

Making Equity Central to Federal Transportation Policy

Executive Summary

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In February President Obama signed into law the \$787 billion "American Recovery and Reinvestment Act" (AARA), which invests nearly \$50 billion --roughly 6% of the total stimulus package-- in the construction and repair of our nation's roads, bridges, transit systems, and rails. In the Spring of 2009, Congress is expected to begin debate on a multi-billion dollar five-year federal transportation authorization bill to succeed the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which expires in September. While some advocates are concerned that the stimulus transportation investment may postpone consideration of this legislation, President Obama, and several lawmakers have offered reassurances that it will not.¹

The transportation reauthorization bill, coupled with the transportation windfall in the stimulus package, represents a rich opportunity for advocates to persuade Congress and the Administration to transform America's cities and suburbs into fairer, more equitable communities, providing low-income families and communities of color with new, marked pathways to prosperity. This is crucial because transportation policy in the United States' has historically favored middle-class and affluent neighborhoods at the expense of disadvantaged communities, resulting in skewed patterns of infrastructure development in metropolitan areas across the country. Through the reauthorization, smart growth, environmental, business, public health and social justice advocates can not only reverse those patterns but also strengthen local and regional economies. Regions with more equitable transportation systems are also regions that are more economically competitive.

When investments are made equitably they seek to ensure that individuals and families in all communities can participate in and benefit from economic growth and activity throughout a metropolitan region. Equity, most essentially, means just and fair inclusion. An equitable society is one in which all can participate and prosper. The goals of equity are to create conditions that allow all to reach their full potential.

¹ Obama Interview Transcript, The Washington Post, February 18, 2009.
http://voices.washingtonpost.com/postpartisan/2009/02/obama_interview_transcript.html

To create an equitable transportation system, the reauthorization should include these five major components:

1. **Viable Transportation Choices:** Transit systems should provide everyone—regardless of age, income, or disability—with viable choices, regardless of whether they own a car. Transportation should ensure that low-income and communities of color have opportunities to fully participate in the regional economy.
2. **Access to Jobs:** Transportation infrastructure should provide job access to all workers. Proactive measures such as minority hiring goals and workforce development training should be mandated to open transportation sector jobs – including construction, maintenance and operation -- to low-income workers and people of color.
3. **Equitable transportation investment that supports all communities:** Transportation should extend quality transportation options to all the communities in each region, in a way that reflects both each community's character and long-term plans.
4. **Positive community health impact: Transportation** policy should improve conditions in all kinds of neighborhoods by increasing options for walking and bicycling, improving pedestrian safety, reducing air pollution that triggers asthma and other respiratory conditions, and creating better transit connections to health services.
5. **Environmentally sustainable policies:** Transportation policy should promote environmental sustainability by reducing vehicle miles traveled, decreasing pollution, and conserving energy. The costs of attaining sustainability in transportation, as reflected in fees, taxes, and the price of energy, should be allocated equitably across the population.

In this executive summary, we address the key issues that comprise the quest for equitable transportation policies, in three broad categories: Shaping Communities; Powering the Economy, and Influencing Health. We also summarize recommendations for the next federal transportation reauthorization, organized around the broader equity questions: who benefits?, who pays?, and who decides?

Key Equitable Transportation Policy Issues: Shaping Communities, Powering the Economy and Impacting Community Health

An equitable transportation investment and policy analysis considers land use, economic opportunity, and community health objectives.

Shaping communities and regions

Transportation planning and investment shape our communities, and goals for building healthy, prosperous, inclusive communities and mitigating climate change cannot be reached without a strategy that integrates transportation and land use. The next federal transportation reauthorization can, for the first time, establish a process that can help cities and regions move toward these kinds of goals. Funding priorities and guidelines for states and regions should be shaped in ways that encourage the creation of transit-oriented development projects with housing that

addresses a full range of incomes. They can support coordinated planning and project development, to ensure that low-wealth communities participate in and benefit from such efforts. They can also require assessments of the land-use impacts of major transportation projects, and target capital spending primarily for the repair and maintenance of facilities in existing communities. These types of priorities will help to curb sprawl and revitalize existing cities and towns.

Powering economic opportunity

Transportation construction, operations and maintenance translate to millions of jobs and thousands of business opportunities. The transportation reauthorization can drive economic opportunity by broadening access to employment, prioritizing projects that create quality jobs in distressed communities, providing extensive training opportunities for those underrepresented in the industry, and ensuring that minority and disadvantaged businesses obtain a significant share of contracts. Under the new surface transportation policy bill, flexible funding for workforce training should be increased and an advisory policy in the current law should be made mandatory: that State Departments of Transportation and Metropolitan Planning Organizations set aside 1% of project funds—from both highway and transit programs—for workforce education and apprenticeship opportunities for low-income and minority residents. In addition, the reauthorization should ensure that at least 30% of the work hours on large federally funded construction projects be reserved for low-income people, ex-offenders, women, and minorities.

Minorities are underrepresented in the transportation construction industry and are concentrated in the lowest-paying jobs. According to the U.S. Bureau of Labor Statistics, of the more than 6.25 million people employed in the construction industry generally, the percentages of minorities in the construction trades were only 7 percent African Americans, and 17 percent Latinos/Hispanics.

Improving community health

The impact of transportation policy on health is unevenly distributed from one community to the next. Research shows that low-income communities and communities of color enjoy fewer of the advantages of efficient transit systems, such as access to jobs and healthcare facilities, and bear a disproportionate burden of the negative health impacts which transportation facilities and air pollution can inflict. More affluent neighborhoods are also more likely to have the infrastructure and safety features that make walking and cycling more feasible, leading to more opportunities for exercise and better health. In order to eliminate health disparities, which is the number one goal for the US Department of Health and Human Services, transportation policy must direct benefits to low-income communities and communities of color by prioritizing these communities for capital expansion grants for public transit, investing in the repair and maintenance of existing infrastructure, and bolstering financial support for transit operating costs.

The simplest formulation for understanding equitable transportation investment and planning is to evaluate: Who benefits? Who pays? And who decides?

Who Benefits?

Car users have been the primary beneficiaries of federal and state transportation investment, and an automobile-focused pattern of metropolitan development has become entrenched. Eighty percent of federal transportation expenditure goes toward highways, while the infrastructure for all other modes of travel competes for the remaining

While only 7% of White households do not own a car, 24% of African-American households, 17% of Latino households, and 13% of Asian-American households do not own a car.

20%. As a result of these funding disparities, lower-income people and people of color, who rely more on public transit for mobility and access since they have significantly lower rates of car ownership, have not fared nearly as well as higher-income and white Americans. It is therefore not surprising that people of color, who tend to have significantly lower incomes, use public transportation to travel to work at rates that are up to four times higher than whites, or that African-Americans and Latinos together make up 54% of public transportation users in urban areas. To ensure non-car users benefit from transportation investment, to the next reauthorization must shift federal spending away from the current bias toward highway building and into a "mode-neutral" system that can diversify regional transportation offerings by enabling a "fix-it-first" approach for maintaining existing facilities and otherwise emphasize spending in transit and other modes in which we have underinvested in the past.

The existing array of 108 federal programs includes some key sources of support for improving public transit, creating more walkable communities, increasing access to suburban jobs, and other critically important aspects of transportation equity. These levels of support are inadequate to the need and must be increased, either through the reauthorization of the existing programs or through a restructuring that would place these equity outcomes at the center of a new system of national transportation goals. Under this kind of reform, states and regions would have greater flexibility in how they meet these goals and would be accountable for the results. If the goals and benchmarks reflect a commitment to equity, the outcomes should improve as well.

Who Pays?

The system of funding transportation is, as many have said, both broke and broken. The dedicated federal gas tax generates nearly 90% of federal transportation revenue, but the tax alone is not enough to sustain our needs in the future. As a result, a determination of who pays for transportation infrastructure must begin with an analysis of where gas tax revenue is derived and whether those who pay receive comparable benefit. Several studies have found that metropolitan areas pay the most extensive gas taxes, yet outlying areas receive the most benefit from federal transportation investment. In 2004, the Environmental Working Group found that commuters in 176 metropolitan areas paid a total of \$20 billion more in federal gas taxes than they received in federal highway trust fund money for both transit and highways from 1998 through 2003. Taxpayers in fifty-four metropolitan areas did not realize commensurate benefit from the estimated \$100 million they paid in gas

taxes over the 6-year period analyzed.² This disparity has been fueled by transportation investments that expand roads and highways beyond the region's core and older suburbs. To reverse these inequities and limit sprawl, the reauthorization should prioritize "fix it first," which promotes a strong equity agenda by focusing on repairing and maintaining roads and existing transit systems as opposed to expanding them. However, it will also be important not to limit federal policy or equity advocacy to the areas which already have an infrastructure to "fix," since many needy areas, particularly smaller cities and certain rural areas, have not gotten that far yet.

Given declining revenues from the federal gas tax, new sources of funding are needed. In September 2008, Washington was forced to shift \$8 billion from the general fund to cover a shortfall in the transportation account. This summer, experts expect another \$9 billion will be needed to shore up the fund. The reason is that the fund derives its revenues from the federal gas tax, but the gas tax rate has not been raised in nearly twenty years. In addition, Americans are driving more fuel-efficient cars and, in many cases, fewer miles. In the full paper, we explore a number of proposals for funding transportation, including user fees, public-private partnerships, and carbon taxes, and we examine the principles needed to guide each of these financing mechanisms to ensure equity.

Who Decides How Money Will Be Used?

An equitable transportation system must ensure that the decision-making processes used by metropolitan planning organizations and state DOT's are representative, responsive and accountable, and that they select projects with a goal of promoting equitable outcomes at the metro level. This is often not the case under the current system. Few MPO's or State DOT's are representative of the populations that they serve. A 2008 survey of the 50 largest MPOs showed that the voting members of the MPO boards were 88% white, with about 7% African Americans, 3 % Hispanics, and 1% Asian/Pacific Islanders. Thirteen of the 50 MPOs in the study had all white members and only 10 had a membership of more than 20% non-white members.³ Generally, the MPO's are less representative of the population than they were in a similar survey completed in 2000.

Most MPO boards also are over-represented by suburban interests because of a "one-area, one-vote" system. Urban core areas that have denser populations than suburban zones end up being under-represented because they have the same number of votes as sparsely populated suburban counties. This system influences the level of participation based on residential location—negatively so, in the case of low-income neighborhoods of color in urban core areas. It also has a significant effect on the outcomes of transportation investment decisions—especially those related to public transit. In fact, for each additional suburban voter on an MPO

² A Denver Regional Council of Governments (DRCOG) report found that for every dollar Denver metro residents contribute in gas taxes and car-related taxes, the Colorado Transportation Commission provides only 54 cents in return to address transportation needs (DRCOG 2004 Summary of report findings at <http://www.drcog.org/documents/RR%203-04.pdf>.) A report by the Brookings Institution showed that compared to rural areas, metropolitan areas in Ohio receive less transportation funding (Puentes, Slanted Pavement: How Ohio's Highway Spending Shortchanges Cities and Suburbs, Brookings Institution (2003).

³ In 2000, the overall racial/ethnic composition of these MPOs was 61 percent white, 15 percent African American, six percent Asian, and 17 percent Hispanic. Thomas W. Sanchez, An Equity Analysis of Transportation Funding, Race Poverty and the Environment (2008) <http://www.urbanhabitat.org/node/2812>

board, 1-7% fewer funds were allocated to public transit in MPO budgets.⁴ The new reauthorization has the power to restructure MPO board decision-making and the manner in which their membership is selected, to ensure that all stakeholders – including low-income communities and communities of color – have a vote.

Transparency, accountability and extensive public participation are important tools to ensure an equitable distribution of benefits. To improve transparency, the bill should require written criteria for project selection, developed through a participatory public process. Outreach for this kind of process must extend well beyond the Internet to reach all stakeholders.

The recent National Surface Transportation Policy and Revenue Study Commission called for “federal funding that is performance-based and focused on cost-beneficial outcomes with accountability for the full range of economic, environmental, and social costs and benefits of investments.” The 2009 authorization has an opportunity to expand transparency and improve clarity by consolidating the 108 distinct funding programs for transportation into fewer, more mode neutral programs. Given that each program has its own constituency, a major overhaul of programs is politically daunting but nonetheless important. If flexibility in implementation and accountability for outcomes were tied to progressive national goals and sufficient funding, there would be strong prospects for positive change.

Conclusion

Advocates have made social and economic equity the focus of an unprecedented and robust campaign to shape the next reauthorization bill. PolicyLink is working in partnership with supporters of quality transit, equitable access to jobs, smart growth, sustainable development, affordable housing and healthy communities to push for progressive reform and create transportation investment priorities that take into account the needs of all Americans. At the same time, PolicyLink will work to build the capacity of local, regional and statewide transportation equity leaders and to help them to partner effectively with a broad coalition of stakeholders in transportation policy to include equity as a major outcome. This dual approach to building local capacity and advocating directly for federal policy change is necessary if the transportation system is to be truly restructured to serve the needs of all communities.

⁴ Nelson, A.C., Sanchez, T.W., Wolf, J.F., and Farquhar, M.B. “Metropolitan Planning Organization Voting Structure and Transit Investment Bias: Preliminary Analysis with Social Equity Implications, Transportation Research Record (TRR),” Journal of the Transportation Research Board, 2004.