TEA 21 Reauthorization: Highlights and Recommendations

Status *The Senate passed its reauthorization proposal (S. 1072) on a 76-21 vote on February 12, 2004. The House had yet to introduce a full proposal when this summary was prepared. On February 27, Congress passed a two-month extension, which keeps funds flowing through the end of April.*

Funding Levels

The Senate bill (SAFETEA) provides a boost of 46 percent — from $218 billion to $318 billion — over the authorization levels enacted in TEA 21. This is similar to the 40 percent increase that was enacted between ISTEA and TEA 21.

	TEA 21 (in billions)	Senate's SAFETEA (in billions)	Percent Change from TEA 21
Highways	$ 176.9	$ 261.5	48%
Transit	$ 41.0	$ 56.5	38%
Total	**$ 217.9**	**$ 318.0**	**46%**

By comparison, a draft of the House bill provided a boost of 72 percent, from $218 billion to $375 billion; however, no revenue title has been introduced to date.

While House Transportation and Infrastructure Committee Chairman Young's proposal to raise and index the gas tax certainly has merit to meet the nation's needs, sufficient political support does not exist to enact the higher fee.

> We support passage of a six-year reauthorization bill in 2004 at no lower than the Senate's $318 billion funding level.

BART

Every weekday, some 300,000 people board BART trains along the system's 104 miles of track.

Budgetary Firewalls Maintained

Protection of transportation user fees ensures the reliability of federal transportation funding that could otherwise be lost to non-transportation uses.

> The Bay Area strongly supports the Senate's inclusion of firewalls for both the Highway Trust Fund and the General Fund portion of the program.

Eliminating Special Treatment for Ethanol Is Critical

If not corrected in the reauthorization of TEA 21, the unequal taxation of ethanol will cause California to lose approximately $600 million annually. Now that ethanol is effectively required in California and many other states, Congress should act to ensure that its usage does not erode transportation funding.

> California applauds the Senate's proposals to treat ethanol as equivalent to gasoline and to dedicate all ethanol tax revenues to the Highway Trust Fund.

Return to States Increased

Both the Senate and the House bills include a provision that increases all states' return on their contribution to the trust fund from 90.5 percent to 95 percent. California is not scheduled to reach this threshold until 2009, the final year of the bill, whereas some states reach it immediately.

> These provisions are consistent with the goals of the California Consensus Principles.

March 3, 2004

METROPOLITAN TRANSPORTATION COMMISSION

Joseph P. Bort MetroCenter | 101 Eighth Street | Oakland, California 94607
TEL.: 510.464.7700 | TTY/TDD: 510.464.7769 | FAX: 510.464.7848
E-MAIL: info@mtc.ca.gov | WEB: www.mtc.ca.gov

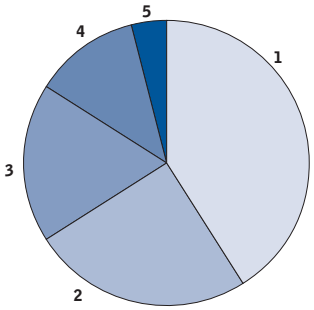
Preserve the Flexibility and the Program Structure of TEA 21

The basic program structure enacted in ISTEA and TEA 21 has worked well for over a decade. This basic structure – notably the flexibility of Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) program funds – has been critical in addressing the Bay Area's diverse, multimodal needs. STP/CMAQ dollars have funded:

- TransLink®, the Bay Area's regional transit fare "smart card;"
- the Bay Area's 511 traffic information service;
- MTC's Transportation for Livable Communities program to revitalize neighborhoods.

TEA 21 STP and CMAQ Program

Bay Area Total = $ 754 million



	By Purpose	Percent of Total
1	Transit/Road Rehab.	41%
2	Transit/Road Expansion	25%
3	System Management	18%
4	Enhancements/Planning	12%
5	Transit Operations	4%

The Senate bill is a substantial win in our efforts to maintain the program flexibility of ISTEA and TEA 21. SAFETEA directs more than 70 percent of its highway program resources to the core programs — including STP and CMAQ — compared to 52 percent of the House proposal and 67 percent in TEA 21.

Both bills generally maintain the transit program structure, with roughly 50 percent going to the formula programs and 45 percent to capital programs such as New Starts and Bus and Bus Facilities.

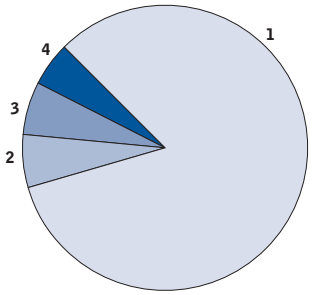
> MTC urges Congress to avoid creating new programs without a commensurate increase in funding resources.

Federal Transit Dollars Help Keep the Bay Area Moving

TEA 21 provided the Bay Area with critically needed funds to maintain our transit infrastructure. With a mature transit system in need of constant upkeep, the Bay Area spent 83 percent of its Federal Transit Administration (FTA) formula funds (roughly $1.4 billion from the Section 5307 and 5309 programs) on transit rehabilitation, 11 percent on system management and operation, and only 6 percent on transit expansion over the past six years. This investment supports a public transit system that carried 515 million riders in FY 2001–02, up 9 percent from the 1997–98 level.

TEA 21 FTA Formula Funding (Section 5307 and 5309)

Bay Area Total = $ 1.4 billion



	By Purpose	Percent of Total
1	Transit Rehabilitation	83%
2	Transit Expansion	6%
3	Transit System Management	6%
4	Transit Operations	5%

Without these public transit systems, the Bay Area would have far worse traffic congestion than it does today. In fact, delay caused by traffic congestion in the Bay Area would increase by 84 million hours a year, a 60 percent increase over current levels, according to the Texas Transportation Institute.

> The Bay Area supports retaining the needs-based focus of the federal transit program and current funding distribution beween formula and capital programs.

Peter Beeler

Expand Variable Pricing Programs

While TEA 21 included a value pricing program that allowed for 15 demonstration projects nationwide, current law maintains the general prohibition of tolling Interstate highways.

> MTC supports both the Administration and the Senate's proposals to broadly authorize states and local authorities to implement variable toll pricing programs on Interstate highways to manage high levels of congestion and to reduce emissions.

Broaden Eligibility for Toll Revenues

Under the Senate proposal, only Title 23-eligible projects may be funded by toll revenues under a variable pricing program.

> We recommend an amendment that would allow transit operations along the toll corridor also to receive funding.

Bay Area voters support a balanced transportation program and, accordingly, Congress should allow state and local agencies to strike the appropriate balance of investments.

Increase Flexibility for Bridge Tolls

On March 2, 2004, Bay Area voters approved by 57% Regional Measure 2, a comprehensive set of transit and highway improvements in the bridge corridors to be funded by a $1 toll increase, bringing the tolls on the state-owned bridges to $3 beginning on July 1. The measure will provide $125 million in new revenues annually, funding 36 new capital projects, along with transit operating dollars to sustain them. While Bay Area voters have approved a balanced plan that ensures the financial sustainability of the transit improvements, federal law contains restrictions that could impede the full implementation of this plan.

> MTC seeks a change in federal law to allow toll funds from all state-owned Bay Area bridges to be used for transit operations, as is the case with the Golden Gate Bridge, Highway and Transportation District.

This change would provide greater assurance and flexibility for the region to uphold its promise to the voters to sustain the new transit service.

Bay Area Demonstration Project: Interstate 680 Sunol Grade

The San Francisco Bay Area is poised to develop its own variable toll lane project on Interstate 680 between State Routes 84 and 237 in Alameda County. Traffic has significantly increased in recent years along this 14-mile segment — known as the Sunol Grade — and it is now one of the worst commutes in the region. A new carpool lane was recently added but studies show that a high-occupancy toll or "HOT" lane will provide even more benefits than a carpool-only lane and is physically, operationally and financially feasible on I-680. Initial studies predict that by 2007, the average speeds in the HOT lanes during peak hours will be 30 mph faster than in the regular freeway lanes. Over a 20-year period, HOT lanes in both directions along this segment are estimated to generate a net revenue of $80 million, which could be used for improvements along the corridor.

SANDAG

Interstate 15 HOT lanes in San Diego County during the afternoon commute

Metropolitan Planning Process

Increase Funding for Metropolitan Planning

Metropolitan areas across the nation are eager to meet the challenge and promise of TEA 21 and its successor. Additional planning funds will allow the existing 384 metropolitan planning organizations and 46 new MPOs (created after the 2000 Census) to provide the complex planning needed to ensure mobility and meet federal air quality standards in metropolitan areas across America.

> MTC strongly endorses the Senate provision to raise metropolitan planning funds from the current 1 percent to 1.5 percent of the highway program. We also support the House provision changing the planning progam to a percentage of the overall transit title.

Air Quality Planning Improvements

In order to achieve conformity between the emissions estimated in a regional transportation plan (RTP) and federal air quality standards, MPOs must adopt transportation control measures (TCMs).

> MTC supports the Senate proposal to allow for TCM substitution so that a TCM that is not working as originally intended can be replaced by another method as long as the substitute method achieves equivalent or greater emissions reductions within a similar time frame.

Synchronize Transportation Planning and Programming Timelines

Under current law, an MPO must update its transportation improvement program (TIP) every two years, while the RTP must be updated every three years. The Senate proposes to change the transportation planning cycle to every four years for areas designated as being in non-attainment for air quality, and to change the TIP cycle to every four years as well.

> MTC supports the provisions in SAFETEA that allow a better linkage between transportation planning and the programming cycles.

Chriss Poulsen

MTC's Transportation 2030 Summit to kick off the public dialogue on the 2005 RTP was crowded to capacity.

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Cities of Alameda County

Executive Staff

Steve Heminger
Executive Director

Ann Flemer
Deputy Director/Operations

Therese W. McMillan
Deputy Director/Policy

For more information, contact MTC Manager of Legislation and Public Affairs Randy Rentschler at 510.464.7858, or rrentschler@mtc.ca.gov