administration can play a big role in this process by adopting 3 simple but powerful themes for ISTEA II:

Transportation is about Jobs -- but not just jobs building roads. It's about jobs from a healthy economy, jobs from fixing crumbling roads, bridges and transit systems, and jobs from getting people off welfare and into work.

Transportation is about Communities -- it can make them better places to live and work, or it can hurt them. For too long we have focused on *projects* and ignored the needs of *communities*. By listening to people, we can spend our money in ways that make communities more livable and more prosperous.

Transportation is about the Environment -- inefficient transportation hurts the environment, whether through air pollution, wetlands loss or climate change. The environment is a matter of national concern, and the federal transportation program should include a major commitment to improving it.

First Things First: Protecting ISTEA

Flexibility. ISTEA allowed almost half of highway funds to be used for air quality, transit and other environmentally friendly alternatives.

Fair Decision Making. ISTEA gave authority to state and local officials, and set rules they must follow when spending flexible funds: new *planning requirements* that put attention on the energy, land use and other effects of transportation, a guarantee of *public involvement*, a requirement for *fiscally constrained planning*, and *Clean Air Act conformity*

New Funding Programs. ISTEA created 3 programs that are spurring creativity at the state and local level: the *Congestion Mitigation & Air Quality* program (CMAQ), the *Transportation Enhancements* program, and *targeted funds for metropolitan areas*.

Guaranteed Money for Maintenance. ISTEA's Bridge and Interstate Maintenance programs make sure some funds go to preserving the highway system.

Building on ISTEA

A New Emphasis on the Environment. Both as a matter of message and of substance, ISTEA II should deal with the environmental effects of transportation. New

funding should be made available to mitigate wetlands impacts, to make buying alternative fuel buses the same price as conventional ones, and to make more effort to provide alternatives to sprawl development.

Jobs, Welfare Reform and Transportation. Transportation should help get people from welfare to work, not be part of the problem. A new effort should be made to support job-link programs like those funded by HUD's "Bridges to Work" pilot program, and programs to promote transportation efficiency by bringing job growth to accessible locations that are often economically depressed.

Performance Incentives. Transportation spending needs to be guided more by real performance and less by red tape. We propose establishing three performance measures: one for the condition of the Interstate system, one for transportation safety, and one for environmental performance. States should be held accountable for their results, with the best performers being rewarded, and the worst being asked to do better.

Threats to ISTEA

Highways Only. The various highway lobby groups want to curtail flexibility, eliminate funding for transit, CMAQ and Enhancements, and force states to spend most federal money on highways.

Block Grants. Many state DOTs want federal money with no strings attached, even though ISTEA gave them unprecedented flexibility. The federal government has a responsibility to target some of its money to priority activities, assure fairness and keep local government as a funding partner.

Bad Budget Numbers. The Administration can be a powerful force for good in the coming debate, but a budget that causes huge accumulations in the Highway Trust Fund will prevent it from being a player. A huge build-up in the trust fund could lead to a partial repeal of gas taxes to bring revenue in line with spending. This happened to the Airport Trust Fund in 1995. The result would be the worst of all possible worlds -- an ISTEA reauthorization bill without an administration imprint, no help for the deficit, and less money to invest in jobs, communities and the environment

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PERFORMANCE MEASURES AND TRANSPORTATION

A NATIONAL GOAL FOR THE INTERSTATE SYSTEM

A specific national goal for the condition of the Interstate system should be established. Any state that allows more than one-half of its interstate mileage to fall below "fair" condition should be required to spend some of its federal highway funds to improve the condition of these highways. In addition, states that do particularly well in maintaining their interstate systems should be rewarded with grants from a bonus fund reserved from the overall federal highway program. These two concepts -- requiring those who fall below a minimum standard of acceptability to do better, and rewarding those who perform the best -- provide a solid framework for performance-based management of an important piece of the nation's transportation system.

Performance Measures

The traditional method of assuring that national transportation goals are pursued has been to direct money to specific activities. This method has proven its worth over the last 15 years in the Interstate Maintenance and Bridge programs; the condition of Interstates and bridges, which got steadily worse before these programs were established, has improved for most of the last decade. Targeting of funds to important activities is effective and appropriate, and the programs that do this -- the Bridge, Interstate Maintenance, Safety, Air Quality and Transportation Enhancements programs -- should be continued.

ISTEA included a less direct method of pursuing federal interests. Its system of enhanced planning directs the attention of state and local officials who control federal money to matters of national interest -- energy conservation, safety, etc., -- while allowing broad discretion in final spending decisions. This planning process is a good forum for balancing national, regional and local priorities, and should be also continued. Nevertheless, its open-ended nature allows states and localities to ignore national needs if they choose.

ISTEA II can inaugurate a new method of assuring attention to national goals while still allowing flexibility. This memo describes one example: a specific goal for the condition of the Interstate system, together with incentives for good performance and a required remedy for poor performance.

The Interstate System

The United States has 44,000 miles of Interstate highways. They were built by the states and are owned by the states, but were paid for almost entirely with federal money, generally on a 90 percent federal/10 percent state basis. Since 1956, the federal government has spent the equivalent of nearly \$300 million of today's dollars to build this system.

In spite of recent improvements in the condition of the Interstates, many parts of the system are in bad shape. However, the problem is not ubiquitous -- there are great disparities between the states. The portion of the system in worse than "fair" condition in 1994 ranged from under 2 percent (Maine, Alabama, Georgia and New Hampshire) to over 70 percent (Texas, Arkansas, Wyoming, Minnesota and the District of Columbia.)¹ See attachment 1 for complete rankings.

This variability has many causes. The funds targeted by ISTEA for interstate maintenance are not enough to bring these roads up to an acceptable standard in every state, although they are sufficient in many states. More funding could be put into the Interstate Maintenance program, but this is not an efficient way of solving the problem. The formula that divides these funds among the states is based on the extent and usage of the system, but does not consider its current condition. Putting more money into the program will send significant resources to states where problems are minor, and not enough where needs are greatest.

Two things need to occur. First, funds should be directed to states where conditions are poorest, and second, a system of incentives should be established to encourage continuing improvement in all states.

The Proposal

A national performance indicator for the condition of the interstate system should be established, consisting of the percent of interstate miles within each state in less than fair condition. Ratings would be updated annually on the basis of the ongoing measurements of pavement condition made by state DOTs and tracked by FHWA. Each year, the 5 states with the best condition rating would receive \$30 million each in flexible funds as a reward. These funds could be spent on any transportation program. In addition, beginning in the third year of the new program, the 5 states registering the greatest improvement over the preceding 3 years would also receive \$30 million each. At the other end of the scale, states with more than half of their interstate miles in worse than "fair" condition would have 25 percent of their National Highway System funds restricted to interstate maintenance projects activities until they reach the national goal. In 1994, the latest year for which we have data, 10 states and the District of Columbia fell into this category.

This program would be based entirely on performance. States that perform well would be rewarded for their efforts. Those that perform poorly would be asked to do better, with federal funds covering the cost. This proposal can be part of a new system of policy making that measures performance and controls funds accordingly.

- Attachments:
1. Interstate pavement conditions by state
 2. The PSR scale for rating pavement condition

¹ The Federal Highway Administration describes pavement condition according to a "pavement serviceability rating" on the following scale: Very Good, Good, Fair, Mediocre and Poor. See attachment 2 for further information.

Questions & Answers About the “Fix It First” Program

Why Reward Overall Condition and Improvement? If only overall condition is rewarded, states below the top tier will feel little incentive to invest in improving conditions. On the other hand, rewarding only improvement gives all states an incentive to make progress, but those that have done a good job in the past will be no better off than those that have done a poor job. By rewarding both overall condition and improvement, both current and past responsible behavior are recognized.

Why the Interstates? Why not the National Highway System? A national goal for the condition of the Interstate system is preferable to one for the NHS for several reasons. First, the direct federal interest in the Interstates system is greater than in the NHS. Some NHS roads were built with state funds, and it would be difficult for the federal government to hold states accountable for their condition. The Interstate system was built with 90 percent federal money, and the national interest in its condition is undisputed.

Second, the condition of the NHS is not actually measured. It is derived through sampling -- the condition of certain routes is measured, and these results are extrapolated to the overall system. It would be problematic to give out money on the basis of estimates, and having the states measure the condition of the entire 160,000-mile system would be costly. By contrast, the condition of the entire interstate system is already measured according to a well established protocol.

Finally, a federal commitment to maintain the entire NHS is not affordable. Even at its original proposed size of 150,000 miles, it was doubtful whether money was available to do this. In 1991, USDOT proposed to achieve this goal by setting the state share for NHS projects at 25 percent instead of the current 20 percent, and by requiring most federal dollars to be spent on the NHS. Both ideas were rejected in 1991 and are unlikely to be embraced in 1997. Even if they were, expansion of the NHS to over 160,000 miles has made a commitment to its condition even more unrealistic. By contrast, bringing the Interstate system up to acceptable condition is achievable within current resources without significantly hampering the pursuit of other goals. The remedy we propose for poorly performing states -- restriction of one-fourth of NHS funds to interstate maintenance projects -- is a mild intervention given the importance of the problem.

Why rank states by “less than fair” condition? Several measures of the condition of a state’s interstate highways are possible, including a composite figure for the average condition of a state’s mileage, or the portion of the system in top shape. The “less than fair” measure is best because of the concept it expresses, i.e., acceptable condition vs. unacceptable condition. It’s not necessary for the federal government to intervene as long as most of a state’s routes meet a minimum standard of acceptability, i.e., Fair condition or better. But if more than half of a state’s mileage falls below Fair condition, the federal government has a responsibility to act.

Rankings of States
(in descending order)

State	% Interstates In Poor and Med. Condition		State	% NHS In Poor Condition ¹
Dist. of Col.	91.67%		Dist. of Col.	56.36%
Minnesota	78.45%		Rhode Island	27.31%
Wyoming	76.91%		Minnesota	21.14%
Arkansas	75.33%		New York	16.36%
Texas	71.37%		Delaware	14.61%
South Dakota	62.83%		Maryland	13.45%
Delaware	58.54%		Alaska	13.33%
North Carolina	55.87%		Missouri	11.07%
Nebraska	55.60%		Michigan	10.20%
Alaska	55.16%		Illinois	10.00%
West Virginia	51.73%		Oklahoma	9.53%
Washington	49.54%		North Carolina	9.24%
Conn.	49.27%		Louisiana	8.36%
Florida	45.24%		Indiana	8.30%
Illinois	42.96%		New Mexico	8.13%
Colorado	42.14%		Penn.	7.00%
Kentucky	40.55%		Texas	6.89%
Penn.	39.97%		Nebraska	6.19%
Montana	39.31%		Wyoming	5.22%
Rhode Island	38.57%		Conn.	5.08%
North Dakota	37.83%		Virginia	5.02%
Idaho	37.64%		Colorado	5.01%
New Mexico	36.50%		Arkansas	4.97%
Mississippi	35.77%		Mississippi	4.58%
California	35.47%		Mass.	4.57%
Hawaii	31.03%		California	4.14%
Michigan	30.13%		Montana	3.95%
New York	29.23%		Wisconsin	3.75%
Virginia	27.94%		Vermont	3.58%
Iowa	27.81%		North Dakota	3.55%
Kansas	27.41%		Kansas	3.17%
Maryland	27.39%		Kentucky	3.03%
Wisconsin	26.80%		South Dakota	2.94%
Louisiana	26.45%		Idaho	2.78%
Indiana	26.24%		Oregon	2.61%
Missouri	24.04%		Tennessee	2.18%
New Jersey	20.53%		Florida	2.13%
Tennessee	19.96%		Washington	2.01%
Oregon	19.53%		New Hamp.	1.80%
Oklahoma	19.48%		West Virginia	1.69%
Mass.	15.40%		Maine	1.65%
South Carolina	12.24%		Ohio	1.61%
Nevada	8.61%		South Carolina	1.13%
Arizona	7.10%		Alabama	0.98%
Ohio	5.34%		Arizona	0.76%
Utah	4.15%		Hawaii	0.74%
Vermont	2.81%		New Jersey	0.73%
Maine	1.62%		Iowa	0.65%
Alabama	1.33%		Nevada	0.20%
Georgia	0.40%		Georgia	0.07%
New Hamp.	0.00%		Utah	0.04%

Exhibit 4-17
Pavement Condition and Roughness Definitions*

Very Good	New or almost new pavement, will not require improvement for some time.		
	PSR*	Interstate	≥ 4.0
		Other	≥ 4.0
	IRI**	Interstate	< 60
		Other	< 60
Good	In decent condition; will not require improvement in the near future.		
	PSR	Interstate	3.5 - 3.9
		Other	3.5 - 3.9
	IRI	Interstate	60 - 94
		Other	60 - 94
Fair	Will likely need improvement in the near future, but depends on traffic use.		
	PSR	Interstate	3.1 - 3.4
		Other	2.6 - 3.4
	IRI	Interstate	95 - 119
		Other	95 - 170
Mediocre	Needs improvement in the near future to preserve usability.		
	PSR	Interstate	2.6 - 3.0
		Other	2.1 - 2.5
	IRI	Interstate	120 - 170
		Other	171 - 220
Poor	Needs immediate improvement to restore serviceability.		
	PSR	Interstate	≤ 2.5
		Other	≤ 2.0
	IRI	Interstate	> 170
		Other	> 220

Note: In many of the exhibits in this report the categories "Good" and "Very Good" are combined under the term "Good," as the pavement in both categories will not require improvement in the near future.

* PSR = Present Serviceability Rating

** IRI = International Roughness Index

FRIENDS
of the



Gawain Kripke

Director, Appropriations Project
(202) 783-7400 ext. 212

1025 Vermont Ave., NW Third Floor

Washington, DC 20005

Phone: (202) 783-7400

Fax: (202) 783-0444

Internet: gkripke@essential.org

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DIANE C. REGAS
SENIOR POLICY ANALYST
DOMESTIC POLICY COUNCIL

(202) 456-5589

FAX: (202) 456-7028

THE WHITE HOUSE



DIANE C. REGAS
SENIOR POLICY ANALYST
DOMESTIC POLICY COUNCIL

(202) 456-5589

FAX: (202) 456-7028

THE WHITE HOUSE



DIANE C. REGAS
SENIOR POLICY ANALYST
DOMESTIC POLICY COUNCIL

(202) 456-5589

FAX: (202) 456-7028

THE WHITE HOUSE

**SURFACE
TRANSPORTATION
POLICY
PROJECT**

Hank Dittmar
Executive Director

1400 16th Street, NW, #300
Washington, DC 20036
phone: 202.939.3470
fax: 202.939.3475
email: hdittmar@transact.org

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Executive Director

1400 16th Street, NW, #300
Washington, DC 20036
phone: 202.939.3470
fax: 202.939.3475
email: hdittmar@transact.org

EDF
ENVIRONMENTAL
DEFENSE FUND

Michael A. Replogle
*Co-Director
Transportation Project*

1875 Connecticut Avenue, N.W.
Washington, DC 20009
(202) 387-3500
Fax: 202-234-6049

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Crying Wolf



**The False "Crisis" of America's
Crumbling Roads and Bridges--
And Why Special Interest
Highway Lobbyists Like It That Way**

**Surface
Transportation
Policy
Project**

**October 1996
Revised: Second Edition**

**Analysis prepared by Hank Dittmar and Donald D.T. Chen
from Federal Highway Administration Data**

Crying Wolf

*The False "Crisis" of America's Crumbling Roads and Bridges --
And Why Special Interest Highway Lobbyists Like It That Way*

Surface Transportation Policy Project

Revised: Second Edition
October 1996

ERRATA

This revised edition of Crying Wolf includes two corrections to the first edition: the mileage contained within the National Highway System (the correct figure is 160,340 miles including the 45,826 mile Interstate system); and road miles in poor and mediocre condition for OK, PA, SC, TN, and UT. Pavement condition statistics for these states were originally obtained from the electronic bulletin board system maintained by the Federal Highway Administration in January 1996 and reported in the first edition of Crying Wolf. The numbers for the five states have since been revised and are reflected in the attached tables.

Executive Summary

A flurry of recent reports have warned of an impending crisis caused by a lack of investment in our nation's roads and bridges. The answer, of course, is that we must spend more money in order to maintain our infrastructure, even if that means increasing our national debt or eliminating funding for more "local" problems like mass transit and pedestrian safety.

But a closer look at the numbers reveals that road and bridge conditions are actually improving nationwide. In addition, analysis contained within this report concludes that almost half of the money demanded by the highway lobby to repair existing infrastructure has actually been diverted to build new and bigger highways—creating vast future maintenance needs before we take care of those that already exist. This report recommends that Congress remedy the problem by enacting a "Fix It First" policy in the next federal transportation bill (ISTEA) to be considered in early 1997.

The Crumbling Roads "Crisis"

Urban pothole stories from last year's harsh winter—like the mattress used to fill a gaping crevasse on 14th Street in Washington, DC—have left vivid images in many people's minds of our crumbling roads and bridges. In the months since, a series of reports released by groups repre-

senting road contractors, oil companies and auto makers have reinforced those images with reports concluding that the situation, "if not checked, will develop into a crisis" and that the shortfall in funding needed for repairs is "enormous."

The reports blame the "crisis" on the "increasing diversion of highway user taxes to non-highway purposes" like deficit reduction and other local transportation needs. Reallocate the money to roads and the crisis would be solved, the reports conclude. This is a simple and visually compelling story—after all everyone has driven over a bone-rattling pothole—that the media has reported widely.

Unfortunately the premise that we are fast approaching a "crisis" is overstated and the conclusions about its cause are false.

Chicken Little of the Roads

Road and bridge maintenance is a concern, but not a crisis. According to the same U.S. Department of Transportation reports used by the highway lobbyists, the number of structurally deficient bridges has been dropping and the amount of pavement in poor condition has stabilized at a manageable level.

In fact, according to the Federal Highway Administration (the only keeper of national data), the percentage of urban Interstate mileage in poor condition

dropped from 16.8 percent in 1983 to 7.7 percent in 1991. Over the same period, the percentage of rural Interstate road mileage in poor condition dropped from 13.3 percent to 7.6 percent.

Contrary to the breathless reports from the highway lobbyists, our crumbling roads and bridges are a solvable problem that has improved with better funding and a focus on maintenance and rehabilitation, not an approaching “crisis.” In fact, enough money has been allocated in federal and state transportation budgets to meet road and bridge preservation needs, if these funds were actually all spent on maintenance and preservation projects.

Unfortunately 44 percent of the federal funding set aside for roads and bridges is currently being diverted to projects which expand highways or build new ones,—\$4.9 billion in Fiscal Year 1995 alone—thereby creating an enormous future maintenance obligation. This is the real reason that needed repairs go undone. In states like Virginia, Tennessee, North Carolina and Delaware, almost three-quarters of federal road money goes to new construction instead of maintenance. And this is just what the highway lobbyists want to see.

The Vicious Cycle

The highway lobby is crying wolf about maintenance needs because it sees an opportunity to strike a chord with the public and the media. But their real interests

are building new and expanded highways. Congress is now holding hearings leading to next year’s reauthorization of the transportation spending legislation (known as the Intermodal Surface Transportation Efficiency Act or ISTEA). The trumped up “crisis” is a useful tool for the highway lobby to use in calling for increased spending on road “maintenance” that they can then divert to building lucrative new roads—and conveniently leaves the “crisis” unsolved so that it can continually be used to argue for increased funding. Indeed, the road lobby successfully convinced the U.S. House of Representatives to pass a bill earlier this year to take the federal transportation trust funds “off budget,” removing over \$25 billion a year from the unified federal budget, money that is currently used to help balance the budget. The U.S. Senate is also considering legislation to shift the 4.3 cents a gallon of the federal gas tax now earmarked for deficit reduction into the Highway Trust Fund.

There is a better way to fix our roads and bridges at current funding levels—and it doesn’t involve raising taxes or increasing the deficit. The Surface Transportation Policy Project and the Campaign for Reliable Transportation are calling for a “Fix It First” program to ensure that existing federal highway subsidies are in fact used to repair and rehabilitate roads and bridges. Only then will this vicious cycle be broken.

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Introduction —

It's Time For Congress to Consider Transportation Funding, and Once Again We're Being Told There's An Infrastructure Crisis

The nation's funding program for highways, transit systems and bridges, the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, provided \$155 billion in federal funds over six years for the preservation, management and expansion of the nation's surface transportation systems. This funding makes the federal government an important partner with the states and local governments in maintaining and operating transportation facilities. The basis of that federal partnership is the annual funding authorizations contained in ISTEA and that authorization is due to expire in 1997. Now that Congressional hearings have started on the legislation, the drumbeat has begun that more money is needed to prevent the deterioration of our roads and bridges.

Of the various reports that support this contention, perhaps the most credible is the U.S. Department of Transportation's *1995 Status of the Nation's Surface Transportation System: Condition & Performance*. It reports in unemotional terms that actual capital investment in 1993 was 70 percent of what was required

to maintain highway conditions at present levels.

Others have reached similar conclusions. The Road Information Program, a research group funded by the highway and oil lobbies, looked at this data and estimated that more than 60 percent of the nation's major roads are substandard and in need of repair. They cited federal estimates that the nation should be spending \$50 billion a year over the next twenty years just to maintain current road and bridge conditions—\$15 billion more than current spending.

The American Automobile Association, which in addition to providing road services to its members, acts as an aggressive lobbyist on behalf of highway funding, reported that a survey of its members revealed that two-thirds of all respondents described road conditions in their area as fair, poor or very poor. AAA concluded that "our roads and bridges...are in a deteriorating condition which, if not checked, will develop into a crisis." Strong words, indeed!

The American Highway Users Alliance,

the lobby group for the road contractors, auto companies, truckers and oil companies, weighed in with their own hyperbolic interpretation of the same data, concluding that the gap between actual investments and estimated investment needs is “enormous.”

The rush to release these reports has been almost overwhelming. Is it a coinci-

dence that Congress is currently holding hearings on the renewal of funding authorizations for the federal highway program? The release of these reports is intended to provide a steady drumbeat for the Congress to march to this year and next as it prepares to consider highway spending and policy.

Of course, the highway lobby has an answer to the crisis!

Since 1982, a portion of the gas taxes collected at the federal level has been dedicated to mass transit purposes, in an effort to relieve urban congestion and provide access for those who cannot afford to drive. And since 1993, when Congress and the Administration began to seriously work on balancing the federal budget, an additional 4.3¢ per gallon gas tax has been levied for deficit reduction. The road lobby has concluded that this use of tax revenue for government purposes constitutes a “diversion” from their pockets. They have mounted a concerted campaign to get the money into road building, citing the need for increased funding for “maintaining” our roads.

But the road advocates don’t stop at seeking the money. They claim that these

uses of money are “causing” the infrastructure crisis they’ve been so quick to proclaim. According to The Road Information Program, “The nation’s roads and bridges are significantly underfunded, in part, because of the increasing diversion of highway user taxes to non-highway purposes.” The American Highway Users Alliance puts it this way: “the 4.3¢ per gallon fuel tax increase imposed for ‘deficit reduction’ will take approximately \$6 billion more out of the pockets of highway users this year.” Calling public transit a local issue and decrying Congress’s effort to ask highway users to contribute to balancing the federal budget, the Highway Users Alliance recommends devoting all these funds to projects which benefit their members.

What's the real story?

Is there a road infrastructure crisis?

Is it due to diversion?

The 105th Congress will have to consider the renewal of spending authorization for highways, roads and bridges, as spending authority for these programs expires on September 30, 1997. In an era of fiscal austerity, Congress' job is complicated by the call for more money to maintain and preserve America's roads and bridges. And the highway construction lobby is claiming that the extra funds should come at the expense of reducing the federal deficit and by eliminating federal funding for public transportation and other kinds of transportation projects which enhance communities. This report will examine these assertions, asking a series of questions:

- Are road and bridge conditions

deteriorating or improving?

- Has federal funding for preservation of roads and bridges declined or increased in recent years?
- Overall, are gas taxes really being diverted to general government purposes, or are general revenues being diverted to pay for highways?
- Are states spending federal highway funding on system preservation?
- What can Congress do to ensure that our roads and bridges remain in good condition?

A look at the U.S. Department of Transportation's data reveals some very different answers to these questions than the highway crowd would have you believe.

Are road and bridge conditions deteriorating or improving?

Despite all the rhetoric to the contrary, road and bridge conditions have begun to improve in the United States. Every five or six years, as federal funding for transportation comes up for renewal, the nation is subjected to a series of reports selectively using Federal Highway Administration data to make the case for increased spending on roads and bridges. The reports, which are bought and paid for by companies engaged in making cars, selling oil and building and using roads, all say that America's roads and bridges are crumbling. The reports imply that we are facing a crisis due to underspending and that our roads are rapidly deteriorating.

In fact, the very same federal report reaches the opposite conclusion. The U.S. Department of Transportation's Report to Congress in 1995 stated it very clearly:

Because of investment targeted to system preservation, our highways, bridges and transit systems are in better physical shape than they were a few years ago, and they are safer than ever:

- *The number of structurally deficient bridges has dropped.*
- *The amount of pavement in poor condition has stabilized at a manageable level.*

This improvement in system condition is particularly impressive when one looks at the condition of the Interstate highway

system. According to the Federal Highway Administration, the percent of mileage in poor condition on urban Interstates declined from 16.8 percent in 1983 to 7.7 percent in 1991. On

the rural Interstate the figures are similar: a decline of miles in poor condition from 13.3 percent in 1983 to 7.6 percent in 1991. The number of structurally deficient bridges declined as well—from 7.2 percent in 1990 to 6 percent in 1994.

Where's the discrepancy? The discrepancy results in large part from the fact that the oft-quoted \$50 billion in needed annual spending to "maintain current conditions" is not solely an estimate of maintenance and system preservation needs. In fact, this \$50 billion estimate to maintain current conditions is split roughly 50/50

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between spending on system preservation and widening roads. Only \$24.6 billion per year is needed to keep the pavement smooth and safe while \$16.6 billion a year is estimated to add capacity to existing roads by adding 206,094 lane miles over the next twenty years. FHWA also estimates that another \$8.5 billion a year will be required to build new roads to

accommodate metropolitan expansion (i.e., sprawl-related development costs)—some 17,659 lane miles every year just to accommodate the spreading out of our metropolitan areas. In other words, half of the infrastructure crisis is related to needed investment to keep the roads in good shape, while half comes from the continued belief that the best way to invest in better transportation is to build more roads—despite our growing experience to the contrary.

If the nation wants to maintain the current physical condition of our roads and

highways, then we need to be spending about \$25 billion per year on system preservation. According to the same report, the nation is currently spending

about \$28.8 billion per year on capital projects, more than enough to preserve pavement conditions.

When one examines the status of the nation's bridges, the U.S. Department of Transportation esti-

mates tell a similar story. The 1994 estimate of the cost to maintain current bridge conditions is \$5.1 billion per year and the nation is spending about \$6.0 billion on bridge preservation.

In other words, the \$15 billion maintenance shortfall cited by the highway lobby is an imaginary shortfall. We need to be spending about \$25 billion each year on road preservation, and we're spending \$28 billion on roads and about \$6 billion more on bridges. The problem is that the funding isn't being devoted to maintenance but to highway expansion.

The nation is currently spending about \$28.8 billion per year on capital projects, more than enough to preserve pavement conditions.

Has federal funding for preservation of roads and bridges declined or increased in recent years?

In fact, federal funding for transportation has increased over the term of the ISTEA legislation. This dramatic improvement in national performance in maintaining and preserving roads and bridges is no accident. Beginning in the early 1980's the federal

government began to understand that the nation's huge investment in building a highway system carried with it a huge financial obligation to preserve that system.

In 1976, in response to public outcry over declining road conditions, the Congress created a new category for preservation of the Interstate, reserving funds for rehabilitation, resurfacing and restoration of Interstate highways. The so-called 3-R program soon added a fourth "R" in 1981—"reconstruction"—which allowed states to widen Interstate roads as part of fixing them.

Interstate road conditions began to improve dramatically, with the Federal Highway Administration reporting to Congress in 1991 that "average conditions

on the Nation's arterial and collector systems appear to have stabilized in 1989, stemming a continuous downward trend in physical conditions that was evident in the 1970's and early 1980's." The stabilization was attributed to several factors,

notably the 1982 reauthorization which raised funding while creating incentives for pavement rehabilitation. At the same time Congress dedicated funding to the preservation of the

Federal funding for transportation has actually increased since 1991, the term of the current ISTEA legislation.

Interstate system, it began to require states to certify they were acting to adequately maintain the system on a day-to-day basis, reasoning that deferred maintenance led to higher costs in the long run.

Several highly publicized bridge collapses in the late 1970's led to the creation of a funding category for bridge repair and to the dedication of funding and the establishment of systems to monitor bridge conditions and identify needed improvements. In the 1976 Act, bridge funding was increased to over \$1 billion annually.

Over the decade of the 1980's, from \$1.5—2.0 billion in federal funding was spent annually on bridge repair. This federal funding acted as an incentive to leverage state and local funds into solving bridge problems, too. As a result, the percent of deficient bridges on the Interstate and other major arterials had begun to decline by 1990.

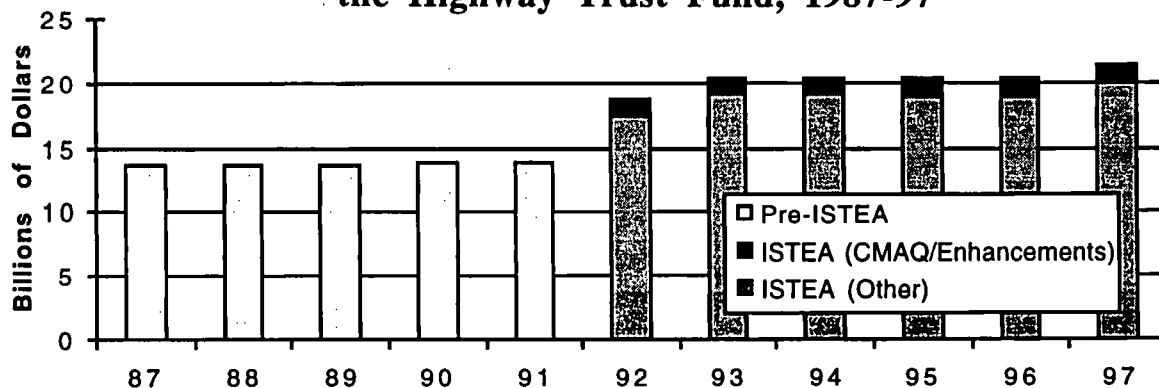
In 1991, Congress passed the Intermodal Surface Transportation Efficiency Act (ISTEA), a bill that has been noted for the increased flexibility it gave to local and state governments. Just as notable, however, was the bill's attention to the nation's infrastructure needs. ISTEA created an Interstate Maintenance program, dedicating almost \$3 billion each year to the system preservation needs of the Interstate highway system, while prohibiting the use of these funds for new lanes other than for carpools. The bill also required that states certify the condition of their Interstate before transferring funds to

other uses or spending them on capacity additions. In other words, Congress required states to take care of existing obligations before building new obligations. The bill also increased funding for bridges, devoting an average of \$2.7 billion annually to the bridge funding category, a major increase.

Overall, the ISTEA legislation provided for a dramatic increase in spending on the nation's highways. Annual obligations of federal funds by the states have increased from \$13-15 billion throughout the 1980's to almost \$20 billion in the current fiscal year. The chart below depicts this funding trend.

Overall, the condition of our roads and bridges continues to improve because we have dedicated and increased funding to the repair and rehabilitation of roads and bridges and have required states to certify that they are maintaining their facilities as a condition of receiving federal funds.

Authorization of Spending from the Highway Account of the Highway Trust Fund, 1987-97



Overall, are gas taxes really being diverted to general government purposes, or are general revenues being used for highway purposes?

Are gas taxes really being diverted to general government purposes, or are general revenues being diverted to pay for highways? The American Automobile Association and the American Highway Users Alliance would have you believe that the transfer of gas tax funding to non-highway uses is causing a ‘crumbling infrastructure crisis.’

In fact, the evidence indicates that an equivalent amount of general government revenues at the state, local and federal levels are being used for road purposes as are

gas taxes being used for non-highway purposes. Most proponents of the diversion argument cite the fact that 87% of federal highway funds are paid for by user fees. However, what they don’t usually mention is the fact that of the \$21.2 billion spent in local transportation funds, only 7% is generated from highway user fees. The difference is made up by various general revenue sources, including local property taxes.

Clearly, the diversion argument doesn’t hold water.

Are states spending flexible federal highway funding on system preservation?

While ISTEA dedicated funding to the preservation of the Interstate and to the elimination of bridge deficiency, it otherwise gave the states broad flexibility to spend federal highway funds as they see fit. Outside of the Interstate and bridge categories, ISTEA provided funding which could be used for system preservation, highway capacity expansion, traffic management, transit capital or community transportation purposes. If there is an unmet need to maintain and preserve the system it is reasonable to ask what states and localities are doing with this flexibility. The road lobby would have people believe that

funds are largely being used for non-highway transportation purposes, and indeed ISTEA gave states that option. Overall, the funding for transit and transportation enhancement projects has been dwarfed by the amount devoted to projects which expand highway capacity.

In 1993, all levels of government spent \$31.6 billion in capital dollars on non-local roads. Of this amount, over half (52 percent) was expended on projects which

were primarily for capacity expansion; and 42 percent was spent on projects devoted to system preservation. The percentage on the Interstate system and arterial network was even higher—54 percent on projects which expanded capacity and only 41 percent on system preservation projects. At all levels of government, over \$16 billion which could be spent on system preservation is being used for projects which add

capacity and create future maintenance needs.

With respect to federal funding for highways, the FHWA's Financial Management Information System reveals a similar pattern for FY 1994 and

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FY 1995, although the dedication of funding to the Interstate and Bridge categories biases spending patterns in favor of system preservation. Overall for Fiscal Years 1994 and 1995, the data reveals that states spent 44 percent of all ISTEA funds on new capacity adding projects. If the Interstate Construction, Interstate Maintenance and Bridge categories are excluded, States spent about half (51 percent) of their ISTEA roadway funds on

system preservation and 49 percent on projects which added capacity in Fiscal Years 1994 and 1995.

Some states devoted almost all of their ISTEA funding to preserving the highway system. Alaska, Iowa, Louisiana, Maine, Minnesota, Montana, Nebraska, New Hampshire, New Mexico, New York, North Dakota, Rhode Island, South Dakota, Utah,

Vermont, Wisconsin and Wyoming all spent more than three quarters of their

ISTEA funds on system preservation.

Excluding mandated preservation funding, ten states spent less than a third of their ISTEA highway funds on preserving their roads and bridges. These states are depicted below:

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Figure 1: States Spending Less Than One Third Of Flexible Funds On System Preservation, FY1994 And FY1995

<u>State</u>	<u>Percent Spent on Preservation</u>
Tennessee	8%
North Carolina	13%
Alabama	17%
Virginia	18%
Delaware	19%
Arkansas	20%
Nevada	21%
Mississippi	27%
Georgia	32%
Colorado	32%

(Source: FHWA Federal Management Information System Data Base; STPP analysis) State

Spending on the National Highway System

As part of ISTEA, Congress called for the designation of a National Highway System and authorized funding for this system in the amount of \$3.6 billion per year (not including funds dedicated to the Interstate). Comprising about 160,340 miles, the National Highway System includes the 45,826 miles of Interstate highways and over half of all the nation's principal arterial roads. Congress passed the law designating the roads to be on the National Highway System in 1995 in response to calls that a National Highway System was an important national priority. William D. Fay of the American Highway Users Alliance said at the time that the Senate was considering the National Highway System bill:

The stakes are too high for Congress to miss the deadline on the NHS bill . . . The timing is crucial: The Federal Highway Administration reports that nationwide 242,000 miles of highways are in mediocre to poor condition, and 102,000 bridges need repair or replacement.

In an open letter to transportation interest groups in September 1995, Federal Highway Administrator Rodney Slater said of the National Highway System: "The NHS is really a program designed to focus

Federal attention and Federal resources on those of America's highways which are most important for the national welfare of our country." Clearly, Congress and the Administration intended the National Highway System to be an investment priority. Just as clearly, the first priority for investment in transportation is preserving its functional integrity by maintaining and rehabilitating it.

How have the states used their National Highway System funds? Have they invested them in preserving the condition of the system, in improving pavement conditions and resolving bridge structural deficiencies? Has five years' investment of National Highway System funds resulted in increased attention maintenance and system preservation, as the authors of ISTEA intended?

A look at actual spending patterns by the states in Fiscal Years 1994 and 1995 reveals some surprising facts. On the whole, states have tended to spend National Highway System funds on projects that add capacity or develop entirely new routes in greater proportion than they have spent other funds. On a national basis, in Fiscal Years 1994 and 1995, according to data from the FHWA's Financial Management Information

System (the FHWA accounting program for federal taxes devoted to highways), 55 percent of all National Highway System obligations were for projects that added new capacity to the system. Just under 20 percent of these funds were spent to build

entirely new NHS routes. On a national basis, more NHS funding is being spent to create future maintenance obligations by building new facilities than is being spent to take care of the existing system.

A look at individual states reveals considerable variability. Six states (Alabama, Delaware, North Carolina, Mississippi, Arkansas and Tennessee) spent less than 10 percent of their National Highway System funding on system preservation projects in Fiscal

Years 1994 and 1995. On the other end of the scale, twelve states (North Dakota, Rhode Island, South Dakota, Maine, West Virginia, Nebraska, Alaska, New York, Connecticut, Wyoming, Minnesota and Montana) spent over 75 percent of their

NHS funds on system preservation activities. Table 2, in the appendix, depicts the states which spent less than half of their National Highway System funds on system preservation.

All in all, states spent \$2.8 billion of

NHS funds on new capacity and new routes in FY 1995 and 1996 that could have been spent to preserve the National Highway System—\$1.4 billion per year that could be made available to provide smoother pavement and repair bridges.

On a national basis, more NHS funding is being spent to create future maintenance obligations by building new facilities than is being spent to take care of the existing system.

What should Congress do to ensure that our roads and bridges remain in good condition?

Congress should enact a *Fix it First* policy when it considers reauthorizing ISTEA in 1997. Despite the progress made in ensuring the safe condition of our roads and bridges, there is no assurance that we will continue to make progress in the future. A coalition of states calling itself the STEP 21 Coalition (STEP 21 stands for “Streamlined Surface Transportation Efficiency Program for the 21st Century”) is calling for the elimination of specific programs that ensure accountability—the Interstate Maintenance and Bridge categories in ISTEA—proposing instead to shift the funding into an unrestricted National Highway System category. The American Association of State Highway and Transportation Officials (AASHTO) has proposed that next year’s transportation bill eliminate the sanction for states that fail to maintain their Interstate systems. Under the guise of flexibility and state’s rights, many state highway agencies are lobbying for the ability to spend all of their federal funds on building new roads or widening existing ones.

This would be a big step in the wrong direction. The public should demand that Congress, the Administration and the states all establish a *Fix it First* agenda for

the new transportation bill, ensuring the preservation of programs that protect our roads and bridges while ensuring that states do not use federal funds to create future maintenance obligations that we cannot afford.

The following recommendations provide the basis for a *Fix it First* agenda for the new Administration and for the 105th Congress.

1. Keep Interstate Maintenance and Bridge Programs in ISTEA II.

ISTEA II should fully fund the existing Interstate Maintenance and Bridge categories. Existing restrictions on the use of these funds for new capacity should be continued, as should the requirement (and sanction) for states to certify that they are maintaining the Interstate Highway system, America’s most heavily used highways.

2. Provide Incentives to States Which Improve Road Conditions.

ISTEA II should include provisions to reward states that meet stated objectives related to improving the conditions of their road and bridge system. Congress should set aside money each year in a new Preservation Bonus program to reward

those states that have improved their maintenance and preservation programs the most. Similarly, states which fail to meet specified minimum conditions on the Interstate system could be required to spend their flexible highway funds only on system preservation until such conditions are achieved.

3. Prohibit Highway Demonstration Projects in States Which Have not met Minimum Condition Standards.

Transportation spending bills are known for being loaded up with so-called demonstration projects, which dedicate funding to new road projects in favored districts. Such projects add new maintenance obligations and limit state ability to spend money on maintenance and system preservation. Such projects should not be given to states with unmet maintenance needs.

4. State and Metropolitan Plans Should Demonstrate that System Preservation Needs Have Been Fully Funded Before Funds Are Devoted to New Roads.

ISTEA II should require that long range plans and short range spending programs prepared in each state and each metropolitan area set objectives for satisfactory maintenance and rehabilitation of roads and bridges. Such objectives would have to be met before capital funds are planned or programmed for new or wider roads. In addition, each proposal for a new facility

should be accompanied by a demonstration that adequate funds are available to maintain and operate that facility over its useful life. Such evidence is required under current law for federally assisted mass transit projects, but not for federally financed roads and bridges.

5. States and Metropolitan Areas Should Consider Programs Which Reduce the Demand for New Roads and Ensure that They Will Be Adequately Maintained.

Many techniques are available at the state and local level to deal with the incessant demand for new roads to stimulate or accommodate sprawl. Several states, including Washington, Florida and Oregon, have adopted land use concurrency legislation, which require plans to be in place to provide transportation capacity before development plans are approved. Oregon's Department of Transportation was named a "growth management agency" by the state. State highway agencies can adopt access management plans, which use their authority to grant access to the road surface (driveways, intersections, and exit ramps) to limit land development along the roadway. Many states also require developers to pay the costs of road or transit capacity required as in response to a new development. Such developer exaction can include the cost of maintaining the new facility over time as well as the cost of building it.

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Table 1: ISTEА Roadway Funds (FY 94 - FY 95)

Compared with Pavement Condition Data
 (Ranked by New Capacity and New Route as % of Total)

Rank	State	New Capacity & New Route	System Preservation	New Capacity & New Route as % of Total	Roads Miles In Poor or Mediocre Condition* as % of Total	Road Miles In Poor or Mediocre Condition*
1	Virginia	\$281,736,164	\$80,231,822	78%	15%	3,001
2	Tennessee	\$347,233,112	\$121,542,550	74%	13%	2,311
3	North Carolina	\$429,676,117	\$151,049,316	74%	27%	5,397
4	Delaware	\$61,450,874	\$25,327,394	71%	32%	451
5	Alabama	\$277,594,424	\$114,803,663	71%	13%	3,102
6	Massachusetts	\$679,655,177	\$305,421,253	69%	28%	2,535
7	Arkansas	\$203,970,784	\$100,856,365	67%	10%	1,994
8	Georgia	\$398,660,643	\$249,300,537	62%	1%	224
9	South Carolina	\$136,581,275	\$88,784,414	61%	18%	2,962
10	New Jersey	\$289,367,003	\$188,792,304	61%	22%	2,102
11	Nevada	\$103,499,712	\$72,287,487	59%	6%	303
12	Mississippi	\$149,038,543	\$110,297,996	57%	22%	4,525
13	Colorado	\$165,769,008	\$131,235,599	56%	21%	3,348
14	Maryland	\$184,479,545	\$154,665,634	54%	13%	991
15	West Virginia	\$107,712,544	\$91,616,779	54%	18%	1,850
16	Kentucky	\$185,783,144	\$168,573,292	52%	13%	1,918
17	Texas	\$683,383,862	\$722,365,580	49%	15%	10,745
18	California	\$630,841,121	\$673,940,468	48%	21%	10,283
19	Missouri	\$243,621,418	\$289,648,034	46%	19%	5,627
20	Pennsylvania	\$478,539,298	\$576,034,512	45%	12%	2,697
21	Arizona	\$171,195,830	\$208,807,862	45%	10%	1,163
22	Dist. of Columbia	\$24,148,858	\$29,754,707	45%	46%	180
23	Oregon	\$109,198,232	\$140,276,896	44%	20%	3,559
24	Oklahoma	\$148,779,349	\$199,114,403	43%	19%	5,189
25	Washington	\$99,464,393	\$145,709,698	41%	14%	2,588
26	Idaho	\$69,388,785	\$102,817,900	40%	34%	2,911
27	Florida	\$331,794,812	\$495,458,146	40%	18%	4,470
28	Kansas	\$100,026,305	\$159,654,689	39%	40%	8,801
29	Michigan	\$215,500,263	\$371,607,295	37%	26%	7,975
30	Indiana	\$125,628,542	\$250,865,938	33%	19%	4,149
31	Hawaii	\$52,834,064	\$118,802,507	31%	23%	306
32	Illinois	\$221,514,664	\$512,418,634	30%	23%	7,487
33	Ohio	\$220,586,210	\$522,411,958	30%	12%	3,399
34	Connecticut	\$51,179,511	\$125,913,275	29%	17%	963
35	New Hampshire	\$23,385,297	\$73,583,429	24%	20%	670
36	Alaska	\$72,655,705	\$249,085,440	23%	31%	941
37	Louisiana	\$68,108,228	\$237,958,787	22%	28%	4,057
38	Iowa	\$72,226,326	\$263,940,197	21%	7%	1,644
39	New Mexico	\$47,481,951	\$180,738,693	21%	39%	3,814
40	Rhode Island	\$12,744,180	\$57,907,059	18%	43%	680
41	Wisconsin	\$77,500,110	\$357,385,948	18%	22%	5,993
42	Nebraska	\$30,569,899	\$151,893,474	17%	26%	3,855
43	New York	\$80,069,907	\$406,361,743	16%	21%	5,238
44	Utah	\$32,849,727	\$174,889,706	16%	4%	749
45	South Dakota	\$25,392,693	\$148,738,620	15%	25%	3,670
46	Maine	\$14,664,763	\$87,512,635	14%	16%	1,001
47	Montana	\$30,324,193	\$196,895,632	13%	24%	2,851
48	Wyoming	\$21,776,021	\$145,149,913	13%	25%	1,855
49	Vermont	\$8,079,675	\$54,795,749	13%	37%	1,396
50	Minnesota	\$41,579,648	\$310,559,594	12%	34%	9,962
51	North Dakota	\$21,767,303	\$173,475,523	11%	20%	2,595
	United States	\$8,747,448,660	\$11,071,261,047	44%	20%	170,477

* Reported Mileage from FHWA Table HM-63, as of January 1996.

** These data have been updated since the first edition of *Crying Wolf*. The figures for road-miles in poor and mediocre condition for Oklahoma, Pennsylvania, South Carolina, Tennessee, and Utah have been changed in FHWA's Table HM-63.

Table 2: NHS Roadway Funds (FY 94 - FY 95)*

(Ranked by New Capacity and New Route as % of Total)

Rank	State	New Capacity & New Route	System Preservation	New Capacity & New Route as % of Total
1	Alabama	\$98,458,859	\$615,426	99%
2	Delaware	\$37,527,562	\$489,481	99%
3	North Carolina	\$139,091,778	\$4,077,217	97%
4	Mississippi	\$71,210,974	\$2,817,143	96%
5	Arkansas	\$43,140,309	\$3,253,177	93%
6	Tennessee	\$96,258,882	\$7,412,306	93%
7	Virginia	\$76,430,909	\$9,503,407	89%
8	Nevada	\$39,942,075	\$6,942,340	85%
9	Oregon	\$76,081,647	\$26,118,150	74%
10	Michigan	\$113,121,676	\$44,623,871	72%
11	Kansas	\$54,155,721	\$24,115,382	69%
12	Texas	\$274,994,535	\$131,823,344	68%
13	Arizona	\$63,150,935	\$31,331,256	67%
14	Florida	\$96,291,910	\$53,965,723	64%
15	Missouri	\$88,041,466	\$51,475,612	63%
16	Georgia	\$109,136,069	\$68,641,785	61%
17	Indiana	\$42,878,007	\$28,311,034	60%
18	Pennsylvania	\$229,233,707	\$151,447,629	60%
19	Maryland	\$71,556,880	\$49,272,600	59%
20	South Carolina	\$35,795,601	\$27,389,033	57%
21	Kentucky	\$50,174,707	\$38,760,111	56%
22	New Jersey	\$74,916,873	\$66,656,996	53%
23	Ohio	\$95,506,164	\$85,826,362	53%
24	Oklahoma	\$45,261,405	\$41,562,718	52%
25	Colorado	\$42,699,628	\$46,173,726	48%
26	California	\$75,431,525	\$82,447,619	48%
27	Utah	\$27,167,537	\$29,700,284	48%
28	Louisiana	\$36,033,601	\$39,402,388	48%
29	New Hampshire	\$12,707,133	\$14,101,587	47%
30	Dist. of Columbia	\$9,867,441	\$11,072,276	47%
31	Massachusetts	\$70,356,326	\$80,430,334	47%
32	Iowa	\$37,802,348	\$43,371,996	47%
33	Vermont	\$6,703,446	\$8,077,903	45%
34	Illinois	\$103,519,212	\$134,625,457	43%
35	Idaho	\$15,305,496	\$24,563,438	38%
36	Hawaii	\$8,513,482	\$14,175,418	38%
37	Washington	\$22,051,262	\$37,853,755	37%
38	New Mexico	\$25,477,883	\$44,897,425	36%
39	Wisconsin	\$27,623,900	\$52,698,787	34%
40	Montana	\$19,015,580	\$58,736,492	24%
41	Minnesota	\$21,185,702	\$81,132,177	21%
42	Wyoming	\$9,882,209	\$42,759,806	19%
43	Connecticut	\$9,601,400	\$43,454,927	18%
44	New York	\$31,890,459	\$170,563,674	16%
45	Alaska	\$12,015,585	\$65,919,532	15%
46	Nebraska	\$5,615,445	\$33,698,071	14%
47	West Virginia	\$5,946,188	\$38,224,945	13%
48	Maine	\$3,439,052	\$27,042,583	11%
49	South Dakota	\$4,926,220	\$41,719,813	11%
50	Rhode Island	\$2,206,285	\$19,457,872	10%
51	North Dakota	\$1,409,122	\$44,003,864	3%
	United States	\$2,811,990,178	\$2,280,800,572	55%

*Established in ISTEA, the National Highway System covers 160,340 miles of roads, including the 45,826-mile Interstate Highway System.

Table 3: ISTEA Roadway Funds (FY94 - FY 95)
Excluding Interstate Construction, Interstate Maintenance, Bridge Programs*
 (Ranked by New Capacity and New Routes as % of Total)

Rank	State	New Capacity & New Route	System Preservation	New Capacity & New Route as % of Total
1	Tennessee	\$307,878,046	\$27,196,199	92%
2	North Carolina	\$369,957,097	\$57,041,514	87%
3	Alabama	\$268,544,911	\$54,865,803	83%
4	Virginia	\$238,970,312	\$50,988,202	82%
5	Delaware	\$62,364,386	\$14,208,814	81%
6	Arkansas	\$202,247,160	\$51,001,465	80%
7	Nevada	\$103,929,258	\$27,800,264	79%
8	Mississippi	\$142,463,164	\$53,000,605	73%
9	Georgia	\$362,476,941	\$167,602,435	68%
10	Colorado	\$136,065,001	\$64,874,820	68%
11	Kentucky	\$158,524,451	\$108,921,042	59%
12	Texas	\$613,622,369	\$426,909,528	59%
13	West Virginia	\$96,642,663	\$67,573,442	59%
14	New Jersey	\$167,881,085	\$122,019,342	58%
15	South Carolina	\$102,029,490	\$76,119,287	57%
16	Maryland	\$161,253,496	\$120,408,170	57%
17	Arizona	\$171,427,948	\$136,315,538	56%
18	Pennsylvania	\$442,548,838	\$391,299,442	53%
19	Missouri	\$218,337,932	\$194,137,828	53%
20	Oregon	\$104,214,940	\$94,689,148	52%
21	Oklahoma	\$140,894,446	\$128,146,739	52%
22	California	\$561,327,554	\$517,023,800	52%
23	Washington	\$104,209,191	\$109,306,210	49%
24	Florida	\$350,254,580	\$390,561,353	47%
25	Kansas	\$88,014,380	\$98,245,942	47%
26	Michigan	\$199,978,995	\$250,225,930	44%
27	Massachusetts	\$70,963,711	\$104,598,553	40%
28	Indiana	\$108,079,648	\$186,300,554	37%
29	Ohio	\$197,548,794	\$355,931,364	36%
30	Connecticut	\$44,573,518	\$82,409,279	35%
31	Illinois	\$209,930,134	\$413,306,575	34%
32	Idaho	\$39,701,199	\$80,352,763	33%
33	Dist. of Columbia	\$14,596,204	\$29,845,627	33%
34	Utah	\$34,032,573	\$72,726,814	32%
35	Louisiana	\$57,804,831	\$124,949,505	32%
36	New Hampshire	\$21,516,828	\$51,166,820	30%
37	Hawaii	\$41,365,049	\$109,888,968	27%
38	Rhode Island	\$12,170,013	\$33,477,657	27%
39	Iowa	\$69,429,054	\$195,987,512	26%
40	Alaska	\$72,201,812	\$208,795,333	26%
41	New Mexico	\$40,051,232	\$120,624,149	25%
42	New York	\$75,215,495	\$274,958,962	21%
43	Wisconsin	\$69,415,225	\$300,965,571	19%
44	Wyoming	\$21,386,539	\$104,858,816	17%
45	Maine	\$14,079,241	\$71,586,236	16%
46	Montana	\$27,957,807	\$146,686,820	16%
47	Nebraska	\$25,289,529	\$134,421,447	16%
48	Minnesota	\$42,680,907	\$230,417,049	16%
49	Vermont	\$7,026,600	\$41,187,693	15%
50	South Dakota	\$19,003,367	\$119,663,973	14%
51	North Dakota	\$15,734,657	\$141,767,895	10%
	United States	\$7,310,579,910	\$7,539,602,741	49%
* These programs have been excluded because they are constrained to specific activities. The other programs are more flexible and thus more reflective of state infrastructure policy.				

**Table 4: States That Spent A Majority Of Their
Federal-Aid Money On New Capacity (FY94 & FY95)
With More Than 20% Of Their Federal-Aid Road Miles
In Poor or Mediocre Condition**

State	% Spent on New Capacity	% Road Miles in Poor or Mediocre Condition
North Carolina	74%	27%
Delaware	71%	32%
Massachusetts	69%	28%
New Jersey	61%	22%
Mississippi	57%	22%
Colorado	56%	21%
California	48%	21%

source: Federal Highway Administration

COMMENTS FROM THE FEDERAL HIGHWAY ADMINISTRATION

In their response to *Crying Wolf*, FHWA has noted that:

- 1) "Using Federal funds only does not support an analyses (sic) that purports to rank States by spending decisions (new capacity versus system preservation) and pavement conditions. Federal spending comprises only about percent of (sic) 23 percent of total highway spending for capital and maintenance, and only about 47 percent of total highway capital spending. State capital and maintenance spending are part of the total picture, but were not included in the analyses."
- 2) "Analyses does (sic) not consider differences between States in how Federal funds may be used. For example, some States tend to use their Federal funds for larger, new capacity projects, and use their State-only funds for smaller, system preservation projects and maintenance projects. Other States might use their Federal funds on a larger number of projects."
- 3) "Analyses does (sic) not take into account investment requirements, higher costs of new capacity, and a number of other factors that vary significantly from State to State."

STPP Response

Crying Wolf focuses on federal spending by state Department of Transportation because federal law and policy attached to that funding calls for a greater emphasis on system preservation than capacity additions. STPP also limited its analysis to federal spending because state-by-state data would have been nearly impossible to obtain. In fact, it took STPP roughly three years (and two Freedom of Information Act requests) to obtain the federal spending data in this report.

If STPP was able to obtain state-by-state data by improvement type, the results would be even more critical of state DOT infrastructure policy. For example, in 1993 all levels of government spent over half their non-local road funds were spent on capacity additions (52% for capacity additions and 42% for system preservation).

About STPP

The Surface Transportation Policy Project (STPP) is a non-profit coalition of roughly 175 groups devoted to ensuring that transportation policy and investments help conserve energy, protect environmental and aesthetic quality, strengthen the economy, promote social equity, and make communities more livable. To contact STPP, call 202.939.3470 or email us at <stpp@transact.org>.

About the Campaign for Reliable Transportation

The Campaign for Reliable Transportation is dedicated to ensuring that communities have a range of affordable transportation choices. Campaign supporters include a broad coalition of citizens, business, taxpayer, planner, environmental, and social justice groups who believe that local communities should have a voice in transportation decision making. For more information about the Campaign, contact the Surface Transportation Policy Project (STPP) or Citizen Action (Phone: 202.775.1580).

Note to: Michael Deich

November 6, 1996

From: Jack Basso

J. Basso

Subj: Proposal for reauthorization of the Su

Mort Downey asked that we get an outline to you s
reauthorization proposal. Attached is a paper descr
out how we would distribute funding among the m

We will be sending a transmittal letter from the Sec
funding level and other issues prior to the meeting
reference a graph that shows what the Highway Tr
were to implement the current budget targets.

cc: Transportation Branch

*- George McDonnell
brought this
over and
says hello.
- This is material
for tomorrow's
mtg.
- verified Deane
Rego mtg/time*

ISTEA REAUTHORIZATION HTF PROGRAM OPTIONS

- o **OMB Target.** President's FY 1997 budget outyear funding based on OMB target numbers. Total obligations are projected to be significantly below current levels with corresponding growth in Highway Trust Fund balance to \$77 billion by the end of FY 2003. FY 1998 obligations would total \$22.2 billion compared to \$23.4 billion in FY 1997, or a reduction of \$1.2 billion. Obligations would decrease to \$17.6 billion in FY 2000 and increase thereafter to \$23.0 billion by FY 2003. The average annual obligations would be \$20.7 billion over the period FY 1998 through FY 2003.
- o **DOT Program.** DOT proposes a program that is sustainable over the long term for the highway program and increases funding for the high priority transit program. In total, DOT proposes a trust funded program of about \$31.4 billion in FY 1998 for highway, transit, safety, and Amtrak and High Speed Rail programs. This includes \$24.2 billion for highway infrastructure compared with the OMB Target number of \$17.9 billion. Within this total, DOT proposes to fund \$500 million of general fund highway construction programs currently funded in other agencies. Woodrow Wilson Bridge, Appalachian Highways and a Credit Reform program are also included. This also funds all of transit in the trust fund at \$5 billion, compared to a total transit program of \$4.4 billion in FY 1997. The transit program is switched to the "Byrd Test" for determining the solvency of the Transit Account. The DOT Program consolidates the safety functions of NHTSA, STP set aside, and Motor Carrier Safety Grants, among others, into a Consolidated Safety Program that will provide an integrated approach to overall transportation safety. The DOT Program provides about \$800 million for Amtrak and Northeast Corridor capital funding and for a High Speed Rail program. Obligations from the Highway Trust Fund under this option will average about \$33.2 billion per year between FY 1998 and FY 2003. The Highway Trust Fund balance is estimated to be \$20.6 billion at the end of FY 2003.
- o **STEP 21/APTA.** This option funds the highway program at the STEP 21 proposed level and the transit program at the APTA proposed level. The STEP 21 proposal is being advanced primarily by donor States and simplifies the program structure and changes the formula for distribution. It contains only four highway categories: NHS, a streamlined STP, an apportionment adjustment category, and Federal Lands. Revised formulas would return more money to donor States. The APTA proposal maintains the current ISTEA transit program structure, would extend from one year to two the ability of the Transit Account to rely on future revenue, making it comparable to the Highway Account and permitting higher funding levels, and would try to assure that any shortfall in appropriations is distributed evenly among transit programs.

THE DEPARTMENT OF TRANSPORTATION'S PROPOSAL FOR REAUTHORIZATION OF FEDERAL SURFACE TRANSPORTATION PROGRAMS

Throughout the history of the Nation, effective and efficient transportation has proven critical to achieving our national goals. In keeping with that history and to prepare us for the 21st Century, we are submitting a proposal for reauthorization of the Intermodal Surface Transportation Efficiency Act (ISTEA). This Administration has the opportunity to take the next bold step in the tradition of the postal roads, railroads, the Interstate program, creation of a mass transit program, the National Highway System, and integrating transportation resources. This is a major opportunity to influence the future course of surface transportation and to advance Administration priorities that include:

- mobility of people and goods,
- a healthy economy that is competitive in international markets,
- the safety of Americans traveling on our highways and transit systems,
- technology through development of Intelligent Transportation Systems and High-Speed Rail,
- welfare reform because transportation is critical in providing access to jobs and training,
- job creation and support in the local communities where they are needed, and
- environmental protection and enhancement through extension of successful environmental programs.

How the Proposal was Formulated:

The Department conducted extensive outreach, including regional seminars and numerous modal focus group meetings, as well as seeking public comments. All these efforts helped us understand the strengths and shortcomings of the current program and to make adjustments to better serve the Nation. The near unanimous message has been: Build on the strengths of ISTEA, which is legislation that began dynamic change. Our prior unsuccessful experience with Unified Transportation Infrastructure Improvement Program (UTIIP), a major departure from current policy and practice, suggests this is the right course of action.

ISTEA outreach highlighted the need to ensure that the economy is well served by our surface transportation system, improve safety, enhance the environment, promote innovative finance, and encourage the adoption of new technologies. It also focused attention on the importance of intermodal connections, the benefits of flexible programs and of ISTEA's enhanced planning and public participation requirements.

The four major themes we heard in outreach were:

- support domestic economic development and strengthen our ability to compete effectively in international markets,
- maximize system performance and return on investments,
- foster partnerships at all levels of government and with the private sector, and provide sufficient flexibility to allow decisionmakers to make the best choices, and
- focus on outcomes for people and communities, particularly improved safety, enhanced environment and a better quality of life.

How the Proposal Responds to Those Themes:

The changes we are proposing in the reauthorization of the surface transportation programs are discussed in these four broad themes that address Administration initiatives. While we are proposing that many of the core programs remain the same, we also are proposing additional program flexibility, significant program restructuring and streamlining, and the creation of selected new programs targeted toward emerging needs.

● Economic development and global competition

The Nation's infrastructure is critical for a healthy economy. Transportation infrastructure affects the cost of moving people and goods and, therefore, the price of our goods in this country and our competitiveness abroad. A recent study found that, for a \$1 million increase in the stock of the non-local highway network, an average annual production cost savings across all industries of at least \$240,000 was achieved. This is an average over the period 1950-1989. Increases in highway stock in the later years continued to produce (albeit smaller) cost savings. When our investment is maintaining the stock we have previously built -- the use to which more than 60 percent of Federal highway funds is put -- we are ensuring that the annual production cost savings already achieved are maintained as well.

Comprehensive studies document the fact that investment must increase if we wish to maintain the condition and performance of our surface transportation system and protect the efficiencies we have achieved.

To meet these goals, we propose to:

- Retain the Interstate maintenance program and make transfer of these funds conditional upon adequate maintenance of the Interstate System. This will preserve the major investment this Nation has made in that System and recognizes the critical economic role of the Interstate System.
- Retain the National Highway System (NHS) and transferability of NHS funds, but require States to document the impact of a transfer on the NHS. We also propose to expand eligibility for terminals at intermodal connections, which will move us in the direction of developing a National Transportation System (NTS).
- Tighten transferability of bridge funds to ensure that work is done to improve and repair the Nation's bridges.
- Establish a new border crossing pilot program and create border crossing and trade corridor planning programs to facilitate domestic and international trade.
- Retain the Surface Transportation Program (STP) and expand eligibilities to support mobility for people and goods that is critical to economic viability and international competitiveness in our urban centers and rural areas.
- Provide capital funding for AMTRAK and expand NHS and STP eligibility to include rail passenger capital under certain circumstances.
- Provide funding to selectively support efforts to install high-speed rail infrastructure.
- Restructure transit programs and increase funding to make it easier for metropolitan areas to select transit options that improve mobility in those areas, which is vital to maintaining them as viable commercial centers.

- **Maximize system performance and return on investments**

President Clinton emphasized the need to maximize performance of existing infrastructure and the return on investment with new projects in his Executive Order, "Principles for Federal Infrastructure Investments." The Department has strived to implement that Order, and this reauthorization proposal continues that effort. Part of our effort to achieve this goal must be to invest in technology that will improve the performance of our transportation system nationwide. We also must take full advantage of capital that can be created in both the public and private sector. Due to the commitment to reinventing government of the Clinton Administration, we have been supported in moving creatively to dramatically expand capital investment for

transportation projects, including Innovative Finance programs and establishing State Infrastructure Banks. This reauthorization proposal extends innovation substantively and financially.

We propose to:

- Establish a new systems integration incentive program for Intelligent Transportation Systems (ITS) that promises to improve transportation system performance nationwide. Clarify broad ITS eligibility for all mainstream programs such as NHS, STP, and transit.
- Expand our innovative finance program to:
 - allow State Infrastructure Banks (SIBs) in all States,
 - establish a new credit program to expand opportunities for attracting public and private capital, and
 - permit financing under SIBs and the credit program to be used on all surface transportation capital investment -- both public and private -- including intercity passenger and freight rail investment.
- Encourage use of performance management by States, particularly in the safety area.
- Continue a small incentive program for congestion pricing to improve system performance -- i.e., efficiency -- without adding new capacity.
- Strengthen research and development (R&D) and place increased emphasis on technology deployment and intermodal and multi-modal transportation R&D. Institutionalize an R&D strategic planning process.

- **Foster partnerships and provide flexibility for decisionmakers**

To ensure best use of resources, we need to give officials in city hall and in the state capitals the flexibility they need to make the best choices for the American public.

We propose to:

- Improve and strengthen MPOs:
 - require MPOs and States to provide an opportunity for reviewing MPO institutional structure and representation to reaffirm validity of the current

arrangement or to change the representation. Reduce the threshold for MPO redesignation.

- require partners in the planning process to establish a process for distributing STP attributable funds that gives "fair and equitable" treatment to central cities over 200,000 population.
- ensure that urban areas get their appropriate share of obligation authority on a timely basis.
- Strengthen the involvement of rural communities in the planning and programming of Federal transportation funds by requiring that States devote a portion of their Federal planning funds to the support and improvement of local rural transportation planning.
- Merge FHWA and FTA planning and streamline the State and local planning requirements by grouping the factors into major categories.
- Expand eligible uses of the major programs, including NHS, STP, and transit programs, to include eligibility for ITS, for passenger rail, and for private transportation (under established criteria) to give State and local officials more flexibility to make wise choices.
- **Focus on outcomes for people and communities -- improved safety, enhanced environment, and a better quality of life**

Good and reliable transportation is a critical factor in ensuring access to jobs, health care, education, and in making possible the social contacts that make communities livable and contribute to our quality of life.

Transportation safety improvements are critical to the health of our people and to achieving substantial savings in Medicare, Medicaid, and taxes for every household in America. Transportation crashes result in costly injuries, productivity losses, lost travel time, and increased congestion, placing a huge burden on our economy -- over \$150 billion annually. The bill for motor vehicle crashes funded by public revenue cost taxpayers \$13.8 billion in 1994, the equivalent of \$144 in added taxes for each household. Reversing this trend, particularly with continued, steady increases in travel, will be a challenge requiring Federal leadership.

We propose to:

- Reconfigure existing NHTSA, FHWA, and FRA safety grant programs into three major safety programs -- (1) Consolidated State Highway Safety Program, (2)

Restructured Motor Carrier Grant Program, (3) Flexible Highway Infrastructure Safety Program (in lieu of the current 10 percent set-aside from the STP) -- and encourage integrated safety planning. These more flexible grants would increase the ability of safety officials to allocate funds to areas of highest priority and payoff. It will also encourage performance-based management and a focus on results -- a reduction in transportation injuries and deaths.

Under the Consolidated State Highway Safety Program, for example, there would be three incentive grant programs to encourage States to develop stronger laws and programs addressing: drunk and drugged drivers, improved safety belt and child seat use, and State safety data collection to improve program effectiveness.

- Expand Trust Fund support to DOT's surface vehicle safety programs, research and technology, consumer information, and safety data, and continue support to behavioral safety programs, including research, demonstration and technical assistance.
- Retain the current Congestion Mitigation and Air Quality (CMAQ) program (but consider changes if the standards are changed).
- Consolidate and continue transit programs.
- Continue funding for the Transportation Enhancements program and ensure that projects are linked closely to transportation purposes. Continue the Scenic Byways and Recreational Trails programs.
- Retain highway beautification and funding eligibility for projects to improve accessibility for disabled travelers, and emphasize community development and livability.

Flexible, creative surface transportation programs will allow State and local officials to tailor transportation to meet changing and challenging demands. As we face the 21st Century, we must craft an aggressive, forward-looking transportation program -- one that responds to a variety of needs and challenges. If we are successful, we have the potential to improve economic opportunity and security and a better quality of life for all Americans.

A detailed description of the proposed program structure follows. It includes a table that shows the proposed new program structure, a discussion of the current eligibilities and flexibility for each of the major program categories and proposed changes in those eligibilities and flexibility.

ISTEA REAUTHORIZATION PROGRAM STRUCTURE PROPOSAL

Infrastructure Programs ^①	Environmental Programs	Safety Programs	Planning, Research, Technology	Special Programs
STP Equity NHS HR Disc IM Bridge Form + Bridge Discr. + <u>Timber Bridges</u> FTA S.5309 New Starts FTA S.5309 Rail Mod + FTA S.5309 Bus Formula + <u>FTA S.5307 Capital & Operating</u> FTA S.5311 Rural Transit FTA S.5310 Elderly & Disabled <i>Amtrak Capital</i> <i>New SIB Program</i> <i>New Federal Credit Program</i> <i>New Border Crossing Pilot</i> <i>High-speed rail</i>	CMAQ Enhancements Rec Trails Scenic Byways	~~10% STP safety set aside~~ ~~NHTSA/FHWA S.402~~ ~~NHTSA S. 410~~ MCSAP High Spd Rail Corr Safety <i>New infrastructure safety program (in lieu of STP safety set aside)</i> <i>New NHTSA 402/ incentives program</i> <i>New MCSAP</i>	FHWA State Plng & Research + FTA State Plng & Research FHWA Metropolitan Planning + FTA Transit Planning & Research Contract Research Programs Administered by FHWA, FTA, FRA, NHTSA, and RSPA BTS HSGT ITS R&D <i>New ITS Incentives Deployment Program</i> <i>New Border Crossing Planning Program</i> <i>New Trade Corridors Planning Program</i>	Demos Federal Lands ER ~~High Prior. NHS Corridors~~ Ferryboats Tax Evasion Territorial Hwys Congestion Pricing Woodrow Wilson Br. Appalachian Hwys.

Note: Programs in *italics* are possible new categorical programs.

① In addition to Infrastructure programs, this column also includes transit operating assistance.

ISTEA REAUTHORIZATION PROGRAM STRUCTURE

PROPOSED CHANGES IN ELIGIBILITIES AND FLEXIBILITY

This summarizes some of the key concepts for changes in eligibility and flexibility that would go hand-in-hand with a new program structure. These changes would both provide more flexibility to state and local governments, and accommodate and advance key goals and values, particularly intermodalism.

I. Interstate Maintenance (IM) -- Current ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- o May be used for capital projects on the Interstate System -- projects to rehabilitate, restore, and resurface the Interstate. Reconstruction of bridges, interchanges and over crossings along existing Interstate routes eligible.
- o Capacity expanding projects not eligible except for HOV and auxiliary lanes (e.g., truck passing lanes).
- o 20% of IM funds can be transferred to NHS or STP at state discretion. Up to 100% can be transferred if DOT agrees to state certification that it is adequately maintaining the Interstate System.

IM -- Changes:

- o Retain as separate program, with existing eligibilities, but tighten transferability by making all transfers conditional upon adequate maintenance of Interstate System pavement and bridges.

II. NHS -- Current ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- o May be used on designated NHS routes -- only 4% of highways -- and highway access roads for 1,399 selected intermodal terminals.
- o May be used for capital expenses and for "preventive maintenance," as well as for traffic operations on designated NHS routes, but not for routine maintenance, or for overhead/administrative expenses unless related to a specific project.
- o A state may transfer up to 50% of its NHS funds to the STP without Federal approval.
- o A state may transfer up to 100% of its NHS funds to the STP if approved by the Secretary of Transportation as being in the public interest.
- o May be used for safety improvements to rail-highway grade crossings on NHS routes and NHS intermodal terminal access.
- o A state may use NHS funds on a non-NHS facility (roads and transit) if the facility is in the same corridor as a fully-access controlled NHS route, if it is in proximity to the NHS route, if the improvements will improve the level of service on the fully access controlled highway and improve regional travel; and if the improvements are more cost effective than an improvement to the fully access controlled NHS route.

NHS -- Changes:

- o Allow NHS funds to be used on publicly owned intercity passenger rail capital improvements on the same basis as now allowed for non-NHS highways and transit facilities (see conditions listed above).
- o For selected NHS intermodal connectors, allow NHS funds to be used for construction or capital improvement in publicly owned rail connections.
- o For selected NHS intermodal connectors, allow NHS funds to be used on publicly owned intercity bus and rail terminals.
- o Ensure that capital, operations, and maintenance costs for all infrastructure-based ITS technology and services are fully eligible. (In general, equipment installed by a public sector agency on a public transportation facility or on a publicly owned vehicle to support one of the thirty ITS user services would be eligible for Federal funding, as long as the deployment is consistent with the National ITS Architecture and applicable national standards as they are developed. Public sector agency costs associated with delivering the service and maintaining the equipment would also be eligible. Consumer products, equipment installed on private facilities or vehicles would generally not be eligible unless there is a demonstrated public benefit -- e.g., for private transit vehicles and for positive train control software and other intelligent technology for railroads operating on lines with commuter rail service.
- o Continue NHS transferability provisions, but require states to provide a written statement justifying the transfer of any funds from the NHS and documenting the impact of the transfer on the performance of the NHS -- including physical conditions, operational performance, and safety performance.

III. STP -- Current ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- o May be used on improvements to only 25% of highways and bridges (except bridges and safety improvement projects are not restricted to only Federal-aid roads) and 100% of transit systems in the United States.
- o May be used for capital, "preventive maintenance," and traffic operations, but not for transit operations.
- o May also be used on highway and transit safety improvements and programs, including rail-highway grade crossings.
- o May be used on "Transportation Enhancements" -- including bikeways and pedestrian facilities, historic preservation of railroad stations and canals, and preservation of abandoned railway corridors, among others. (NOTE: ALL STP program funds may be used for enhancements, not just the 10% set-aside for enhancements.)
- o May be used for highway and transit R&D and tech transfer, and surface transportation planning programs generally.
- o May be used on wide range of ITS capital, for highways and transit, and for ITS preventive maintenance and ITS operations.

STP -- Changes:

- o In general, recast STP as a flexible, multimodal program which states and MPOs may use on any surface transportation infrastructure project (except local streets and roads not now eligible, and bicycle/pedestrian projects, which would be limited to existing eligibilities on the Federal aid system) regardless of mode, private as well as public, which improves efficiency, safety, or capacity.
- o Projects would be for investment in infrastructure only, except that (a) current STP eligibilities would be retained for public transit vehicles, transportation enhancements, traffic operations, and preventive maintenance; (b) non-infrastructure safety improvements could be permitted (e.g., driver behavior and safety enforcement programs); and (c) new eligibility would be provided for publicly owned rail passenger vehicles and local rail freight assistance (details to be worked out).
- o States and localities could use STP funds on privately owned infrastructure if one of the following two criteria is met: (a) the infrastructure is used by more than one competitive carrier; or (b) the infrastructure is under the satisfactory continuous control of a public entity (this parallels an existing FTA provision).
- o Retain existing sub-state distribution requirements, including those for urbanized areas over 200,000 population, and the special rule for areas of less than 5,000 population.
- o Ensure that capital, operations, and maintenance costs for all infrastructure-based ITS technology and services are fully eligible. In general, equipment installed by a public sector agency on a public transportation facility or on a publicly owned vehicle to support one of the thirty ITS user services would be eligible for Federal funding, as long as the deployment is consistent with the National ITS Architecture and applicable national standards as they are developed. Public sector agency costs associated with delivering the service and maintaining the equipment would also be eligible. Consumer products, equipment installed on private facilities or vehicles would generally not be eligible unless there is a demonstrated public benefit -- e.g., for private transit vehicles and for positive train control software and other intelligent technology for railroads operating on lines with commuter rail service.

IV. STP Enhancements Program Set-Aside -- Current ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- o ISTEA defines the following 10 areas as Enhancements: "facilities for pedestrians and bicycles, acquisition of scenic easements and scenic or historic sites, scenic or historic highway programs, landscaping and other scenic beautification, historic preservation, rehabilitation and operation of historic transportation buildings, structures or facilities (including historic railroad facilities and canals), preservation of abandoned railway corridors (including the conversion and use thereof for pedestrian or bicycle trails), control and removal of outdoor advertising, archaeological planning and research, and mitigation of water pollution due to highway runoff."
- o No transferability to other purposes permitted.

Enhancements -- Changes:

- o Consider expanding eligibilities somewhat to encompass other worthy environmental activities, while also clarifying that Enhancement projects must have some nexus with the transportation system.

V. CMAQ -- Current ISTEA Provisions Relating to

Eligibility/Flexibility/Transferability:

- o CMAQ is the most flexible ISTEA program, both legislatively and in actual practice. CMAQ may be used for ANY SURFACE TRANSPORTATION IMPROVEMENT that will help a nonattainment area reach attainment status, including transit, highway, ferry, rail freight, and intercity rail passenger improvements, both capital and operations. Through guidance, DOT has limited the use of CMAQ for operations, however, to ensure that it does not merely substitute for existing operating expenses.
- o CMAQ may be used for privately owned or operated ventures, as long as (a) it is normally a public sector responsibility; (b) private ownership or operation is shown to be cost effective, and c) the state is responsible for protecting the public interest and public investment.

CMAQ -- Changes:

- o No statutory changes in eligibility. Maximum flexibility consistent with CMAQ's basic AQ goal is already in place. (Formula changes are under consideration, however, as they will be for other programs as well.)
- o In view of EPA's likely issuance of new Air Quality Standards that would significantly affect nonattainment area boundaries and the number of nonattainment areas, consider including a provision that would "freeze" CMAQ against such changes pending specific action by Congress.

VI. Bridge Programs -- Existing ISTEA Provisions Relating to

Eligibility/Flexibility/Transferability:

- o Replacement or rehabilitation of structurally deficient or functionally obsolete highway bridges on any public road. Highway bridges eligible may be over waterways, other topographical barriers, other highways, or railroads. Rail bridges over highways are not eligible.
- o A state may transfer up to 50% of Bridge Replacement and Rehabilitation Program funds to the STP or to the NHS Program at state discretion.

Bridge Programs -- Changes:

- o Retain a formula bridge program, but eliminate set-asides for Bridge Discretionary and/or Timber bridge programs and consolidate their funding into the formula program.

- o Retain the 50% transferability, but add a new requirement to prevent abuses by providing that if a state transfers money out of the Bridge Program in a particular year, then a comparable amount will be deducted from the Bridge apportionment in the subsequent year.
- o Require states that undertake bridge rehabilitation/replacement projects to ensure the new bridge meets the weight limits they have established.
- o Provide minor technical expansions in eligibility (scour countermeasures, etc.).

VII. Section 5309 Transit Discretionary and Formula Capital -- Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- o Provides capital assistance to eligible transit projects in three categories: construction of new fixed-guideway systems or extensions of existing systems called "new starts," modernization of existing fixed guideway systems called "Rail Modernization," and major bus-related construction projects or equipment acquisition called "Bus Capital."
- o Rail modernization funds are distributed to urbanized areas with fixed-guideway systems in operation for at least 7 years on a formula basis. New Start and Bus Capital funds are distributed by discretion of the FTA or may have amounts "earmarked" by Congress.
- o Transferability: None.

Section 5309 Transit Programs -- Changes:

- o Eliminate Rail Modernization and Bus Capital tiers (merge both into Section 5307 program - see below).
- o Remaining Program would be for New Start Transit Projects, with a small discretionary program (e.g., \$50 million per year) for emergency relief.
- o Expand eligibility to include intercity passenger terminals, both rail and bus, private as well as public.
- o Ensure that capital, operations, and maintenance costs for all transit infrastructure-based ITS technology and services are fully eligible. In general, planning, capital, operations, and maintenance costs for all infrastructure-based ITS technology and services for equipment installed by a public sector agency on a public transportation facility or on a publicly owned vehicle to support one of the thirty ITS user services would be eligible for Federal funding, so long as the deployment is consistent with the National ITS Architecture and applicable national standards as they are developed. Public sector agency costs associated with delivering the service and maintaining the equipment would also be eligible. Consumer products, equipment installed on private facilities or vehicles would generally not be eligible unless there is a demonstrated public benefit -- e.g., for private transit vehicles and for positive train control software and other intelligent technology for railroads operating on lines with commuter rail service.

VIII. Section 5307 Transit Formula Capital and Operating Assistance -- Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- o A formula grant program that makes funds available to all urbanized areas to finance transit capital and operating expenses. For operations, or capital projects by decision, up to a specific amount called the "operating cap" may be used. Any amounts in excess of the operating cap may be used only for capital projects.
- o Transferability to STP or other modes is limited. No unconditional transferability. In a designated Transportation Management Area (TMA), funds that cannot be used for payment of operating expenses under this section also may be used for highway projects if all needs related to the ADA are met, the MPO approves, and there is a balanced local approach to funding highways and transit.

Section 5307 Transit Assistance -- Changes:

- o Merge Rail Modernization formula into 5307 formula (maintaining same formula factors and amounts (but using 5307 eligibility and program requirements).
- o Add in amounts from Section 5309 Bus Capital Program, using Section 5307 formula.
- o Make "preventive maintenance" eligible as in Federal Aid Highway program.
- o Allow areas under 200,000 to use funds for any transit purpose (including operating costs, as in the Section 5311 - Rural program), and for intercity passenger rail and bus operations.
- o Allow recipients to use funds for intercity passenger terminals and vehicles, both rail and bus, private as well as public, if there is a public benefit.
- o Ensure that capital, operations, and maintenance costs for all transit infrastructure-based ITS technology and services are fully eligible. In general, planning, capital, operations, and maintenance costs for all infrastructure-based ITS technology and services for equipment installed by a public sector agency on a public transportation facility or on a publicly owned vehicle to support one of the thirty ITS user services would be eligible for Federal funding, so long as the deployment is consistent with the National ITS Architecture and applicable national standards as they are developed. Public sector agency costs associated with delivering the service and maintaining the equipment would also be eligible. Consumer products, equipment installed on private facilities or vehicles would generally not be eligible unless there is a demonstrated public benefit -- e.g., for private transit vehicles and for positive train control software and other intelligent technology for railroads operating on lines with commuter rail service.

IX. Section 5311 Rural Transit Program -- Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- o Provides funding for transit capital and operating expenses in rural areas.
- o In addition to local transit, intercity bus planning, marketing, bus shelters, joint-use stops and depots, operations, vehicles, and equipment such as wheelchair lifts are eligible. May be used for privately owned bus service as well as public.

- o 5.5% of total funds is available for Sections 9 and 18. Formula is non-urbanized population in each state.
- o Transferability: None.

Section 5311 Rural Transit Program -- Changes:

- o Allow state to use funds for intercity passenger rail service on same basis as for intercity bus service.
- o Remove minimum set-aside for Intercity Bus Service (but retain eligibility).
- o Ensure that capital, operations, and maintenance costs for all infrastructure-based ITS technology and services relevant to rural areas are fully eligible. Eligible activities would be the same as ITS eligible activities listed under NHS, STP, Transit Section 5309, and Transit Section 5307, except that in this case the activity would have to be specifically relevant to rural transit.

X. Section 5310 Elderly and Disabled Transit Program -- Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- o Transit capital equipment for private non-profit corporations and associations providing mass transportation services for the elderly and disabled or public bodies coordinating such service or providing service where no non-profit service is available.
- o Fixed minimum for each state and formula based on population of elderly and disabled individuals.
- o Transferability: None.

Section 5310 Elderly and Disabled Transit Program -- Changes:

- o Expand flexibility to allow state to fund intercity passenger rail and bus services for elderly and disabled individuals, including wheelchair lifts and other vehicle and terminal adaptations.
- o Expand eligibility to include operating costs under certain circumstances, with new emphasis on innovative solutions to mobility for older Americans.
- o Ensure that capital, operations, and maintenance costs for all infrastructure-based ITS technology and services that are relevant to serving needs of elderly and disabled individuals are fully eligible. Eligible activities would be the same as ITS eligible activities listed under NHS, STP, Transit Section 5309, and Transit Section 5307, except that in this case the activity would have to be specifically relevant to serving elderly and disabled individuals.

XI. NHTSA/FHWA/FRA Safety Programs -- Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- o Section 402 -- State and Community Grants (administered by NHTSA and FHWA) Funds are distributed by legislative formula to States to be used primarily for occupant protection, driving while impaired, speed control, motorcycle safety, police traffic services, traffic records, pedestrian and bicycle safety, and

emergency medical services. 40% of these funds must be "passed through" to communities for these programs. FHWA is authorized a separate portion of 402 for "roadway" safety purposes.

- o Section 403 -- Safety Research & Development (administered by NHTSA) -- Funds projects (under contract, grants, or cooperative agreements) to universities, private entities, and States for demonstration, research, evaluation, public information, and training projects to improve traffic safety.
- o Section 410 -- Alcohol-Impaired Driving Incentive Grants (administered by NHTSA) -- Funds States eligible under legislative criteria for activities related to alcohol and drug impaired driving.
- o STP safety set-aside (administered by FHWA and FRA) -- 10% of STP funds are reserved for infrastructure-related safety improvements on highways, and transit/railroad work in relation to highway rail-grade crossings projects. For rail grade crossings, funds may be used only for publicly-owned crossings but on any highway (i.e., not limited to Federal-aid roads as the overall STP is).
- o MCSAP (administered by FHWA) -- To partially fulfill statutory obligation of DOT to enforce Federal motor carrier safety laws, MCSAP provides funds to states for state enforcement of Federal or State truck and intercity bus safety and hazardous materials requirements. Enforcement provided through State vehicle and driver inspections and carrier reviews. States may use MCSAP funds to support drug interdiction, vehicle size and weight enforcement, and traffic enforcement. States "may" pass funds to locals. MCSAP funds are also provided for specific programs, including information system development, truck and bus accident reporting, training, research and development, and public outreach.
- o Currently there is very little transferability of the above types of program funds from one safety purpose to another, and little flexibility in the use of the funds. NHTSA grant funds may not be used on infrastructure safety or for MCSAP enforcement purposes. Nor can NHTSA grant funds shifted from one NHTSA program to another (although states can combine monies for specific projects). STP funds may not be used on NHTSA-type driver behavior programs, unless directly related to an "infrastructure" project. MCSAP funds may not be used for NHTSA-type program purposes, nor on infrastructure safety improvements. And none of the safety program funds may be used for non-safety purposes.

Safety Programs -- Changes:

- o Replace 10% STP safety set-aside with a new Flexible Highway Infrastructure Safety Program. Within this program, retain separate allocations for rail/highway grade crossings and hazard elimination. Hazard elimination funds, could be flexed to non-infrastructure activities (e.g., NHTSA behavioral safety activities) if the state has an integrated planning process in place.
- o Consolidate the existing NHTSA/FHWA 402 programs.
- o Retain NHTSA's alcohol incentives program, and add new incentive programs to address priority issues, such as seat belt usage.
- o For MCSAP, reduce the current 3-tiered grant program to 2 categories and eliminate most, if not all, earmarks, with an emphasis on performance based programs.

- o Encourage states to develop an integrated safety planning process, with funding incentives.
- o In addition to the above formula allocated programs, NHTSA and FHWA would continue to administer national-level research, licensing, and motor carrier safety activities.
- o Ensure all safety-relevant ITS technology and services are fully eligible under the Infrastructure Safety Program described above. Eligible activities would be the same as ITS eligible activities listed under NHS, STP, Transit Section 5309, and Transit Section 5307, except that in this case the activity would have to be specifically relevant to safety.

XII. ITS -- Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- o Existing ITS programs are for research, testing, and technology transfer relating to "Intelligent" hardware, software, and operations for transit, highways, and commercial motor vehicles, including trucking and intercity buses, which operate on public highways.

ITS -- Changes:

- o Retain an ITS R&D program, with these changes (1) add/clarify eligibility for research on positive train control software and other publicly beneficial intelligent technology for railroads, passenger and freight; and (2) delete the Corridors Program language in ISTEA.
- o Create an ITS deployment incentives program aimed at jump-starting more ITS deployment and aimed at systems planning and integration across transportation modes, organizations, and functions.
- o This would be a transition program, with awards limited to \$10-20 million each, 50% nonfederal match, and with emphasis on private involvement.
- o New ITS capital projects would be expected to be funded out of the NHS, STP, transit, and safety programs, but this program would concentrate on incentives to integrate existing and new ITS services -- e.g., to pay for writing and installing software that integrates ITS services so there is operability across transit and highway services, and across metropolitan areas and states.

XIII. State Infrastructure Banks -- Existing Provisions relating to Eligibility/Flexibility/Transferability:

- o The 10-state pilot program has been expanded to allow DOT to make unlimited SIB designations, and Congress has authorized \$150 million in Federal seed funding to be distributed to SIB states, at DOT discretion.
- o Statutorily divided between highway account (limited to "highway construction" projects only) and transit account (limited to transit capital projects eligible under Sections 5307, 5309, and 5311 of Title 49).
- o SIB funds can be used for loans, loan guarantees, credit enhancement, capital reserves, debt financing security, financing of purchase and lease agreements for

transit projects, and other forms of assistance that leverage funds. However, not for traditional "grants."

SIBs -- Changes:

- o Permit SIBs to be used on all surface transportation capital investment, regardless of mode, private as well as public, including intercity passenger and freight rail investment, subject to the financial feasibility tests inherent in debt financing.
- o Seek authorizations for additional Federal "seed" funds to continue to encourage use of SIBs.

XIV. Federal Credit Program -- Existing Provisions:

- o None. Handled in an ad hoc way, as were the Alameda Corridor and SR 91 provisions.

Federal Credit Program -- Changes:

- o Create new authority for credit programs, at both the national level and at the state level. Details still being developed by DOT staff.

XV. Border Crossings -- Existing Provisions:

- o None.

Border Crossings -- Changes:

- o Create a new pilot program, to support border improvements.
- o Also create a new border crossing planning program to support institutional cooperation and planning at the borders.

XVI. Trade Corridors -- Existing Provisions:

- o None

Trade Corridors -- Changes:

- o Establish a special planning fund to support trade corridor planning that is multistate in nature.

XVII. Amtrak -- Existing Provisions:

- o None

Amtrak -- Changes:

- o Funds for rail passenger system investments, including investment now funded through the general fund in the Amtrak capital account as well as investment currently funded through the general fund under the Northeast Corridor Improvements Program account.

XVIII. High-Speed Rail -- Existing Provisions:

- o Funds are provided to the Secretary for research development and technology demonstration of high speed ground transportation systems from both the Highway Trust Fund and the general fund.

High-Speed Rail -- Changes:

- o Funds for high speed ground transportation research development and technology demonstration as well as for pre-construction planning/engineering grants as currently provided by the Swift Rail Development Act, whose authority also expires at the end of FY 1997.