Going Nowhere: The Dimensions of the Transportation Problem in the U.S.

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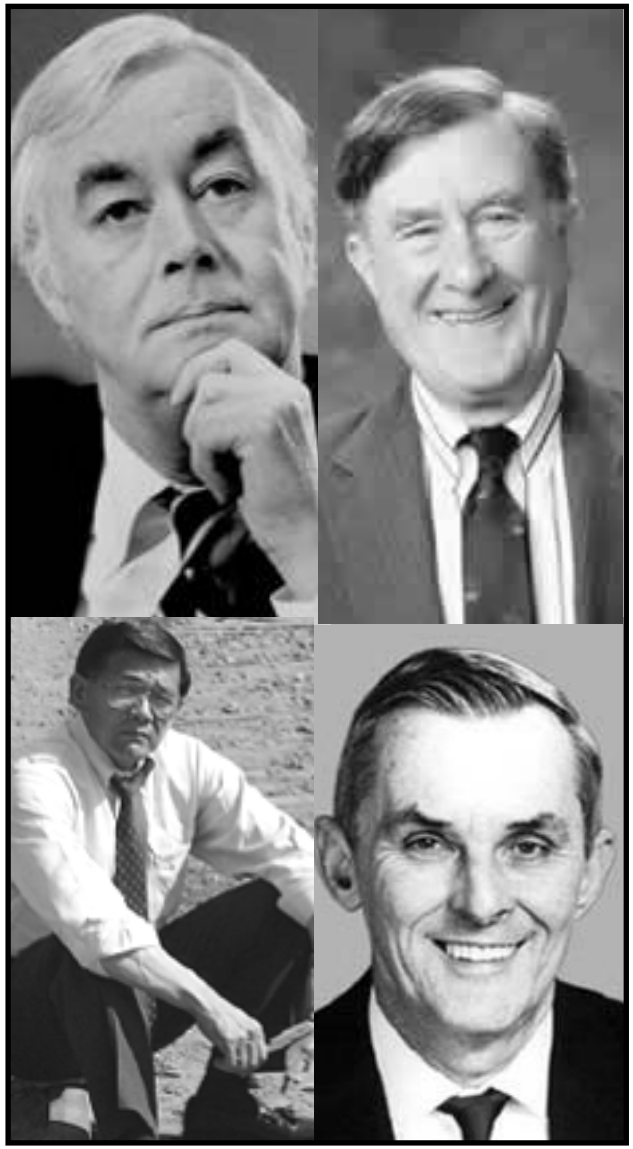
Dimensions of the Transportation Problem in the U.S.

I	The context for the discussion about transportation
II	Nationally, major transportation challenges still exist
III	Transportation finance is a real and growing concern
IV	There are a set of major policy problems
V	A framework for a new transportation agenda

Today, our national transportation program is at a crossroads

1956



1991

?

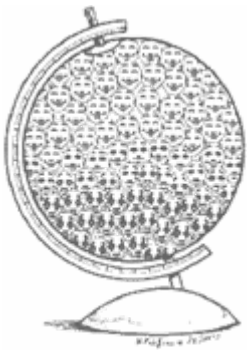
What is the vision?

What are our national transportation priorities?

2007

Profound demographic, economic, social, and cultural forces are reshaping the nation

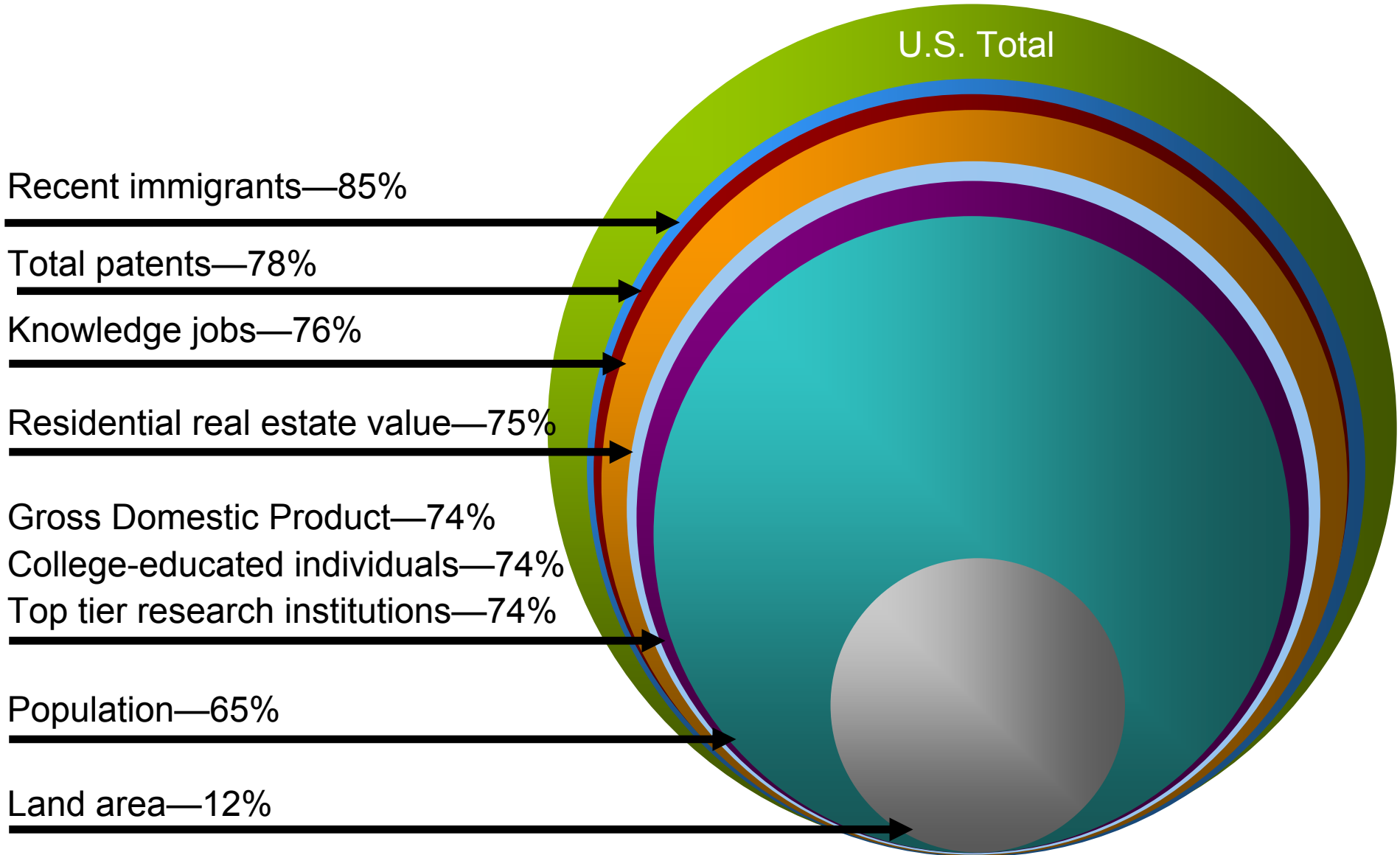
Demographically, the country is growing, aging, and diversifying.



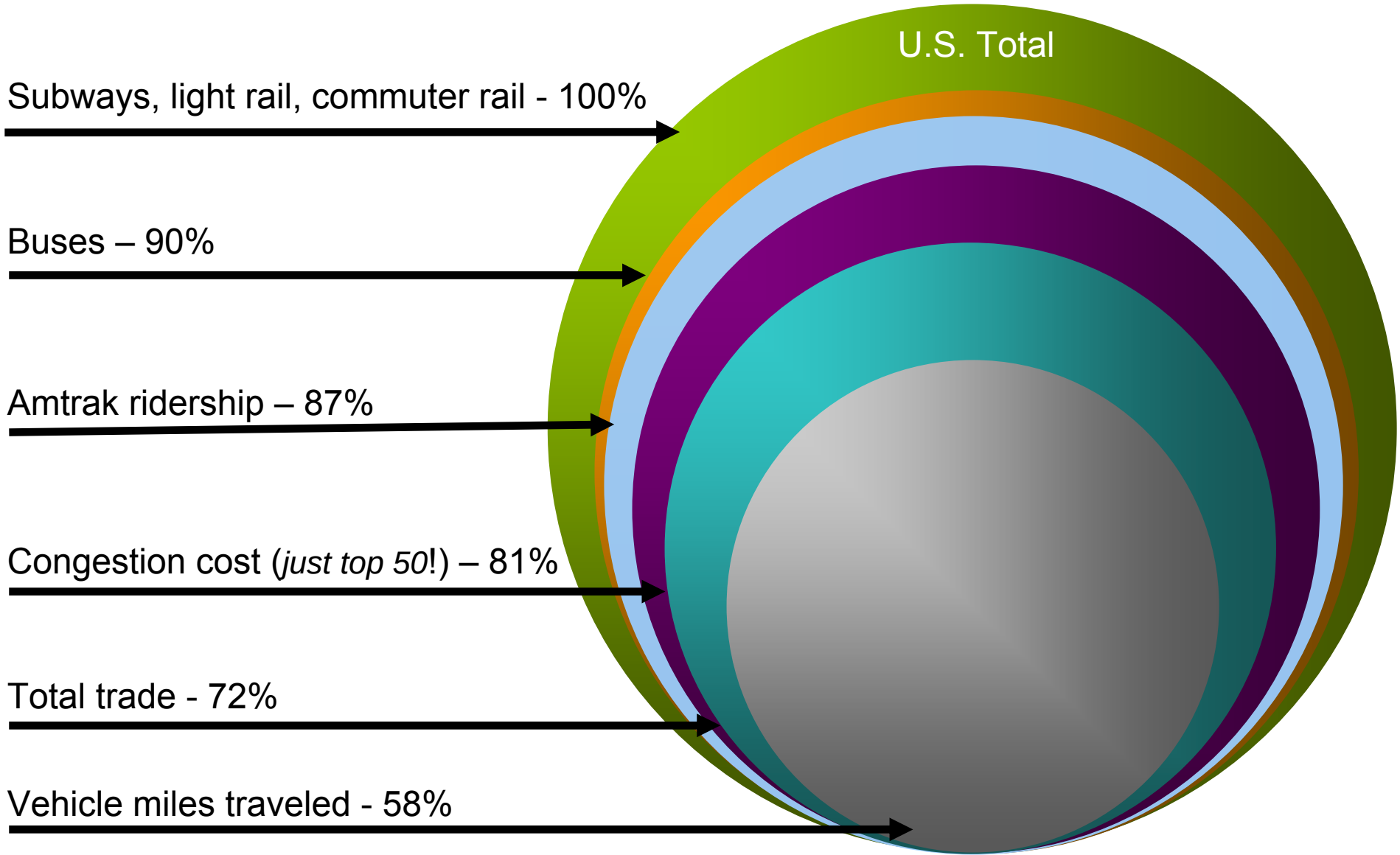
Economically, the nation is being transformed by globalization, deindustrialization, and technological innovation.

Culturally, the nation is changing its attitude towards cities and suburban living.

Metropolitan areas are the new functional units of our economy. The 100 largest contain the bulk of our nation's **economic** assets.



The 100 largest metros also contain the bulk of our nation's **transportation** assets.



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1. America's major metros are still stuck in traffic

- Congestion tripled over 20 years
- Urban VMT increased by ⅓ from 1995 to 2002 but is leveling off, and *declining* in some metros
- Billions in lost economic output (~ $4 billion in New York metro)
- Congestion reduces agglomeration effects of dense places

Source: TTI, FHWA, HLB Decision Economics

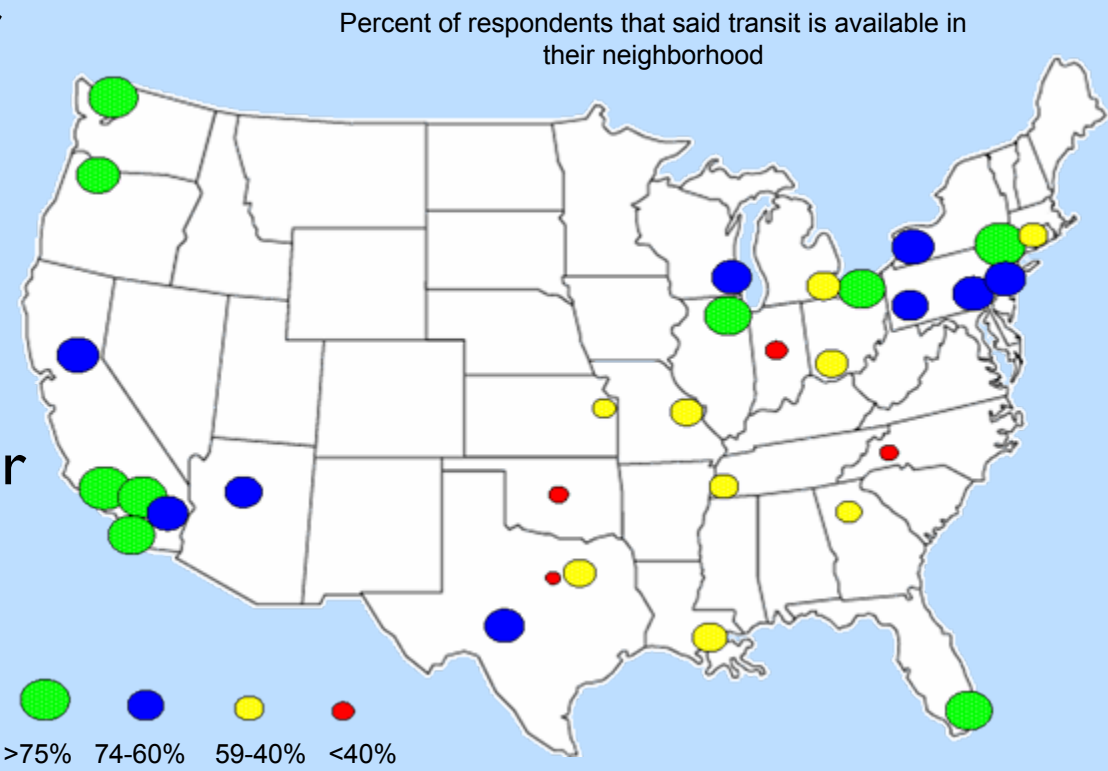
2. Truck and freight traffic is increasing at a rapid rate

- 13% increase in trailer trucks since 2001
- Trucks are projected to carry 82% of new freight by 2020
- Total amount of freight rail tracks declined by ⅓ since 1980
- More than ⅓ of freight tonnage comes through the 10 largest metros
- Container volumes will increase by nearly 200% in 20 years

Source: BLS, JP Rodrigue, 2006

3. Substandard transit exists in most metropolitan areas

- Just over ½ of Americans report that transit is available to them
- Alarmingly, that figure is only ⅓ for those in new housing
- 54 of the top 100 metros have no rail service and have low bus volumes per capita.
- 52 million people live in these places
- U.S. inter-metro passenger rail is not world class



Source: *American Housing Survey and FTA*

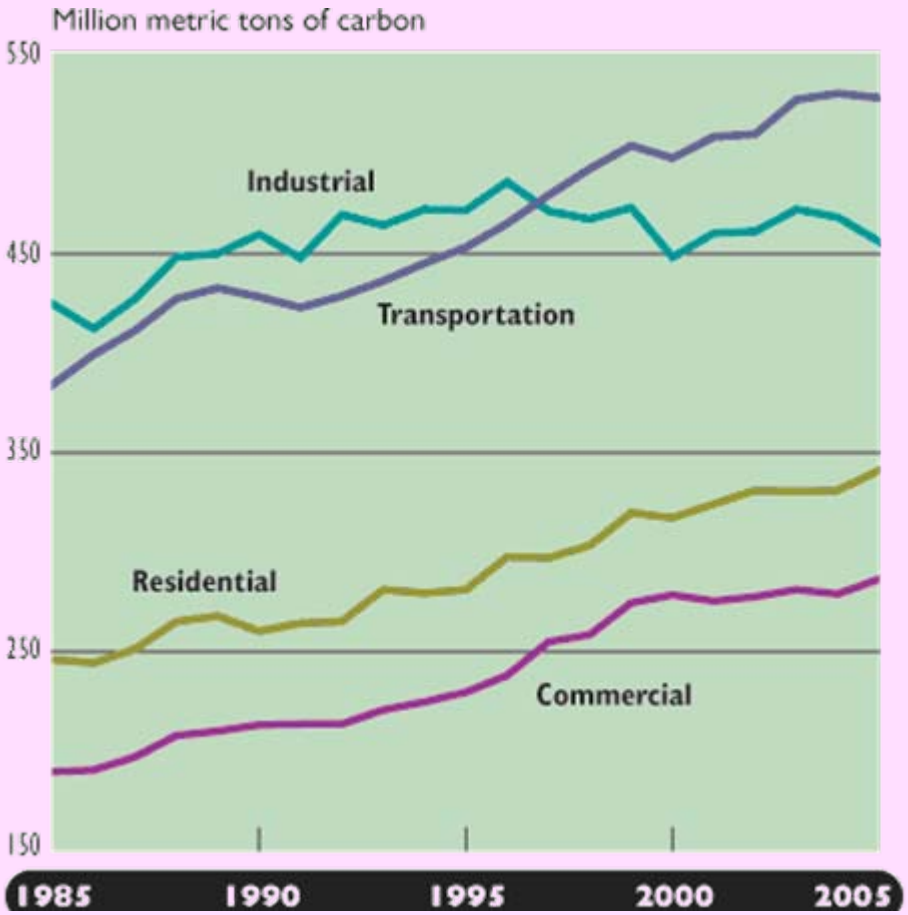
4. Household spending on transport is very high

- Transport is the 2nd largest expense for most American households (19%)
- For every dollar a working family saves by moving out, they spend 77 cents more on transport
- Once a commute has surpassed 12-15 miles, the increase in transport costs usually outweighs the savings on housing

Source: *BTS and Center for Housing Policy, 2006*

5. Climate change has emerged as a major national concern

- CO_2 accounts for 84% of greenhouse gas emissions and is steadily increasing
- In 2005 transportation accounted for ⅓ of all CO_2 emissions
- Increased fuel efficiency and alternative fuels is chiefly being considered as the response – reducing driving only to a slight degree



Source: *BTS*

6. Energy and surface transportation security is a low U.S. priority

- U.S. consumers drive more and consume more oil per capita than any other nation. We are still almost entirely dependent on petroleum-based fuels
- Even though 42% of terrorist attacks worldwide target rail systems or buses the federal government has invested less than 1¢ per transit rider vs. $9.16 per passenger in aviation security

Source: *Brookings, 2005; APTA*

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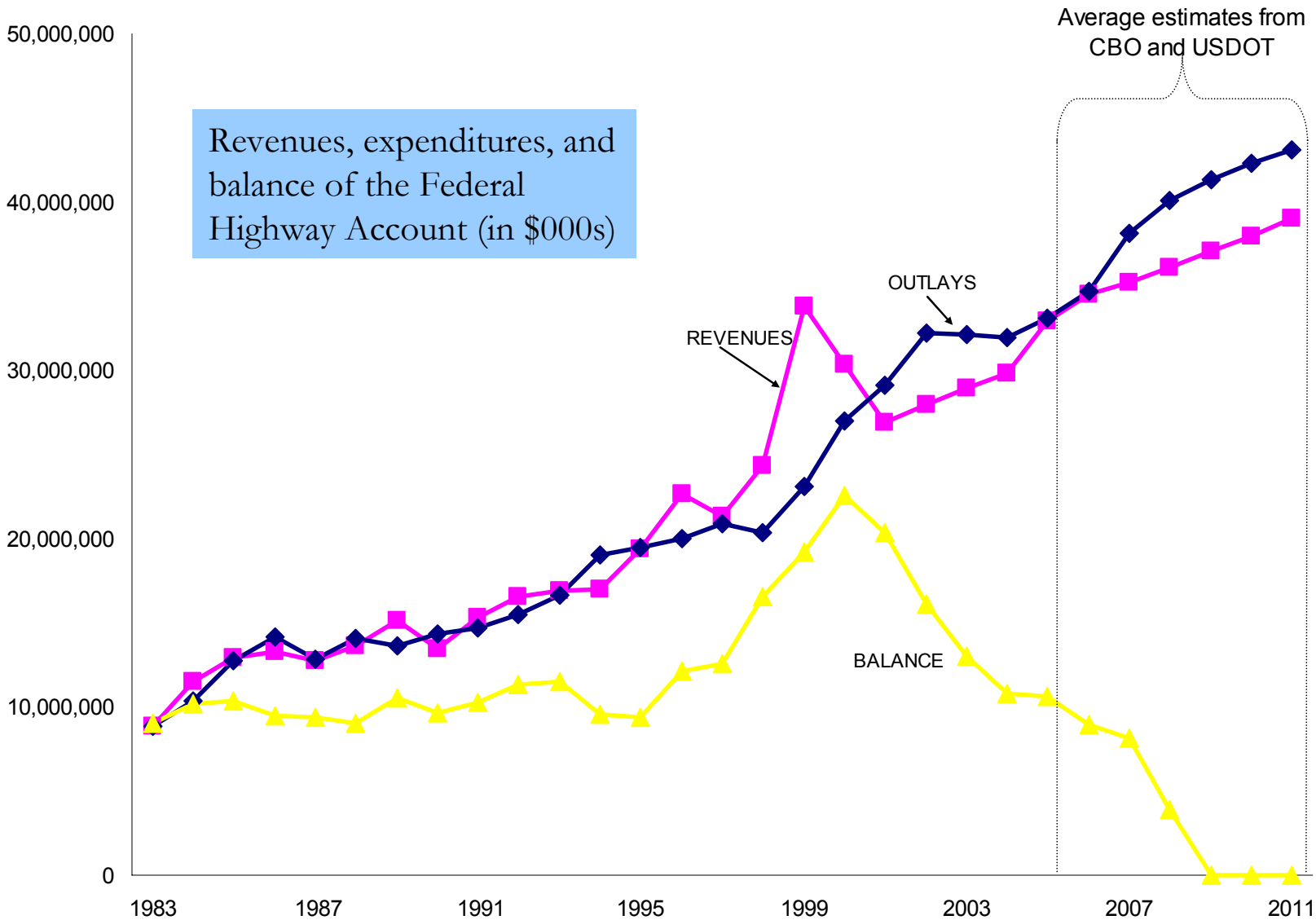
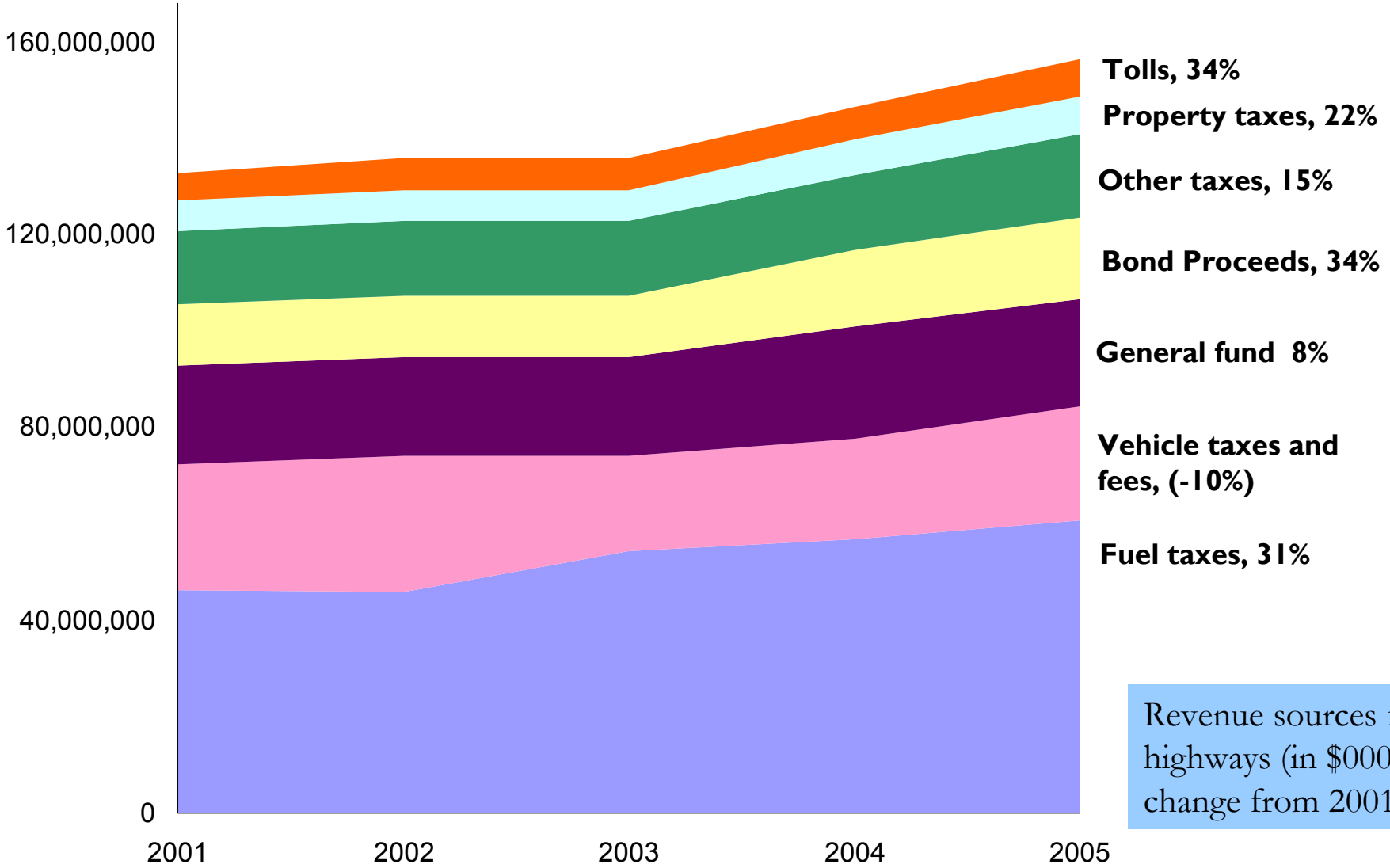
Federal government does not have the revenues to cover its authorizations



Source: FHWA, CBO and Brookings

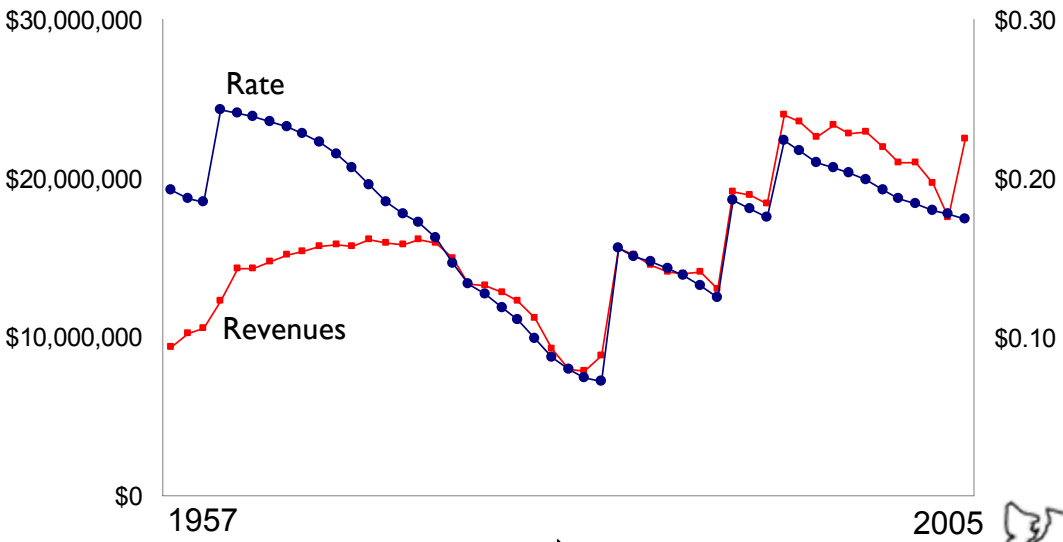
Though its long term viability is a major concern, the gas tax still provides the vast amount of revenues for roads



Revenue sources for highways (in $000s) and change from 2001-2005

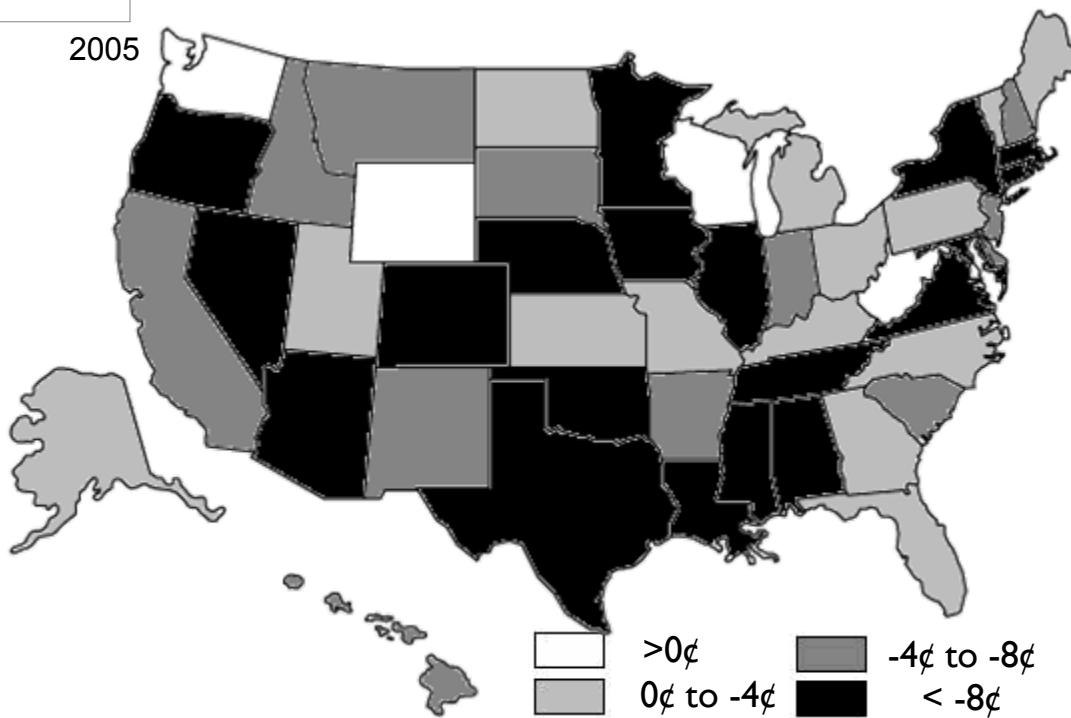
Source: FHWA and Puentes, Brookings, *forthcoming*

Yet fuel taxes are not keeping pace with inflation



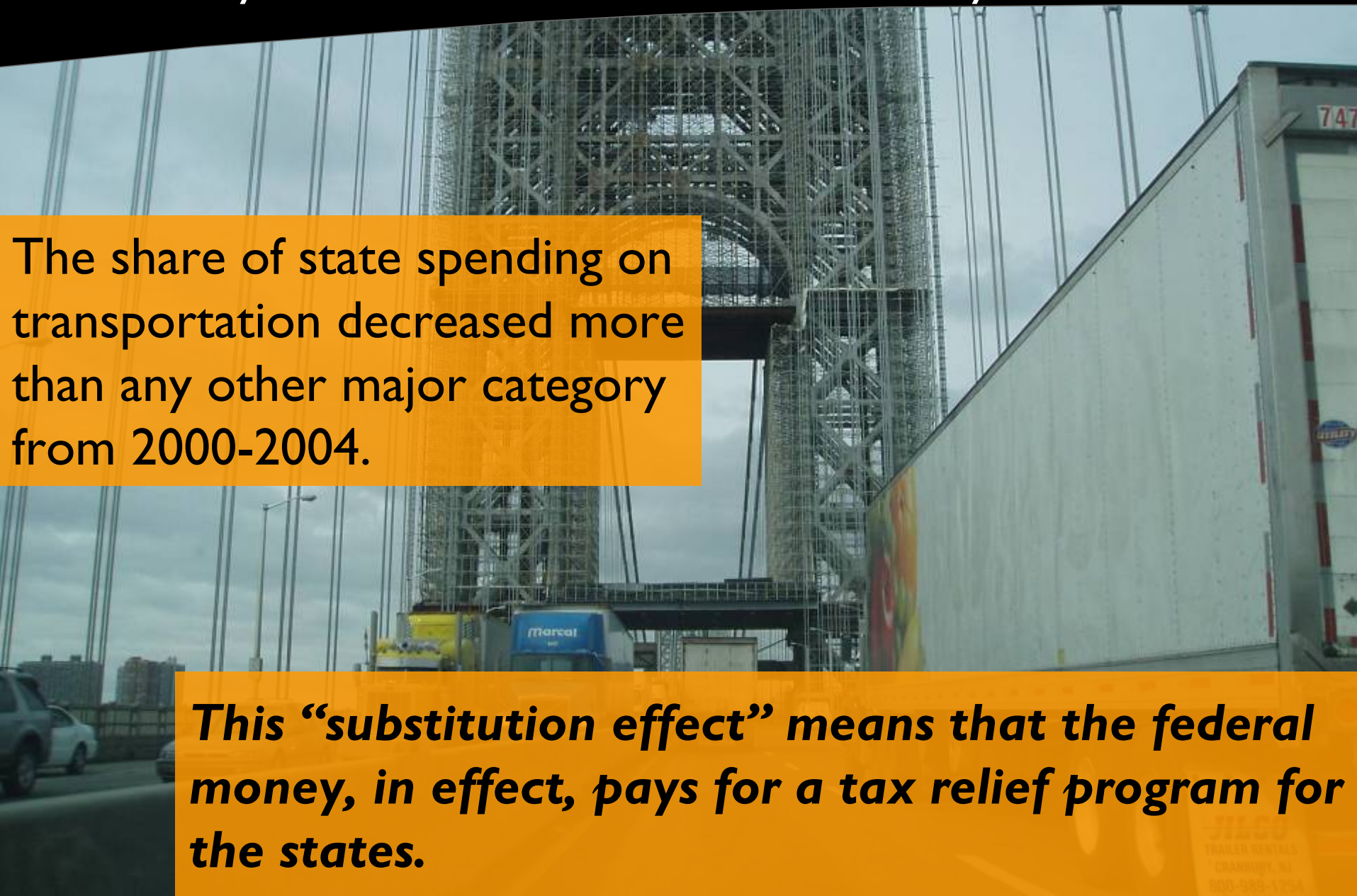
Adjusted federal gas tax rate and revenues (in $000s)

Inflation adjusted state fuel tax rate change, 1992-2004



Source: IRS, 2006; Puentes & Prince, Brookings, 2003

From 2004 to 2005, state-sourced funds for transportation increased by 6%, while federal funds increased by 12%.



The share of state spending on transportation decreased more than any other major category from 2000-2004.

This "substitution effect" means that the federal money, in effect, pays for a tax relief program for the states.

A major problem facing the states today are the "rescissions" of previously authorized federal funds.

The rescissions in FYs 2006 and 2007 of $4.2 and $3.5 billion represent the largest orders ever issued by Congress

In 2006, 60% of rescissions came from air quality, congestion, and bridge funds despite the fact that they make up only 20% of total funds

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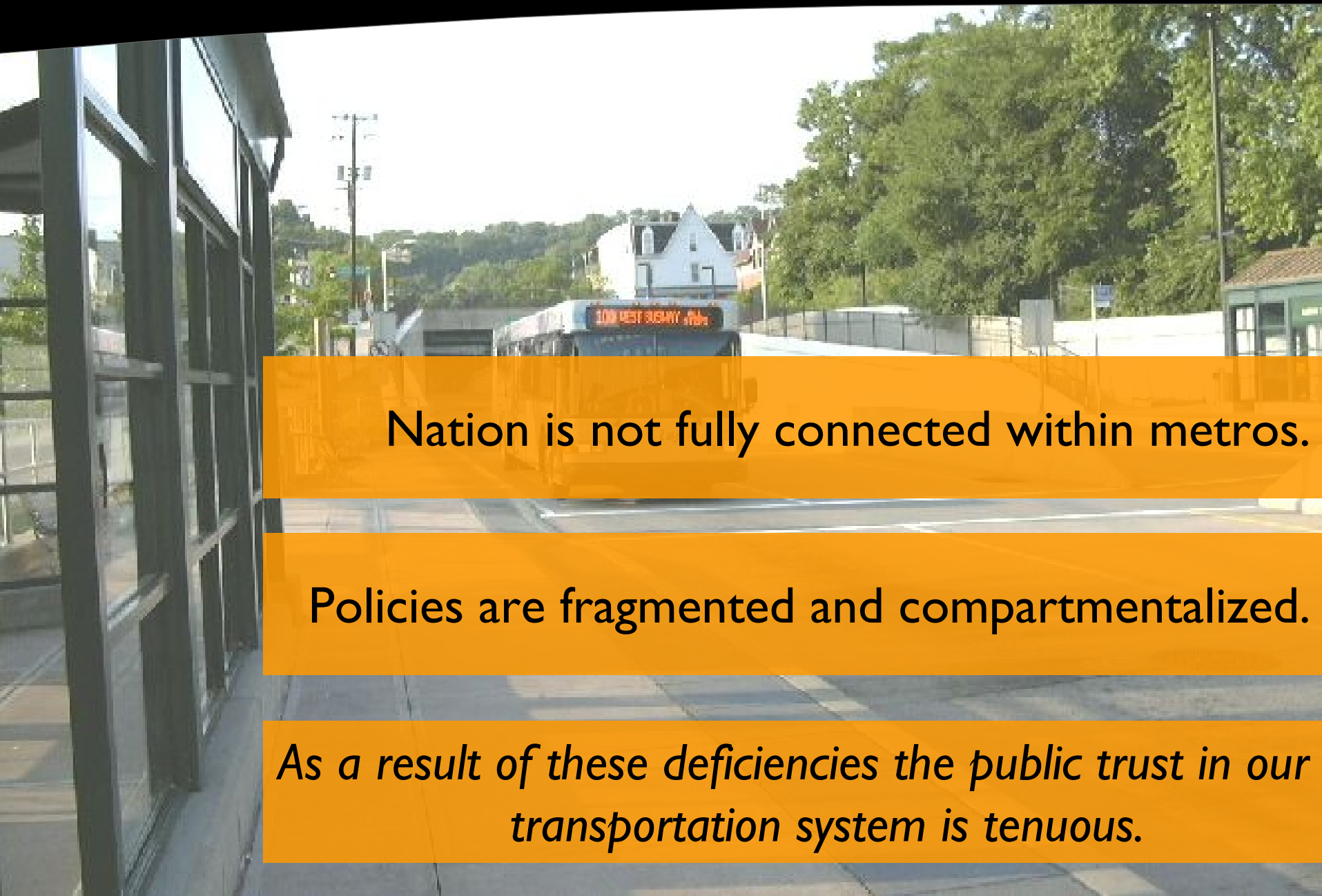
Major transportation policy problems

Federal non-intervention strategy is not working. There is no national plan.

Nation is not organized on metro level.

Politics around finance and pricing are broken.

Major transportation policy problems



Nation is not fully connected within metros.

Policies are fragmented and compartmentalized.

As a result of these deficiencies the public trust in our transportation system is tenuous.

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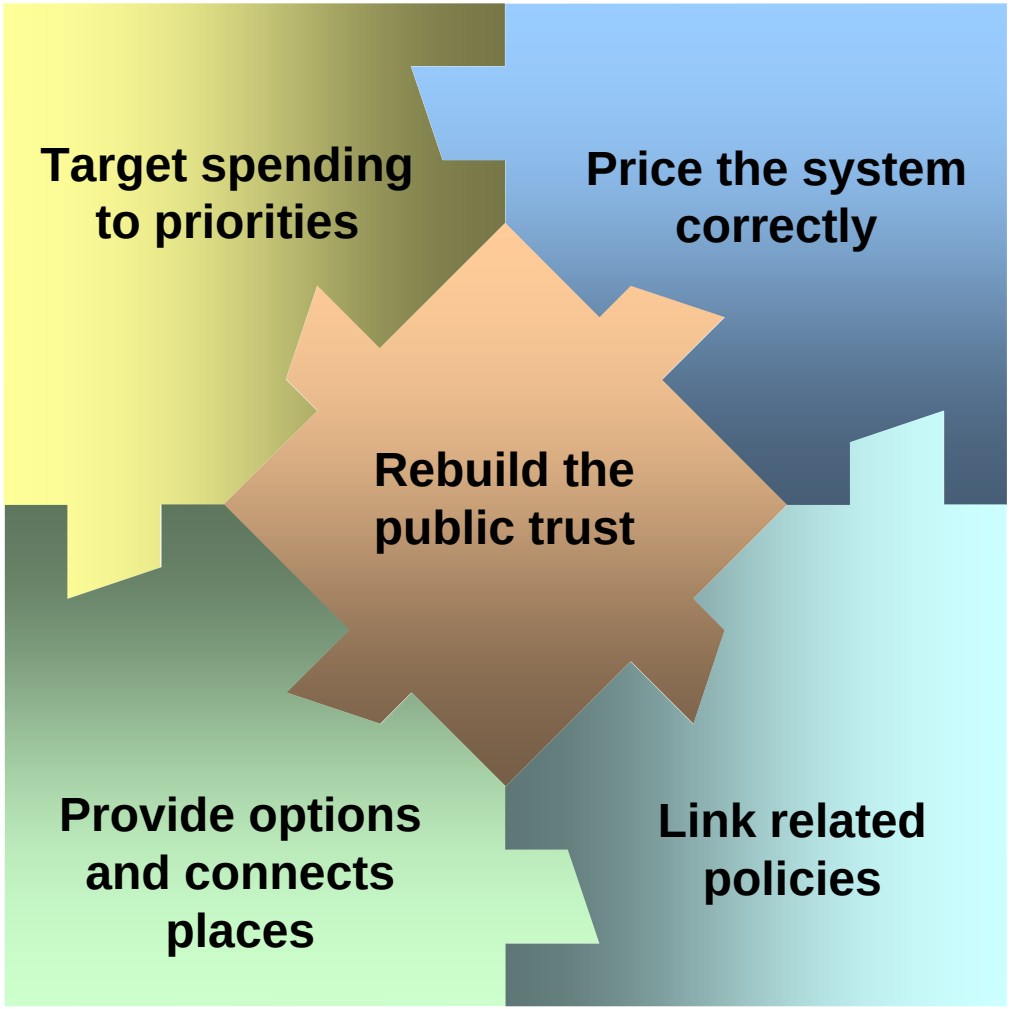
A framework for a new transportation agenda



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