

Moving Ahead: 1991 Surface Transportation Legislation

INTRODUCTION

Federal transportation assistance and regulatory policies affect the daily lives of every citizen and the activities of every industry. Federal surface transportation programs also directly affect over 800,000 miles of roads, 270,000 bridges, local transit authorities, Amtrak and State-run commuter railroads, and motor carriers. However, current Federal surface transportation policies reflect political goals and decisions and institutional alignments established decades ago, some as early as 1916. The agenda receiving priority for the past 35 years was set in 1956, when the Federal Government accepted the mission of creating high-quality, efficient, coast-to-coast intercity and farm-to-market highways, to provide for defense, foster State and local economic development, and open access to remote rural areas. At that time, the Federal Government took on the mission of financing construction of an interstate highway system, in addition to aid already provided for other State road programs. Total Federal cost to complete the Interstate system (probably in 1995) is now estimated at \$128 billion.¹

In contrast to its longstanding support for highways, the Federal Government did not participate in mass transit funding until the 1960s and 1970s, when it began supporting the conversion of failing private transit companies to public ownership. Later, Federal subsidies were extended to rail and bus capital investment and to supplement farebox revenues with the goals of supporting urban renewal and economic growth. However, Federal aid for mass transit, which has totaled \$62 billion, peaked in 1981 at \$4.7 billion and has declined steadily in real dollars since then. In 1988, State aid to transit agencies surpassed Federal assistance levels, which had fallen to \$3.3 billion.²

¹ Senator Daniel Moynihan, "Statement on the Surface Transportation Efficiency Act of 1991," *Congressional Record*, vol. 137, No. 51, Apr. 9, 1991, p. 3.

² U.S. Congress, Office of Technology Assessment, *Rebuilding the Foundations: A Special Report*

Unlike these Federal programs, the United States has changed profoundly during the last 35 years: the national economy, demographics, regional and metropolitan development patterns, technologies, family lifestyles, political attitudes, and governmental institutions are all significantly different. (See box A for a summary of key changes.) Characteristics such as metropolitan sprawl and traffic congestion, growth of the trucking industry, the migration of manufacturing jobs to the suburbs, and urban air pollution are largely outgrowths of Federal policies that encouraged highway construction. At the other end of the problem spectrum are dilapidated highways in large, sparsely populated States where inadequate funds have prevented reconstruction of roads essential to providing goods and services.

Regardless of the origin of these developments, the environment of the 1990s presents new and different issues and problems. Transportation programs for a primarily urban population that competes in a high-tech global economy cannot operate effectively under rules set in simpler times. Moreover, rural populations have remained underserved under those same rules. Recognizing that policies and programs established so long ago need changing now, the Senate Committee on Environment and Public Works asked OTA for help in assessing how highway and transit legislation being considered in 1991 could best be reshaped to chart a course for the future. This document represents OTA's response to that request. The major issues surrounding the reauthorization of highway and transit legislation are laid out and four illustrative types of surface transportation programs are presented in chapters 1 and 2. Chapter 3 is devoted to the discussion of motor carrier programs, with special attention to issues related to longer combination trucks.

on State and Local Public Works Financing and Management, OTA-SET-447 (Washington, DC: U.S. Government Printing Office, March 1990), p. 63.

Box A--Trends Affecting Surface Transportation

Demographic Trends

The U.S. population is projected to increase by 32 million people between 1990 and **2010**, with the group aged **45 to 64** showing the most growth. The South and West accounted for **90 percent** of population growth in the 1980s, and these regions will continue to grow the fastest. One-quarter of the population now lives in the seven largest metropolitan areas. Almost all new population growth is expected to occur in the suburbs of major metropolitan areas, where almost two-thirds of the metropolitan population already lives. Three-quarters of new metropolitan area households, vehicle owners, and jobs will be in the suburbs.

Implications for Surface Transportation

Strong demand for transportation services by the larger numbers of middle-aged persons and growth in vehicles per household will cause travel to outpace both population and economic growth, increasing traffic congestion, particularly in and among suburbs and in newer cities built without consideration of mass transit. Demand will rise for alternative types of mass transit, such as ridesharing and van and car pools, and more efficient intercity travel. Already deep, the chasm between service needs and fiscal capabilities of both rural and urban jurisdictions will grow. States with large land areas and small populations, responsible for rehabilitating and maintaining a large share of the Nation's Interstate, primary, and secondary highways, will find it increasingly difficult to squeeze adequate resources from State budgets to meet the system needs. Air quality problems will intensify in most metropolitan areas.

Economic Trends

The shift from goods production to service delivery will continue, with production employment dropping by up to 16 percent by 2000 and service employment increasing 13 percent. The Nation's labor force growth rate will slow, primarily because the supply of younger workers is shrinking. More flexible manufacturing technologies will encourage decentralized manufacturing and just-in-time delivery. Demand for transportation of industrial raw materials will drop, but overall transportation demand will expand, especially for light, high-value products. This will put a premium on speed and reliability--values likely to favor air and truck transport, although rail can be competitive in selected corridors. Changes in communications and transportation will accelerate economic globalization, encouraging growth around selected deep water ports and major airports. Maintenance and reconstruction must be assured for rural highways, the major transportation connections for remote areas.

Implications for Surface Transportation

Highway travel is expected to continue to increase over the next 30 years, putting additional burdens on existing roadways. Economic globalization means west coast ports and internodd connections will become relatively more important, as Pacific trade grows. The need for expanded capacity and improved intermodal connections will intensify around international and domestic airports.

Environmental Trends

The economic and political importance of environmental preservation and restoration issues will accelerate. While pollution from heavy industry may decrease as a result of economic restructuring, the challenge to control nonpoint sources of air and water pollution will grow.

¹ Trends and analysis in this box are based on material in U.S. Department of Transportation, *National Transportation Strategic Planning Study* (Washington, DC: March 1990), chs. 1-5, and **OTA** research.

Implications for Surface Transportation

As the link between transportation and the environment is better understood, the environmental impacts of all proposed public works projects will be scrutinized more carefully by public and private groups. Air quality issues are likely to be major determinants of public policy on transportation and land use.

Energy Use Trends

Transportation accounts for approximately two-thirds of all petroleum use, an amount that equals imports, and of that over 70 percent is consumed by highway transport. Substantial increases in world energy and petroleum demand and uncertainty of supply are expected to keep energy prices fluctuating. Fuel efficiency of new cars doubled between 1973 and 1988, and OTA sees the potential for substantial further improvement.

Implications for Surface Transportation

Despite uncertain petroleum costs, major modal shifts are unlikely, although the cost-effectiveness of transit and other nonhighway transport will increase. Higher gas prices may limit discretionary trips and, over the long run, encourage denser land use and development. But unless legislation or world events focus on the full societal costs of highway travel and force energy costs radically higher, and land-use policies change dramatically, highway travel will continue to increase.