

TRANSPORTATION: Altered habits may mean drastic changes to highway reauthorization

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Shifting American transportation habits fueled by soaring gas prices are helping to paint an uncertain picture for the forthcoming reauthorization of the current national surface transportation law.

"The American attitude toward energy and transportation has fundamentally changed, and it's not going to change back," said Bracken Hendricks, a senior fellow at the liberal Center for American Progress.

He said lawmakers are feeling the heat to ensure that when the current transportation law -- the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, or SAFETEA-LU -- expires Sept. 30, 2009, its next incarnation should reflect the public shift.

The emphasis on changing the national transportation strategy was clear in a report issued earlier this year by a bipartisan commission of federal and regional transportation officials (Greenwire, Jan. 15).

While the National Surface Transportation Policy and Revenue Study Commission made headlines for recommending a dramatic increase in the federal fuel tax, the heart of the report called for sweeping changes to the nation's surface transportation policy -- from instituting user fees on highways to building a more effective passenger rail system to link major cities and growing urban regions.

"There is increased pressure to re-examine the formula used to allocate funds for transit," said Brackens, who served as an assistant to Vice President Al Gore assistant during the Clinton administration.

Even those analysts who discount current trends as the short-term result of temporary fuel spikes say the upcoming authorization will likely drastically alter the national infrastructure strategy.

"Right now, I see Washington leaning that way," said Randal O'Toole, a senior fellow at the libertarian Cato Institute. "It is clear that the Democrats are enamored with rail and other collective forms of transportation."

Already this year, lawmakers have held a series of hearings to begin outlining SAFETEA-LU's successor. While the vast majority of industry officials and national and

regional planners have called for massive increases in federal funding, many have also stressed that just as important is a clearly defined national plan.

"Given these types of challenges and the federal government's fiscal outlook, it is clear that the federal government cannot continue with business as usual," Patricia Dalton, managing director of physical infrastructure issues at the Government Accountability Office, told a House panel in May (E&E Daily, May 9).

Congressional Budget Office Director Peter Orszag joined Dalton in urging lawmakers to ensure that what will be a substantial infrastructure investment is not wasted. "Throwing money at infrastructure projects doesn't get you what you want," he said.

Meanwhile, the Bush administration is continuing to push for increased freedom for states looking to deal with their own area-specific transportation problems. Transportation Secretary Mary Peters has said the federal government needs to give state transportation departments increased decisionmaking flexibility so they can capitalize on outside investments. The department estimates that more than \$400 billion is available in the private sector.

"The federal government must give states the flexibility to take advantage of technology to cut congestion and embrace more equitable and effective funding systems to unleash the greatest new wave of highway and transit investment this country has ever seen," she told a group of state transportation officials last month.

Jockeying for position

National surface transportation is a big money business. SAFTEA-LU guaranteed nearly \$250 billion for the nation's roadways and public transit. Its reauthorization is expected to provide even more. As a result, everyone from the railroads to road builders are jockeying for position to maximize their own potential share of federal funding.

Given recent trends that have seen more Americans eschew the privacy of their own cars and trucks for less expensive mass transit alternatives, many believe public transportation, both intra- and inter-city, is a likely candidate to receive increased federal attention.

"Freight and passenger rail are overlooked," said Bruce Agnew, policy director at the Cascadia Project, a Seattle-based think tank. "That's where they can make a huge investment. America's rail system is the next Interstate Highway System."

Last month, House lawmakers easily approved a mass transit bill that would authorize \$1.7 billion in extra funding to help public transportation systems better deal with rising fuel prices and increased capacity (Greenwire, July 2). Rep. Earl Blumenauer (D-Ore.) called the legislation "a sign of things to come for the upcoming reauthorization."

Virginia Miller, a spokeswoman for the American Public Transportation Association, said her organization is still finalizing its recommendations to lawmakers, but "it's safe to say we are hoping for more money."

The Association of American Railroads, which represents North America's largest railroads and Amtrak, is also looking to capitalize on the increased attention. Some analysts have predicted that freight movement will nearly double by 2035.

As a result, AAR recently launched a campaign to rebrand itself as a "green" alternative capable of picking up the slack for the fuel-squeezed trucking industry. AAR officials, print and TV ads claim freight trains move a ton of freight an average of 436 miles on a single gallon of diesel fuel.

The campaign began last year in 14 different markets but recently has been limited to only Washington, D.C. -- a consolidation meant to get the most political punch per dollar.

The railroads are not the only ones positioning themselves to benefit from what will likely be a several-hundred-billion-dollar authorization.

A coalition of road builders and construction contractors teamed up last month to launch their own outreach campaign urging lawmakers to make infrastructure investment a greater national priority (E&ENews PM, May 23).

"We have a transportation system that is overworked, underfunded, increasingly unsafe and without a long-term plan," said Tom Donohue, president and chief executive of the U.S. Chamber of Commerce, one of a dozen organizations behind the Americans for Transportation Mobility Coalition's "FasterBetterSafer" campaign.

Looming funding shortfall

The complexity of the nation's transportation debate is compounded by severe funding shortages.

The portion of the Highway Trust Fund that finances the bulk of the nation's highway work is projected to close the next fiscal year several billion dollars in the red. Industry and federal officials fear that such a deficit could slow or even stop transportation projects as states grow uneasy about federal reimbursements.

The American Society of Civil Engineers said a \$1.6 trillion investment is needed for national infrastructure repair and maintenance. Of particular concern are bridges, half of which were built before 1964. According to the Department of Transportation, one of every eight bridges is structurally deficient.

The highway account, which relies heavily on federal taxes on gasoline and diesel, had nearly \$11 billion at the end of fiscal 2004. But inflation and static fuel tax rates, coupled with increased fuel economy in automobiles, have hurt. Revenues have not kept pace with spending.

Last month, House appropriators rejected a controversial White House proposal that would have temporarily transferred money from the mass transit account to the highway account (E&ENews PM, June 20).

Transportation, Housing and Urban Development Appropriations Subcommittee Chairman John Olver (D-Mass.) said such a move would have been short-sighted because the mass transit account faces its own looming shortage and will likely become insolvent by fiscal 2012.

"This shortfall is not this committee's making, nor is it this committee's responsibility to make up the difference," Olver said. "SAFETEA-LU overcommitted the dedicated revenues available for surface transportation, and I am hopeful that the appropriate authorization and tax writing committees will be able to make up the shortfall as we continue to move this bill forward."