

# UC Berkeley

## Faculty Research

### Title

New Federal Transportation Financing and Legislative Directions: No New Tax or \$31 Billion a Year?

### Permalink

<https://escholarship.org/uc/item/66v9q282>

### Author

Shaw, Peter L.

### Publication Date

1991-04-01



**New Federal Transportation Financing  
And Legislative Directions:  
No New Taxes or \$31 Billion a Year?**

Peter L. Shaw

July 1991  
Working Paper No. 36

**The University of California  
Transportation Center**

University of California  
Berkeley, CA 94720

**The University of California  
Transportation Center**

The University of California Transportation Center (UCTC) is one of ten regional units mandated by Congress and established in Fall 1988 to support research, education, and training in surface transportation. The UC Center serves federal Region IX and is supported by matching grants from the U.S. Department of Transportation, the California State Department of Transportation (Caltrans), and the University.

Based on the Berkeley Campus, UCTC draws upon existing capabilities and resources of the Institutes of Transportation Studies at Berkeley, Davis, and Irvine; the Institute of Urban and Regional Development at Berkeley; the Graduate School of Architecture and Urban Planning at Los Angeles; and several academic departments at the Berkeley, Davis, Irvine, and Los Angeles campuses. Faculty and students on other University of California campuses may participate in

Center activities. Researchers at other universities within the region also have opportunities to collaborate on selected studies. Currently faculty at California State University, Long Beach, and at Arizona State University, Tempe, are active participants.

UCTC's educational and research programs are focused on strategic planning for improving metropolitan accessibility, with emphasis on the special conditions in Region IX. Particular attention is directed to strategies for using transportation as an instrument of economic development, while also accommodating to the region's persistent expansion and while maintaining and enhancing the quality of life there.

The Center distributes reports on its research in working papers, monographs, and in reprints of published articles. For a list of publications in print, write to the address below.



**University of California  
Transportation Center**

108 Naval Architecture Building  
Berkeley, California 94720  
Tel: 415/643-7378  
FAX: 415/643-5456

Authors of papers reporting on UCTC-sponsored research are solely responsible for their content. This research was supported by the U.S. Department of Transportation and the California State Department of Transportation, neither of which assumes liability for its content or use.

**New Federal Transportation Financing and Legislative Directions:  
No New Taxes or \$31 Billion a Year?**

Peter L. Shaw

Graduate Center for Public Policy and Administration  
California State University, Long Beach

Working Paper No. 36

July 1991

The University of California Transportation Center  
University of California at Berkeley

## **NEW FEDERAL TRANSPORTATION FINANCING AND LEGISLATIVE DIRECTIONS:**

### **No New Taxes or \$31 Billion a Year?**

#### Abstract

In the domestic arena of public policy and administration, the American public rarely sees basic choices on complex subjects. The country may be facing such a moment in 1991, due to the expiration of the Surface Transportation and Uniform Relocation Assistance Act of 1987 on September 30, 1991. Not since the Interstate System concept became federal law in 1956 has so clear a public works decision point been reached.

Upon anticipated completion of the system in 1992, an estimated \$121.9 billion (\$108.3 billion federal) will have purchased 42,904 miles. Assuming the gas tax generated highway trust fund exists for another thirty years (1990 to 2020), an amount exceeding \$10 billion a year (\$300 billion total) may accrue.

With the national fiscal context very much in mind, many interest groups may look covetously at that income stream and dream: "What if...?" President Bush and Congress have joined the debate with release in March 1990 of quite different proposals.

This study examines major public policy issues defining the foundation of national surface transportation debate and suggests a long-term goal framework for developing national policy.

## **NEW FEDERAL TRANSPORTATION FINANCING AND LEGISLATIVE DIRECTIONS:**

### **No New Taxes or \$31 Billion a Year?**

#### **Introduction**

In the domestic arena of public policy and administration, the American public rarely sees basic choices on complex subjects. The country may be facing such a moment in 1991, due to the expiration of the Surface Transportatation and Uniform Relocation Assistance Act of 1987 on September 30, 1991.<sup>1</sup> Not since the Interstate System concept became federal law in 1956 has so clear a public works decision point been reached.

Upon anticipated completion of the system in 1992, an estimated \$121.9 billion (\$108.3 billion federal) will have purchased 42,904 miles. Assuming the gas tax generated highway trust fund exists for another thirty years (1990 to 2020), an amount exceeding \$10 billion a year (\$300 billion total) may accrue.<sup>2</sup> In contrast, some believe a federal expenditure level of almost \$31 billion a year starting in Fiscal Year 1995 will be necessary.<sup>3</sup>

With the national fiscal context very much in mind, many interest groups may look covetously at that income stream and dream: "What if...?" To the transportation community, it is a very large sum. In comparison to other major claims on the federal tax dollar (defense, space exploration, infrastructure, social security and health entitlements, education, agricultural subsidies, bank bailouts, energy and environment, national debt,

annual deficits and debt service), it is a small but nonetheless desirable piece of change.<sup>4</sup>

On March 8, 1990, President Bush and Secretary of Transportation Skinner announced the National Transportation Program.<sup>5</sup>

Until that date, little attention was given in major public statements by President Bush. His Inaugural Address did not mention transportation. In reference to the many challenges the nation faces, he said: "The old solution, the old way, was to think that public money alone could end these problems. But we have learned that that is not so. And in any case, our funds are low. We have a deficit to bring down." The absence of visible support was even more evident in the first administration budget and in Congressional Budget Office deficit reduction proposals.<sup>6</sup> In his Second State of the Union Address (January 1990), the word was mentioned just once.

Such a bleak overall environment has already forced a change in the very nature of public discussion and debate. Formerly, transportation interests perceived the central issue as one of allocating a continuing flow of trust fund receipts. Occasionally, distant rumbles (about the deficit) might have been heard. However, growing pressures from non-transportation sources are real and powerful. It is very possible that the surface transportation debate will be multi-leveled and intense.

**Strategic issues**, for example, appear to be:

1. what are the needs?
2. what is the federal role in meeting the needs?
3. what needs should be met by state and local government?
4. what needs should be met by the private sector?
5. how should the federal share be funded: new taxes,

more user fees, status quo, or program cuts?

Regardless of the financial source for the federal role, probable **policy issues** currently tend to focus on allocation of trust fund receipts. Should the nation spend its federal dollars on:

1. maintaining the existing highway and mass transportation systems?
2. building more highway and urban mass transportation facilities?
3. identifying, designing and installing new transportation technologies?
4. supporting other non-transportation (perhaps related) public needs?

Given current trends, it is the belief of this study that technical transportation internalities will have far less to do with the transportation public policy decision-making process than the above externalities. Furthermore, the ensuing national debate promises to be lively, intense<sup>7</sup> and fast moving:

1. March 8, 1990: President Bush and Secretary of Transportation Skinner announce the new National Transportation Policy<sup>8</sup>-- no new taxes and smaller role.

2. March 13, 1990: Rep. Dan Rostenkowski (D., Ill.), proposed a plan to reduce the deficit, quickly, by a collection of strategies. One key approach is increase such taxes/user fees as the highway gas tax and dedicate the proceeds to deficit reduction.<sup>9</sup>

Heads must be spinning in the transportation community. Fact is moving faster than administrative fiction.



This study examines major public policy issues defining the foundation of the national surface transportation debate and suggests a goal framework for policy development.

## **Evolution of Legislation--**

### **Three Decades from Interstate Start to Completion**

To better understand the evolution of the legislation, Table 1 profiles the Federal-Aid Highway Act (1956), the Surface Transportation Assistance Act, STAA (1982) and the Surface Transportation Uniform Relocation Assistance Act, STURAA (1987).<sup>10</sup> Note that after the 1956 statute, subsequent highway legislation extended and funded the initial programs. The STAA included the first gas tax increase since program inception, brought transit into the trust fund (rather than general treasury funding) and had important technical changes. The STURAA very clearly represented a philosophy of "completion." Nevertheless, funds of that scale made it a significant piece of legislation impacting the federal budget.

(insert Table 1 here)

How did the statutes change over time in terms of the national "mood" and "big picture"? What were the important parts of the public debate?<sup>11</sup> Do they hold lessons for us as we consider the post-Interstate era?

To help understand current legislative discussions against a history of over thirty years, it is useful to consider the probable influence of congressional perspective, issue impact on legislation, then debate and presidential action.

### Congressional Perspective

A comparison of the three eras is presented in Table 2, "A Congressional View of the Well-Being of the Country: Snapshot of Key Indicators During Period of Major Surface Transportation Legislation Debate and Passage." The year of passage (or closest year given data available) for each statute is compared by seven significant indicators: 1. population; 2. employment; 3. gross national product; 4. prices; 5. money market rates; 6. federal budget; and, 7. surface transportation operations. From Congress' point-of-view (and an administration's), such information quickly translates into reelections.

(insert Table 2 here)

In 1956, the nation was still ascendant in many ways. American economic, military, and political powers were intact after extrication from the Korean War. Tremendous internal pressures existed to serve a growing population with jobs, housing, transportation, education, and health service. The "American dream" seemed to be a "white collar job," owning a single-family detached house and an automobile, and holding a college degree. Most new housing would be constructed outside central cities, transforming farmland to suburbs. This is a picture of a nation confident of the future, acknowledging its responsibilities to meet the needs of families.

By 1982, the country had dramatically changed from the peace and prosperity of 1956. It was far into an era of limits and the mood was different. Many citizens and policy makers recognized

that the public sector could not meet all the domestic and defense needs of a maturing nation without some sacrifice. The population had increased by 38.3 percent. Those living in urban areas reached almost 75 percent. And, many had aged, an increase of 86 percent. The South and the West grew at the expense of the North East and North Central regions of the country. Suburban cities grew in number and size as well. Inflation, recession, stagflation, high interest rates and high unemployment (especially in construction) frightened many. Energy crises and infrastructure deterioration further sharpened concern.

Most observers would more easily recognize 1987 as an offspring of 1982. Basic trends established were continuing, but more incrementally in the shorter span (four years, compared to the twenty-six from 1956-1982).

Much attention was given to the level of the national debt, further infrastructure deterioration, unspent trust fund balances, and political gridlock.

In sum, even though the nation seemed to make substantial economic progress, a surface transportation program plateau was attained ironically just when needs were growing and unspent funds accumulating.

#### Issue Impact on Legislation

A comparison of the preceding legislative eras in terms of probable issue impact is presented in Table 3, "Major Public

Policy Issues During Debate and Passage of Surface Transportation Legislation." Important areas explored are: 1. goals; 2. implementation; 3. costs; 4. funding; 5. allocation process; 6. labor; 7. environment; and, 8. political forces. The categories were identified from language in the legislation, suggested by committee hearings and reports, and current discussion of future concerns. They are rated by relevance (high, moderate and low) to legislative debate.

(insert Table 3 here)

In 1956, there was general consensus about the policy goals and implementation. The military (defense) value of the pre-WWII German Autobahn to the economy and later war effort was not overlooked. Commercial growth required a more efficient interurban and suburban road network as central city traffic congestion worsened. The generally accepted solution was to build the Inter-state, slowly complete the ABC system, and provide modest maintenance and rehabilitation. Safety was an important but smaller concern. Interstate program costs, funding, and fund allocation were nagging worries.

The key issue was to be sure funding came from a special trust fund. Some discussion considered the role of the private sector, use of bonds, or tollways. "Needs" and allocation formula were intensely discussed, with vocal concern about "pork barrel" possibilities. Rural areas were guarding their interests against urban areas. Some states were afraid that key cities would not be on the system; or, if on the official map,

construction would be scheduled late into the next decade.

Becoming an economic backwater was a legitimate fear. Labor was an issue, in part for job creation reasons, but more for the impact of federal labor law (Davis-Bacon Act - paying prevailing union wages in an area for federal projects). Lower wage states (often rural) resisted its application, fearing it would drive up labor costs on non-federal local projects.

Reflecting the era, environmental matters were not considered.

Several fascinating political issues were evident. The most important was demographically driven. A young, growing nation needed transportation (new technology was not a factor at that time). Widely shared was the belief that defense and domestic programs could be advanced simultaneously. States' rights arose on seemingly minor issues, for example, who would pay the cost of reimbursing utility line relocation? While both houses were considering parallel bills, pork barrel charges were made, and fear of sequestering reared. There was talk of a presidential veto if the program were funded by the general treasury. When it became clear a trust fund would be established based on a gas tax, President Eisenhower supported the basic legislative framework.

As noted in the preceding discussion of the legislative context, much had changed by 1982. Transportation was still the fundamental legislative policy goal. But other goals, creating jobs in a period of high inflation and unemployment, and safety,

came into play. Mobility and commerce were being affected by infrastructure deterioration and safety (thus more funds were allocated). Policy implementation changed as well. Emphasis shifted from building new systems to maintaining and rehabilitating existing facilities, and completing the Interstate system. For the first-time, urban transportation was eligible to receive trust funds.

Costs and funding were big issues for existing programs. Nothing new was initiated. Opposition came from the administration and system users (mostly commercial freight for cost reasons). Agreement upon needs was not so much in dispute, just how to pay for it. The government continued its policy to hold back trust fund expenditures to help offset the deficit. In a recessionary period, truckers were having enough difficulty surviving under deregulation. Increased user fees (fuel taxes, oil taxes, licenses at the state and local level too), it was feared, might cause many to go out-of-business. Reliance on the private sector was not very important, though directives were included to encourage the private sector's involvement in urban transportation.

Of central import was labor. Construction industry unemployment at 20 percent was a strong imperative, almost as much as surface transportation needs. Funding transit labor costs was continued.

Environment, for all practical purposes, continued to be a non-issue.

Politically, the crux of discussion shifted to competing non-transportation priorities, source and matching of funds, and threat of executive veto. Technology was not a significant concern. President Reagan believed costs (impact on the deficit) and transit provisions (tapping the highway trust fund) were objectionable.

In fact, debate over the STURAA of 1987 became rather heated. It offers a sample of what might occur when only some of the externalities come into play.

What turned the spotlight of media attention on the latest in a series of surface transportation statutes starting with the Interstate System in 1956? Until the late 1970's/early 1980's, transportation legislation was infrequent and not highly visible. But commercial aviation, motor and railroad deregulation, an air traffic controller strike, infrastructure crises, the STAA, waterway dredging, and ocean shipping semi-deregulation suggested otherwise.<sup>12</sup>

After passage of the STAA in 1982, it was quickly evident that there were insufficient funds to complete the Interstate System, fund new urban mass transportation heavy and light rail starts, and repair bridges and highways. One of these long-term problems, infrastructure safety, quickly moved into the crisis stage.

In 1983-1984, legislative research, hearings, and bills began to address even more strongly the unresolved problems on which the STAA made progress. A general consensus evolved that

in order to deal with the more distant future of surface transportation (post-Interstate Twenty-First Century), the chapter had to be closed on current surface systems.

Practicality also became paramount.<sup>13</sup> How do we even look at the future when current problems and needs are real-time political concerns?

**"In retrospect, this Administration's support for the Surface Transportation Assistance Act which became law with the President's signature just 26 months ago, was a tragic joke."**<sup>14</sup>

In 1986, after two years of effort, give and take with the administration, and frustrating hearings, the proposed Federal-Aid Highway Act of 1986 died in conference. Senate and House authors wanted to avoid another year of postponed construction. The successor bill, H.R. 2 (S. 387), incorporated major elements of the prior work in a complex draft, especially on Interstate cost estimates, funding schedules and program priorities. In addition to extensive congressional study and reports, U.S. Department of Transportation (DOT) staff analysis on House, Senate and conference bills ran 646 pages.<sup>15</sup> By 1987, the same overall set of issues established in 1982 was prominent. In most cases, there was modest change in the status of the issues. For others, relevance was even more acute: concerns over safety (infrastructure) heightened. A big issue was the Interstate speed limit. After much debate, it was raised in rural areas from 55 MPH to 65 MPH. Philosophical questions were raised about facility ownership (tollroads, transit operations) and contracting with the private sector. The administration continued



to strive for a diminished federal role. Interstate system completion and rehabilitation were still high priorities.

Program cost and funding issues remained. Under administration proposals, urban transportation stood to lose even more if Congress did not restore funds. Formula allocations disturbed rural interests and an amendment to restore equity was proposed. A new provision funded tollway demonstration projects in California. Transit system new start funds were continued in special cases (Los Angeles), at the same time that sequestering trust funds expanded. Some believed the administration was breaking the law; while, others said special projects were excessive. The administration objected on substantial technical elements.<sup>16</sup>

No labor issues were paramount, though many were concerned that the 1986 bill failed in conference and another construction season was lost to winter. There was real fear that more jobs would disappear again.

Environmental issues were being discussed for the first time, yet not visibly in the legislation. Energy and air quality were considered in debate.

Political concerns were about the same as before and even more acrimonious. Technology was emerging as a factor. One demonstration project was to explore the feasibility of electric vehicles. Competing budgetary priorities, cost and the deficit, source of funds, matching shares and intergovernmental relations, accompanied by charges of pork barrel legislation brought the bill into the media spotlight.

Presidential Veto of STURAA

**"I haven't seen so much lard since I handed out blue ribbons at the Iowa State Fair."**

There was nothing subtle about the President's intentions.<sup>17</sup> His OMB Director had already sent the administration's views to the Senate in January 1987. The following statement declared his intention to veto H.R. 2, March 20, 1987:

As I said last evening at my press conference, our administration will keep its commitment to the American people. We will not raise taxes; we will hold down spending; and we will adhere to the deficit reduction goals imposed by the Gramm-Rudman-Hollings legislation.

And it is with this commitment in mind that I have informed congressional leaders of my intention to veto the highway and transit bill that is on its way to my desk. Let me be very clear. I am in full support of reasonable funding levels for these programs, similar to the legislation passed by the Senate. But I am adamantly opposed to the excessive spending that is in the bill as it emerged from the conference committee.

I've said before and repeat today: Congress can't have it both ways. They cannot talk about cutting unnecessary deficit spending and then vote in favor of bills that bust the budget. The American people clearly expect their elected leaders to vote the same way they talk.

So, my vote will be to veto bills that spend unnecessary billions on projects the American people cannot afford.

On March 24, the House and Senate Conferees sent a public letter to "President Reagan urging him to sign the legislation." The authors said it had been reviewed by seven committees and met the Gramm-Rudman-Hollings spending requirements. Another construction season (thus more jobs and essential highways needs) would be lost. It reminded that the vote for the bill in the House was 407-17 and in the Senate 79-17.<sup>18</sup>

When signing the message to return H.R. 2 without approval, March 27, 1987, the president elaborated:<sup>19</sup>

If the American people need any further proof as to who's responsible for the deficit, all they have to do is look at this \$87 1/2 billion budget-busting highway and transit bill passed by Congress last week. The bill's a textbook example of special interest, pork-barrel politics at work, and I have no choice but to veto it.

\*\*\*

I also want to reaffirm my strong support for allowing the States the authority to return to the 65-mile-an-hour speed limit. It's long past due. But I'm not going to sacrifice this country's economic well-being, and that's the issue - jobs and economic growth. And it's time for me to start writing. And that is the veto on top of the bill.

On April 2, 1987, the Senate overrode the president by a vote of 67 yeas and 33 nays. In the House discussion, a telling comment was made by an administration supporter. Congressman Michel stated:<sup>20</sup>

Mr. Speaker, what a classic case this is of that perennial perplexity we face over the national interest versus the local interest. There is relevancy in both and legitimacy in both in our deliberation over issues. \*\*\* (Only Congress represents local interests), that is why I have made the very difficult decision for the first time in the Reagan Presidency to vote against the President's recommendations on a major piece of legislation. (The bill contains funding for a hazardous highway in my district - U. S. Route 121), My constituents have strong feelings about that road...I am here to represent those feelings and try to help meet those needs.

The Washington Post is right, when it called this bill "Pork on Wheels," but so was the Escondido, CA, Times Advocate in Ron Packard's district when it said, "Build the roads, Jack."

Nevertheless, it was difficult for the president:<sup>21</sup>

I am deeply disappointed by today's vote.

I knew in advance that the battle would be tough and the odds were long. But we cannot retreat from our commitment to a responsible budget.

My efforts to control spending are not diminished, and I remain firm in my pledge to the American taxpayers to speak out against such budgetary excesses.

All of a sudden, surface transportation took on an importance it would rather not have. Public attention was quite focussed on all the issues but transportation needs. Even though the president lost, legislators and transportation officials may well now believe that future transportation issues will be decided almost entirely on forces outside the realm of transportation.

## **The Next Surface Transportation Legislation:**

### **"A Billion Here, A Billion There, and Now We're Talking Real Money..."**

The sums are so large that one cannot resist the temptation to recall (and paraphrase) U.S. Senator Everett Dirksen's (D., Ill.) classic comment. A case has been clearly forming that surface transportation needs help. Partially prompted by the STAA, "blue ribbon commission" studies, and trade group position papers predict dire straits ahead. Framed with the knowledge that a separate process was begun to deal with the post-Interstate era, the STURAA consciously aimed at wrapping up successfully the original (as amended) 1956 concept, and to hold the other parts of the system together (including urban mass transportation). Legislative authors<sup>22</sup> believe that the way is now clear to organize an approach based on needs and resources. Congressman Anderson, Chair, House Committee on Public Works and Transportation, said that "Transportation is essential to the nation. The broad base of bipartisan support for the STURAA and veto override indicated that recognition."

Among many recent studies,<sup>23</sup> the congressionally funded National Council on Public Works Improvement<sup>24</sup> issued a "Report Card on the Nation's Public Works." The Council graded transportation functions: HIGHWAYS: grade= C+; MASS TRANSIT: grade= C-.

Our surface transportation, therefore, is generally considered inadequate.<sup>25</sup> In addition, between 1992 and 2020, it

appears likely that the major public policy issues cited in Table 3 may experience as great a "sea change" as during the period from 1956 to 1992.

The nation has a mature surface transportation system<sup>26</sup> which serves a slowly growing, diverse (racially, culturally, economically) population. From many more decentralized urban origins and destinations (in contrast to 1956), people will be making more nonwork trips (75 percent) than worktrips, suggesting that lifestyle is an important cause of congestion. Many will migrate to the South and West and live in decentralized urban areas (including newly created "urban village"). A large component of the population will be over sixty-five years of age. Very probably, the employment base will shift more to the service sector. Transport labor will be pressured by work force reductions, productivity, and mechanization; although no new transport technologies appear likely in the near term. The economy will continue to be caught in structural financial difficulties, subject to currency exchange fluctuations and productivity problems. Energy crises will be caused by world and domestic<sup>27</sup> politics more than an inadequate petroleum reserves. Growing in importance are environmental issues such as air quality, ozone, or the "greenhouse effect"<sup>28</sup>, which may become prime determinants of the future of surface transportation. Institutional relationships, public-private, federal-state-local, will take on more importance.

Projections of 1992 key macro-indicators, Table 4, suggest a stable and steady-state policy milieu. Although official projections are neutral and nonpartisan, there have been questions raised about the basis of government "outlooks." Often, fundamental assumptions rely upon beneficial cost-cutting federal measures, not yet taken, by future administrations. Depending upon the source, an optimistic or conservative "spin" could be built into the assumptions.

(insert Table 4 here)

Given the general factors discussed above and the specific macro indicators in Table 4, it is a challenge to anticipate how a political consensus will develop. The STURAA built on a "simple" public works belief that highways and urban transportation are necessary. A strong coalition existed to support highways, which made it easier to consider legislation designed to finish the Interstate, maintain and rehabilitate the ABC system, and modestly aid urban transportation.

In the absence of the Interstate, more resources potentially are available. Long deferred needs therefore are coming forward on organizational "wish lists." Some fear the list of needs may become open-ended, just when resources will be constrained.

Resource discussion in the transportation community has taken the posture that a combination of sources may be necessary: taking the trust fund off budget, higher existing taxes and fees, new and innovative public and private sources, and shifting some

transportation functions (thus expense) to the private sector. Others note that a lack of vision is the problem.

The nation, except for the Interstate system concept, does not have a long-range surface transportation program of similar boldness and scale. Major congressional and DOT studies have addressed the problem but no consensus has developed.

A coalition of transportation interests, TAG, Transportation Alternatives Groups, after two years of study published its consensus recommendations calling for a continued, and renewed, federal commitment.<sup>29</sup>

One of TAG's founding organizational members, the American Association of State Highway and Transportation Officials (AASHTO), supported stronger language. AASHTO wanted a federal commitment at least to the Year 2020. By Fiscal Year 1995, annual federal highway and transit expenditures would reach \$26 billion and \$5 billion, respectively.<sup>30</sup>

## **Conclusion**

Generally, surface transportation bills are complex, quite technical, and beyond the ken and interest of many. As with other domestic legislation, whether "people" or "things" oriented, surface transportation has now entered that most visible arena of public policy debate -- presidential veto and media coverage.

The nation no longer appears wealthy enough to "have it all." Consequently, surface transportation must now more fully



compete with other domestic priorities for scarce resources. Even with special trust fund revenues, there is not enough.

Comparing surface transportation legislative contexts over three decades has indicated major changes in the forces driving public policy. Very likely, non-transportation issues such as the economy, debt, interest rates, employment, social services, energy and the environment will exert strong pressures.

Therefore, a reality check must be made. **No matter how desirable technically, is the combination of rehabilitation and maintenance of our current highway and urban transportation systems, and some new construction, attractive enough to offset such forces?** Does the surface transportation community have to come up with something possessing classic "Madison Avenue" advertising attributes (bright, shiny, new, and improved), in order to preserve and upgrade transportation infrastructure? What compromises will be necessary? If the gas tax is to be increased, will it be shared with other public goals such as deficit reduction or the environment?

The next legislative debate, in the 1990-1992 election campaign period, may cause an even stronger public dispute and scramble for tax dollars. The message would be: "Transportation has had enough, it is our turn." Without a broad-based coalition as TAG "2020" developed, surface transportatation interests may be lucky to preserve what they have. Stay tuned....

## Notes

1. U.S. Congress, Committee on Public Works and Transportation, News from : Committee on Public Works and Transportation. Washington, D.C.: U.S. Congress, February 27, 1990. The Committee announced that the first in a series of hearings on reauthorizaton was scheduled for March 1990. The public is already seeing the preliminary, semi-"official" discussions staking out the limits of the policy debate.

2. U.S. Congress, Committee on Public Works and Transportation, A Revised Estimate of the Cost of Completing the National System of Interstate and Defense Highways; Communication from the Secretary of Transportation (Washington, D.C.: Superintendent of Documents, 100th. Cong., First Ses., Report No. 100-4, January 1987), pp. 1, 6. An estimate of \$10 billion a year is conservative. The U.S. Federal Highway Administration figures \$12-14 billion a year will be generated. U.S. General Accounting Office, Highway Technology, The Structure for Conducting Highway Pavement Research (Washington, D.C.: Superintendent of Documents, GAO/PEMD-88-2BR, November 1987), p. 16.

3. American Association of State Highway and Transportation Officials. New Transportation Concepts; for A New Century, Executive Summary. Washington, D.C.: AASHTO, Transportation 2020, Keeping America Moving, October 1989, Final Ed., p. E-6.

4. Two examples of potential (and somewhat discretionary) competition for scarce federal resources are space exploration and infrastructure. Development of space by NASA may run quite high, drawing substantial funds from the General Treasury. One high-level projection, the "Ride Report," indicates a program of "Earth Observation and Mars" annual cost starting at \$10 billion in 1988, rising to \$20 billion by 1992, \$26-28 billion by 1993, and \$33 billion by 1999. These costs would extend well into the next century (at least 2035). U.S. Congress, Congressional Budget Office, The NASA Program in the 1990s and Beyond (Washington, D.C.: Superintendent of Documents, May 1988), pp. 51-54. See also: U.S. National Commission on Space, Pioneering the Space Frontier, An Exciting Vision of Our Next Fifty Years in Space (New York: Bantam Books, 1986), pp. 188-191. One high-end needs study on the nation's infrastructure goes out twenty-five years at over \$118 billion a year, of which transportation requirements equal \$80 billion annually. U.S. National Council on Public Works Improvement, Fragile Foundations: A Report on America's Public Works (Washington, D.C.: Superintendent of Documents, February 1988), pp. 37-39.

5. Sam Fulwood III, "U.S. Shifting Costs of Roads to Cities, States," Los Angeles Times (March 8, 1990), pp. A-1, A-18; Laurie McGinley, "Transport Plan By Bush Limits Federal Role," Wall Street Journal (March 9, 1990), p. A-3.

6. President George H.W. Bush, "Inaugural Address," Weekly Compilation of Presidential Documents (Washington, D.C.: Supt. of Documents, January 30, 1989), January 20, 1989, pp. 99-102; Jack Nelson and James Gerstenzang, "Bush Calls for Growth While Cutting Deficit," Los Angeles Times (February 10, 1989), pp. I-1, I-24; U.S. Congress, Congressional Budget Office, Reducing the Deficit: Spending and Revenue Options (Washington, D.C.: Supt. of Documents, February 1989), pp. 230-240. Proposals for deep cuts or changes included mass transit, aviation, inland waterway, Coast Guard, and highways.

7. Sam Fulwood III and Robert W. Stewart, "Bush Transportation Plan Starts Heated Debate," Wall Street Journal (March 9, 1990), p. A-5; "Washington Stalled No-Tax Lane," Los Angeles Times (Editorial, March 9, 1990), p. B-10.

8. "Statement of National Transportation Policy," Moving America, Volume II. Washington, D.C.: Superintendent of Documents, March 1990; Don Winter, "Skinner shrinks the federal role in downsized national transport policy," Traffic World (March 12, 1990), pp. 10-16.

9. Art Pine and William J. Eaton, "Bush to Use Tax Hike Proposal to Push Deficit Cuts," Los Angeles Times (March 14, 1990), pp. A-1, A-17; David Wessel and Jeffrey H. Birnbaum, "Deficit Politics: Tax Issue Is Hot Again As Rostenkowski Plan Finds Bush 'Flexible,'" Wall Street Journal (March 14, 1990), pp. A-1, A-8.

10. National Interstate and Defense Highway System, Federal-Aid Highway Act of 1956, PL-84-627; Surface Transportation Assistance Act of 1982, PL-97-424; Surface Transportation Uniform Relocation Assistance Act of 1987, P.L.-100-17.

11. The legislative history section is based upon primary source research -- Congressional Records, press releases, and presidential records -- from each of the three eras. Space does not allow inclusion of the many rich, stimulating and entertaining quotes. Such transcripts of congressional hearings and floor debates are valuable sources of what officials want to appear on the record. Apparently verbatim, edited and insertions are permitted, and sometimes (rarely, it is hoped) hearings are staged. Despite such important caveats, official documentation provides a basis for what elected officials believed were the key public points to communicate. Jean Cobb, "Lights! Camera! Action! Program notes from the theater called congressional hearings," Common Cause Magazine (July/August, 1988), pp. 17-19.

12. Airline Deregulation Act of 1978, PL-95-504; International Air Transportation Competition Act of 1979, PL-96-192; Motor Carrier Act of 1980, PL-96-296; Staggers Rail Act of 1980, PL-96-448; Shipping Act of 1984, PL-98-237; Pat Choate and Susan

Walter, America in Ruins, the Decaying Infrastructure (Durham, N.C.: Duke, 1983).

13. The list of concerns is daunting. In three excellent overview discussions by the National Academy of Sciences Transportation Research Board (TRB) TR News, basic perspectives were considered. "TRB Identifies Ten Critical Issues in Transportatation," (September-October 1987), pp. 3-14; Douglas R. Porter, "The Future Doesn't Work," (November-December 1987), pp. 14-15; Lester A. Hoel and Peter G. Koltnow, "TRANSPORTATION: Coming Changes and Strategies," (July-August 1988), pp. 2-8.

14. U.S. Congress, Subcommittee on Surface Transportation, Committee on Public Works and Transportation, Hearings on the Impact of the Administration's Surface Transportation Budget Proposals for Fiscal Year 1986 (Washington, D.C.: Superintendent of Documents, 99th. Cong., First Ses., Report No. 99-16, March 7, 20, 1985), March 7-pp.1-2, March 20-pp.407-408.

15. U.S. Department of Transportation, Federal Highway Administration, Section-by-Section Legislative History -"Surface Transportation and Uniform Relocation Assistance Act of 1987" (Washington, D.C.: FHWA, internal staff document, October, 1987), pp. vii, 646.

16. The OMB position was published in a letter from James C. Miller III, Director to Senator Robert Stafford, January 27, 1987: 1. eliminate general fund financing of trust programs; 2. repeal special interest exemptions from highway user fees; 3. end the transit discretionary program and administer transit's share of the trust fund equitably by formula; 4. increase the non-federal match for transit capital grants from 20-25 to 50%; 5. limit transit operating subsidies to areas under 200,000 in population; 6. delete mandatory funding for the Los Angeles metro-rail. Congressional Record, op.cit., February 4, 1987, p. S-1690.

17. The President said: "But you know Congress and spending. Only this week the Congress sent me a highway construction bill that was loaded with pork-barrel projects. I haven't seen so much lard since I handed out blue ribbons at the Iowa State Fair. It was \$10 billion overboard." U.S. Office of the Federal Register, Weekly Compilation of Presidential Documents (Washington, D.C.: Superintendent of Documents, Vol. 23, No. 13, April 3, 1987), "Federal Deficit Reduction," Radio Address to the Nation, March 28, 1987), pp. 317-319. Ibid., Vol. 23, No. 11 (March 20, 1987), March 23, 1987, p. 280.

18. U.S. Congress, Committee on Public Works and Transportation, "Letter to President Reagan," News from: Committee on Public Works and Transportation (Press Release, March 24, 1987), p. 1.

19. Weekly Compilation, op. cit., Vol. 23, No. 12 (March 27, 1987), March 27, 1987, pp. 310-313.
20. Rollcall Vote No. 60, Congressional Record..., op. cit., April 2, 1987, p. S-4412; Ibid., March 31, 1987, p. H-1638.
21. Weekly Compilation..., op. cit. (March 28, 1987), April 2, 1987, p. 341.
22. Glenn M. Anderson, Congressman, California, and Paul Schlesinger, Senior Staff, Interview (Long Beach, California, April 7, 1988).
23. Citing studies by the U.S. Federal Highway Administration, American Association of State Highways and Transportation Officials (ASHTO), and the American Transportation Advisory Council (ATAC), the U.S. General Accounting Office stated total highway investment requirements for the period 1987-1995 may reach \$248.5 billion (ASHTO), "a possible shortfall of approximately \$138.5 billion." The report adds, "Whether the investment shortfall is really this large is a matter of some debate." A study by the ATAC foresees 1987-1996 capital investment needs at \$494 billion for highways and \$82.6 billion for transit. U.S. General Accounting Office, Highway Technology: The Structure for Conducting Highway Pavement Research (Washington, D.C.: Superintendent of Documents, GAO/PEMD-88-2BR, November, 1987), pp. 18-19. The president of the Highway Users Federation, Lester P. Lamm, stated the Highway Trust Fund should operate at a \$20 billion annual level instead of its current \$14.3 billion. There should also be an "addition of 10,000 to 20,000 miles of 'interstate-type highways' to the primary system." John D. Schulz, "Highway users group seeks larger trust fund, more road construction," Traffic World (September 26, 1988), p. 22.  
The validity of such estimates was addressed in two reports: U.S. General Accounting Office, Highway Needs: An Evaluation of Performance Monitoring and Data Collection Processes--DOT's Process for Assessing the Nation's Highway Needs (Washington, D.C.: Superintendent of Documents, GAO/RCED-87-136, August, 1987), pp. 2-5; U.S. General Accounting Office, Bridge Condition Assessment, Inaccurate Data May Cause Inequities in the Apportionment of Federal-Aid Funds (Washington, D.C.: Superintendent of Documents, GAO/RCED-88-75, May, 1988), pp. 2-5.
24. National Council on Public Works Improvement, Fragile Foundations: A Report on America's Public Works-Final Report to the President and Congress (Washington, D.C.: Superintendent of Documents, February 1988), pp. 1-6.
25. These ills are well documented in the first of several DOT studies as part of the National Transportation Program. U.S. Department of Transportation. Moving America: New Directions,

New Opportunities; Vol 1: Building the National Transportation Policy. Washington, D.C.: Superintendent of Documents, July 1989); and, Moving America, A Look to the 21st Century. Washington, D.C.: Superintendent of Documents, 1989.

Clearly, federal policies are not working. U.S. General Accounting Office. Traffic Congestion: Federal Efforts to Improve Mobility." Washington, D.C.: Supt. of Documents, GAO/PEMD-90-2, December 1989; and, Robert W. Stewart, "GAO Report Says Federal Government Lacks Plan to Battle Traffic Congestion," Los Angeles Times (January 7, 1990), p. A-4.

26. The projections in the following sections are based on presentations at the "Conference on Long-Range Trends and Requirements for the Nation's Highway and Public Transport Systems; A Look at the Future," National Academy of Sciences/Transportation Research Board (Washington, D.C., June 22-24, 1989), and "Beyond the Millennium," TR News (September-October 1988), pp. 3-6; TRB Conference Proceedings, A Look Ahead-Year 2020 (Washington, D.C.: Supt. of Documents, Special Report 220, Fall 1989).

27. The nation is importing more petroleum (fifty-four percent) and as vulnerable as ever to foreign energy shocks. James Tanner, "January Oil Imports Hit Highest Level In 12 Years, Due to December Cold Wave," Wall Street Journal (February 16, 1990), p. A-2.

28. John Horgan, "Greenhouse America: A Global Warming May Destroy U.S. Forests and Wetlands," Scientific American (January 1989), pp. 20-21.

29. Transportation Alternatives Group, Transportation 2020. Future Federal Surface Transportation Program, Policy Recommendations. Washington, D.C.: TAG, January 1990, pp. 5-6.

30. AASHTO, op.cit., pp. E-5 to E-7.