

Rewriting Federal Transportation Law: Implications for California

Federal assistance has played a key role in supporting and shaping the transportation system in California. The state currently receives about \$1.6 billion annually in federal aid, which represents a large share of the discretionary transportation funding available for use throughout the state.

The law governing federal involvement in transportation is about to expire, and there is considerable debate among legislators as Congress prepares to write a new law. Changes in the funding and procedural requirements of the law could have major repercussions for transportation in California. For example, mass transit programs could face fiscal challenges, and efforts to coordinate transportation planning in metropolitan areas could be jeopardized.

To help inform the debate, Paul Lewis and Mary Sprague examined the recent history of transportation policy in California, focusing on relationships between levels of government and issues facing urbanized areas. They present their findings and discuss the potential implications of proposed changes in the law in *Federal Transportation Policy and the Role of Metropolitan Planning Organizations in California*.

The Role of MPOs in Transportation Planning

Metropolitan Planning Organizations (MPOs) have existed since the 1960s in metropolitan areas throughout the country. These agencies are required by federal law to participate in the planning process whenever federal funds are involved. Before 1991, their decisionmaking authority in the transportation arena was limited, with the MPOs typically playing a supporting role to state transportation departments, which were oriented toward highway construction.

In 1991, Congress passed the current law governing federal transportation policy and funding—the Intermodal Surface Transportation Efficiency Act (ISTEA). This legislation gave MPOs significant new authority, empowering them to play a lead role in choosing which transportation

projects would receive federal funding. The planning agencies were granted primary authority over two new categories of federal funds: the Congestion Management and Air Quality Improvement Program (CMAQ) and the regional component of the Surface Transportation Program (STP). These two categories of ISTEA funds are particularly important because they may be used flexibly for various transportation modes (highways, mass transit, bicycle paths, and so on), whereas many other sources of revenue are limited to more specific purposes. In FY1996–1997, this flexible funding amounted to about \$750 million for California.

Much of the MPO effort focuses on “programming”—that is, approving and establishing priorities among highway, mass transit, bicycle, and other projects proposed by local “sponsors,” typically cities, counties, and transit agencies. The goal of MPO planning under ISTEA is to produce a coherent regionwide transportation improvement program.

Given the state’s strong population growth and urban congestion, the regional perspective has become increasingly important, especially in the four multicounty regions of the state (the Southern California, Sacramento, Monterey Bay, and San Francisco Bay areas).

How Might Changes in Federal Transportation Law Affect California?

Various proposals are being considered by Congress as the legislators debate the shape of the new law. One plan proposes to “streamline” ISTEA by increasing state government discretion and reducing the number of funding categories. It is likely that such changes would lead to reduced emphasis on the less traditional concerns of federal transportation policy, including air quality programs, enhancement projects such as bicycle trails, and systematic regional planning. If the CMAQ program is ended as a separate category, as some propose, mass transit systems (which have suf-

ferred in recent years from cutbacks in federal operating subsidies) will face additional fiscal difficulty.

Another proposal would “turn back,” or devolve, responsibility from the federal government to the states for raising and spending transportation funds. It is likely that this would result in state motor fuel taxes being substituted for federal motor fuel taxes, since most of the federal gas tax would be canceled. However, the California Constitution limits the use of state gas taxes to road projects and rail construction (but not operations). Thus, the “turnback” plan also could lead to fiscal challenges for the state’s existing mass transit systems.

Moreover, devolution of authority to the state, as under the turnback plan, could portend a possible withering of the regional decisionmaking role in the multicounty metropolitan areas of California. The state’s traditional approach to regional transportation planning has been to devolve authority to county-level agencies, rather than regionwide MPOs. In fact, contrary to the spirit of ISTEA, the state already allows counties in some of the multicounty areas to retain much of the decisionmaking authority.

The authors point out that this can be problematic, because highways and mass transit systems are generally regionwide networks, and air pollution spans county boundaries. Counties tend to think of transportation priorities only within their own jurisdictions, and they have fewer incentives than MPOs to coordinate their investments or consider the spillover effects of their decisions.

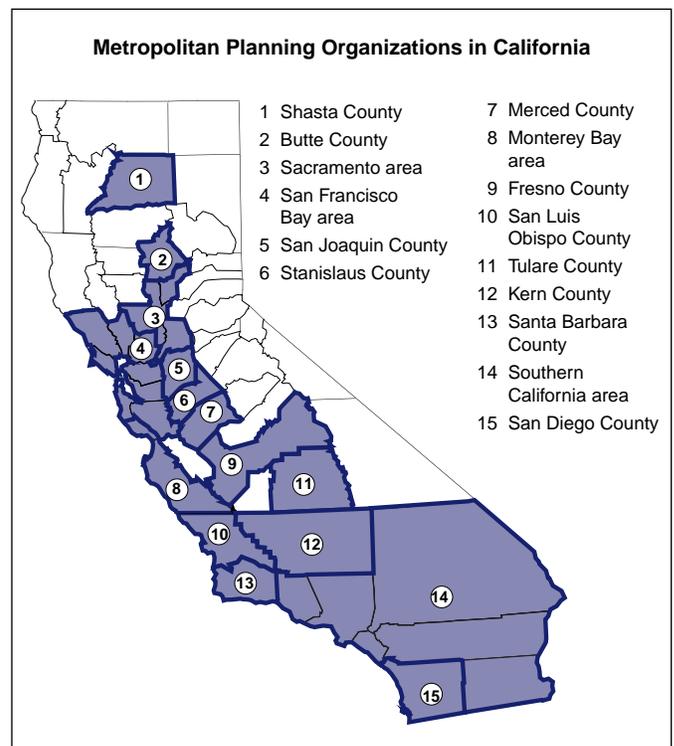
The authors argue that the lack of a larger regional vision could lead to adverse long-term consequences for the state. They recommend that the authority and responsibilities of MPOs be considered carefully as legislators write the new law.

What Are the Larger Implications for Public Policy?

The experience of transportation policy is worth considering as federal, state, and local officials discuss the merits of devolution, a concept that has gained widespread attention. Devolution implies moving governmental discretion and

responsibility to a level closer to the people—often from the national to the state level, as in the case of welfare reform. However, devolution may involve other levels and types of government as well, each of which has different incentives in devising procedures and spending plans for social and economic programs. In devolving federal responsibilities and activities, policymakers should be aware of the varying perspectives and motivation of different levels of government and should design programs carefully.

Some scholars and policymakers have suggested that the metropolitan region is a more appropriate level than states and local governments at which to place oversight and planning responsibilities for federal programs. ISTEA, which places decisionmaking authority at the metropolitan level in the most populous areas of the state, is worth evaluating as an instructive experiment in regional governance.



California has 15 MPOs. Each has a governing body (consisting of representatives from the local governments in the area) and a staff of professional planners.

This research brief summarizes a report by Paul G. Lewis and Mary Sprague, Federal Transportation Policy and the Role of Metropolitan Planning Organizations in California. The report may be ordered by calling (800) 232-5343 [mainland U.S.] or (415) 291-4415 [Canada, Hawaii, overseas]. A copy of the full text is also available on theInternet (www.ppic.org). The Public Policy Institute of California is a private, nonprofit organization dedicated to independent, nonpartisan research on economic, social, and political issues that affect the lives of Californians.
