

Public Transit and Infrastructure Investment

A Synthesis of 20 Years of Conservative Thought



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American Opportunity/Free Congress Foundation

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An aerial photograph of a multi-lane highway. Several cars are visible on the road, including a silver sedan, a blue car, and a white car. The highway is bordered by green trees and a sidewalk. A semi-transparent white box with an orange border is overlaid on the right side of the image, containing text.

Forward

American Opportunity Foundation was founded in 1977 as the Free Congress Foundation (FCF) under the leadership of Paul Weyrich, who served as President until his death in 2008. Under Mr Weyrich's leadership, the Foundation established itself as the premier Conservative voice and expertise on transportation and public transit issues. Prior to founding FCF, Mr Weyrich, a long-standing advocate for Conservative ideals, also co-founded the Heritage Foundation, Coalitions for America, and other conservative organizations.

In 2010, former Virginia Governor Jim Gilmore assumed the Presidency of Free Congress Foundation. Under Governor Gilmore's leadership, FCF, now renamed as American Opportunity Foundation (AO), has continued to examine public transportation and transit issues from a Conservative viewpoint. With the expertise of some of the most distinguished policy leaders in the transportation field, American Opportunity authored sixteen transportation policy papers, representing the largest body of conservative research on transportation issues to date. Each paper was prepared for the American Public Transportation Association, and presented by its author annually at a Congressional briefing on Capitol Hill.

In February 2017, President Trump announced plans to invest over \$1 trillion to rebuild and revitalize the critical infrastructure of the United States. Transportation Secretary Chao further announced a task force to work closely with the White House in crafting an infrastructure revitalization plan.

As President Trump's infrastructure plan is introduced and debated, American Opportunity Foundation presents our research as a resource to enhance the debate with sound Conservative thought on key infrastructure issues. **This document serves as a brief synthesis highlighting just a few of the key themes of American Opportunity public transportation research and an introduction of our new Transportation Resource Library**, available online at www.AmericanOpportunity.org. We encourage our reader to visit our full collection of transit research for a deeper understanding of issues summarized in this document.



I. Constitutional and Historic Basis

Constitutional Basis¹

As the Supreme Court has stated many times, the views of the First Congress are entitled to 'the greatest weight in the interpretation of' the Constitution because seventeen members of the Constitutional Convention served in the First Congress and were intimately familiar with the document's purposes and design."

The Constitution was adopted for the purpose of drawing the states together to create one nation. In an intentional expansion of national power from the Articles of Confederation, the Constitution has been interpreted broadly to authorize not only the designation of roads as byways for the postal services, but creation of new roads as well. Specifically, Article I, Section 8 grants Congress "the power to establish post offices and post roads" and, "the power to regulate commerce with foreign nations and among the several states". By the powers granted in Article I, the Constitution's framers intended to facilitate the movement of commercial goods across the young American nation which directly implicated a national role in transportation and infrastructure.

Broadly interpreted, the Constitution authorizes the designation of roads as byways for the postal services, and creation of new roads as well. The First Congress immediately relied on the commerce power when in 1789 it passed the 'Lighthouse Act' which provided for the transfer of 'all lighthouses, beacons, buoys, [and] public piers' from local maintenance to federal control to ensure safe and efficient navigation of waterways.²

The Lighthouse Act is significant because it shows that the federal government was originally understood to have a

direct and substantial role in maintaining the nation's transportation infrastructure—indeed transportation by waterways was the principal means of moving commercial goods in the founding era.³

Historical Basis

Transportation systems have always involved the private use of publicly owned waterways, roads and land. From the National Road to Cumberland, Maryland in 1806, to canals, railroads, highways and transit, there has been a mix of federal, state and local governments working with the private sector to promote growth and economic development. Indeed, critically, each of the laws of Congress passed between 1806 and 1820 directed that appropriated funds be used to address local and national transportation needs (e.g. Act of April 19, 1816 3 Stat 290 see also *Indiana v United States*, 148 U.S. 148, 149-50 (1893)).

The federal government provided for the construction of new transportation corridors, as well as their maintenance as well. For example, in 1827 Congress appropriated funds 'for the purpose of repairing the public road from Cumberland to Wheeling.' Act of March 2, 1827, 4 Stat. 228.

Transportation investments in early America did not end with harbors and roads. Early federal infrastructure support extended to the railroads, which brought increased federal involvement in providing infrastructure. West of the Mississippi, the federal government owned vast expanses of land. To encourage rail road construction, it gave some of that land to railroad companies. Land grants that were extended for sale to immigrant farmers, who would in turn provide markets for the railroad. Without this critical government involvement, the settling of the West would have developed much slower.⁴

¹ Schenendorf, Jack – *The Case Against Transportation Devolution: A Conservative Perspective and The Role of Transportation in a Conservative Pro-Growth Agenda*, Free Congress Research and Education Foundation/American Opportunity Foundation

² Schenendorf, Jack – *The Role of Public Transportation in a Conservative Pro-Growth Agenda*, Free Congress Research and Education Foundation/ American Opportunity Foundation

³ Schenendorf, Jack – *The Case Against Transportation Devolution: A Conservative Perspective* Free Congress Research and Education Foundation/ American Opportunity Foundation

⁴ Weyrich, Paul M and Lind, William S. - *Transit Means Business: Ten Reasons Why Conservatives Should Support New TEA legislation* by Paul M. Weyrich and William S. Lind – Free Congress/American Opportunity Briefing Paper

Public transit began in the last 1800's with the advent of electricity. During this period, most transit lines were privately owned, yet government regulated. However, this dynamic changed as governments, at all levels, began to spend large amounts constructing road networks that favored automobiles. By 1921 (first year for which data are available) government – federal, state and local – was pouring \$1.4 billion into highways. In contrast, the vast majority of transit systems continued as privately owned, received no government assistance, yet paying infrastructure taxes. Fares were often controlled by local governments and, despite wartime and postwar inflation, were not allowed to commensurately rise. As a result, by 1919 one-third of the country's streetcar companies were bankrupt.

Throughout the interwar period, the problem government-controlled fares left the transit industry (especially electric railways) short on capital to fund improved equipment and service. Meanwhile, government largesse to highways grew. By 1940 \$2.7 billion in federal funds were spent on highways. In contrast, the total operating costs of all transit systems (except commuter rail) was just \$661 million which was financed through private funding – not via public resources as with highways.⁵ Eventually, government took over most transit systems in the post World War II era.

Although, now dominated by publicly owned systems, there has been steady and significant growth over the past 30 years. In 1980, there were only 10 commuter rail systems; by 2010 there were 28. Four new heavy rail systems opened between 1980 and 2010. The number of light rail systems increased five-fold, from seven in 1980 to 35 in 2010.⁶

President Trump's new infrastructure investment program is following the successful historic model of the past 225 years. American Opportunity Foundation advocates that private business should, and will, remain the engine of the American economy. But, government has a necessary role in providing the tracks on which for that engine must run. Those tracks are the infrastructure, which include both roads and transit.

II. Benefits of US Public Transportation System

At its core, the basic benefit of transportation is the connection of people and places so as to support economic activity and society's need and desire to accomplish other activities. Transit empowers American people – connecting with jobs, bringing individuals back into the workforce, and giving people the maximum liberty to decide where to live, worship, vacation, shop, and access health care. Public transportation is also a key component of national security and emergency preparedness – by facilitating emergency evacuations and the deployment of needed supplies and assistance to every corner of our country when disaster strikes, public transportation plays a critical role in our Nation's security.

Economic Benefits

Public transportation's economic benefits are considerable and bear special note. A University of Utah study reported that public transportation investments generate 31 percent more jobs per dollar than new construction of roads and bridges. Putting or keeping public transportation in communities with high unemployment produces up to 2.5 times more jobs than putting public transportation in communities with low unemployment⁷. Similarly, public transit investments produced 1.7 times as many jobs per dollar as did investments in highways and bridges. And recent studies estimate that for every \$1 allocated to public-sector infrastructure, about \$1.70 is generated and added to real GDP.⁸

Washington DC's own Metrorail illustrates this economic benefit fact well. Average office rents near Metrorail stations rise with system wide ridership; office vacancy rates are lower, average building densities higher, and shares of regional growth larger in station areas with joint development projects. Further, Metrorail was shown to boost property values, adding 6.8% more value to residential, 9.4% to multi-family, and 8.9% to commercial office properties within a half-mile of a Metrorail station.

⁵ Weyrich, Paul M.; Lind, William S – *Conservative's Mass Transit: Is It Time for a New Look* Free Congress Research and Education Foundation/American Opportunity

⁶ Bronzini, Michael S. – *Transportation and the Economic Health and Attractiveness of Metropolitan Regions* Free Congress Research and Education Foundation/American Opportunity Foundation

⁷ Nelson, Arthur C. et al. *The Best Stimulus for the Money: Briefing Papers on the Economics of Transportation Spending*, Metropolitan Research Center, University of Utah.)

⁸ Bronzini, Michael S. – *Transportation and the Economic Health and Attractiveness of Metropolitan Regions* by Michael; Free Congress Research and Education Foundation/American Opportunity Foundation

Further, public transit is critical to job security and growth – two million jobs (or 54% of all regional jobs) are accessible within a ½ mile of Metrorail stations. 300,000 more jobs are accessible within one mile of Metrorail stations. Combining transit investments with private real projects indicate a strengthening to these effects.⁹

Public transit generates significant tax revenue. Continuing with the Metrorail example, from 1977 to 2010, Virginia collected \$2.1 billion in additional tax revenues. Net revenues of \$1.2 billion (revenues in excess of Commonwealth contributions to Metrorail) were realized, amounting to three times the annual Commonwealth contribution.

Despite the inherent economic benefits, federal spending on infrastructure as a percentage of GDP had fallen to a two-decade low of 1.7 percent by 2010.

Environmental Benefits

Transit systems powered by electricity play an important role in reducing pollution and our dependence on foreign oil. Electricity powers trolleys, light rail, and subways. Electricity is seldom generated by oil, and is moving from coal to cleaner fuels, such as domestic natural gas. Further, the more that transit is used, the less gasoline is used, and the less dependent we become on imports from foreign powers.

Air quality is often the poorest in urban and suburban areas where traffic congestion is the worst. This has meant that residents of these areas, especially those living in close proximity to major thoroughfares or highways, confront much higher health risks due to poor air quality.

Public transportation reduces the need for many separate trips by private vehicles in dense urban areas, replacing many separate emissions-producing vehicles with fewer transit vehicles that generally emit less pollution on a per person basis.

Most rail transit vehicles emit little or no pollution, as they are powered by electricity. Other transit vehicles, such as buses, use alternative fuels such as compressed natural



MYTH: TRANSIT DOES NOT SPUR ECONOMIC DEVELOPMENT*

MYTH BUSTERS:

Dallas

DART Light Rail stations grew 25 percent more in value than similar properties not served by rail transit. Average occupancies for Class A buildings near the Light Rail line increased from 80% in 1994 to 88.5% in 1998. Average rents rose from \$15.60 per square foot to \$23.

San Francisco

Research shows that single family homeowners are willing to pay on average nearly \$16 in home price for each foot closer to BART.

St. Louis

MetroLink has been lauded as a catalyst for economic development. 25 Locations within walking distance of MetroLink stations have become hot commodities for potential businesses. Local real estate report potential renters and buyers are favoring property within the vicinity of MetroLink. Occupancy rates in apartments near MetroLink stations show increase.

Northern Virginia

Metrorail spurs area development projects

- 25 million additional square feet of office space
- 1.8 million additional square feet of retail space
- 4,000 additional residential units

Metrorail spurs area job growth

- 86,000 additional office jobs
- 1,500 additional retail jobs
- 3,500 additional hotel jobs

* The data stated here was current at the time the FCF/AO reports were written. The impacts have only increased over the ensuing years.

⁹ Weyrich, Paul M. and Lind, William S. – Transit Means Business: Ten Reasons Why Conservatives Should Support New TEA Legislation. Free Congress Research and Education Foundation/ American Opportunity



MYTH: TRANSIT DOES NOT REDUCE CONGESTION*

MYTH BUSTERS:

- After the September, 1998 opening of the Westside line of MAX, Portland, Oregon's Light Rail System, "Transit's share of westbound trips leaving downtown on major roads during the afternoon rush hour increased by 5 percentage points. . . from 11 percent in May 1993 to 16 percent in May 1999. This increase represents nearly all of the 5.5 percent increase in afternoon rush. On Sunset Highway, transit's share of westbound trips leaving downtown Portland during the afternoon rush hour increased from 13% to 20% while drive alone trips declined from 60 to 55 percent." Westside Corridor Travel Study Executive Summary – May 1999, Tri-County Metropolitan Transportation District of Oregon
- The Texas Transportation Institute's 1999 Annual Urban Mobility Study shows that the greatest increases in congestion have been in areas that do not have rail transit. David Schrank and Tim Lomax, 1999 Annual Urban Mobility Study, Texas Transportation Institute, 1999.

* The data stated here was current at the time the FCF/AO reports were written. The impacts have only increased over the ensuing years.

gas (CNG), liquefied natural gas or fuel cells which produce fewer pollutants. Many other buses, traditionally fueled by diesel, are being replaced with hybrid-diesel or bio-diesel buses¹⁰.

Reduction of Traffic Congestion

Our public transportation system is a major factor in reducing congestion and leads to direct travel cost savings for individuals and businesses, and operating cost savings to businesses through worker attendance reliability.

Traffic congestion is costly in terms of gasoline, but even more in terms of time. In the largest fifteen urban areas congested driving conditions prevail for an average of six hours per day. To arrive on time must allow for 60 minutes to make a trip that takes only 20 minutes in light traffic conditions.¹¹ In fact a rail transit line can carry more people in a 100-foot right-of-way than can a six-lane freeway, which requires a 300-foot right-of-way.¹² Further, rail transit systems running on their own separate guide ways carry significantly more passengers per hour than urban expressway lanes, and often have faster peak-period travel times as well.

Most transit riders own cars, but choose to ride transit. Drawing these riders from transit from their own cars directly affects traffic congestion. Riders of choice represent cars removed from traffic, usually in rush hours, on almost a one-to-one basis. Every trip a rider of choice takes on transit equals a car removed from traffic, assuming that for most trips, most people drive alone. Since most of these people are using transit to get to or from work in rush hour, transit is subtracting their trips not just from traffic, but from rush hour traffic, which brings the greatest benefit to those who still drive.

III. Transit Serves Conservative Goals

As FCF founder Paul Weyrich stated: "You know transportation issues are neither left nor right. They are not ideological." But, public transportation, and particularly

¹⁰ US Federal Transit Administration Website <https://www.transit.dot.gov/regulations-and-guidance/environmental-programs/transit-environmental-sustainability/transit-role>

¹¹ Bronzini, Michael S. – *Transportation and the Economic Health and Attractiveness of Metropolitan Regions* Free Congress Research and Education Foundation/American Opportunity Foundation

¹² Weyrich, Paul and Lind, William – *How Traffic Benefits People Who Do Not Ride It: A Conservative Inquiry* Free Congress Research and Education Foundation/American Opportunity Foundation

transit, can benefit the goals of conservatives, and that is what we at AO/FCF have worked to demonstrate to conservatives over the past twenty years.

Transit, in its various forms, plays an important role in our metropolitan areas and without it, most of our largest cities would cease to function. American cities are making a generational comeback made possible by public transportation and transit. Millennials are moving back to urban environments to enjoy the freedom, employment opportunities and recreation that cities offer. Transit empowers individuals' freedom by supporting their ability to choose their own lifestyles. Young Americans who live in cities cannot be ignored by Conservatives. It is incumbent upon us to effectively address and support the priorities of the future generation.

There are a number of other benefits, in addition to economic growth, provided by public transportation and transit that are also important to conservatives. These include empowering individuals' freedom. In addition to these and other economic benefits, there are other benefits on an individual level by supporting our ability to choose our own lifestyles.

Transit also empowers the individuals of our nation, connecting Americans with jobs, bring workers back into the workforce, and giving people the maximum liberty to decide where to live, worship, vacation, and provides access to health care. Finally, public transportation is a key component of national security and emergency preparedness, facilitating emergency evacuations and the deployment of needed supplies and assistance to every corner of our country when disaster strikes.

As President Trump is proposing a major new federal investment in transportation infrastructure, there are some call for the opposite approach – “devolution.” “Devolution” is the process transfer of power or responsibilities from a higher level of government to a lower or more local level. In the transportation context, devolution means terminating federal highway and transit programs – thereby, leaving the task of funding and planning transportation to the States.

Our current system works to ensure that federal money is prioritized and focused on highways that carry the vast majority of traffic. This system helps create the efficient movement of goods that saves money and encourages economic growth.



MYTH: RAIL TRANSIT CAN ONLY SERVE CITY CENTERS BUT MOST NEW JOBS ARE IN THE SUBURBS*

MYTH BUSTERS:

This anti-transit myth is a bit different from the others, because the problem itself is not a myth. The myth is that the problem has no solution.

Downtowns remain important centers of employment in most regions and transit serves downtowns well. But, it is also true that much job growth is in the suburbs. A study sponsored by the Transportation Research Board, Guidelines for Enhancing Suburban Mobility Using Public Transportation, well describes the challenge facing mass transit:

Improving suburban mobility is a difficult national challenge. For transit, the problem is particularly acute. Networks historically have been designed to serve downtowns and concentrated urban centers. Many are ill-suited for serving the lower density and dispersed travel patterns characteristic of suburban patterns of development. Average residential and employment densities today are not only much lower than a decade or more ago, but trip origins and destinations are also far more spread out. Nationwide, the share of work trips both beginning and ending in the suburbs, for instance, increased from 38 percent in 1970 to 52 percent in 1990.

* The data stated here was current at the time the FCF/AO reports were written. The impacts have only increased over the ensuing years.

National transportation projects have provided for strategic construction of roads and bridges that mover traffic and goods across the entire nation, not just one state or locality. National approaches have made possible the Strategic Highway Network for deployment of strategic

assets, a use made as recently as movement of troops to be deployed to the Middle East.

A national approach has always been in the national Conservative consciousness as noted in The Federalist Papers:

It has often given me pleasure to observe that independent America was not composed of detached and distant territories, but that one connected, fertile, wide spreading country was the portion of our western sons of liberty... A succession of navigable waters forms a band of chains...as if to bind it together; present them with highways for the easy communication...and the mutual transportation and exchange of their various commodities. – John Jay, Federalist No. 2 (1787)

Devolution would essentially balkanize transportation, simply serving local needs rather than the needs of our entire nation. In fact, twenty-three state constitutions *prohibit* using state money for public transit at all, making for an inherently biased and unfair national transportation system. A national funding approach is fundamentally necessary for a national infrastructure reform.

Reducing the amount of funding available for rehabilitation and construction projects, eliminating transit options, and encouraging states to pursue parochial goals rather than national priorities would have a deleterious effect on commuter choice and highway congestion.

In addition to the national role for transportation, Conservatives have always been leaders where national security is concerned. We understand that providing security to all Americans is government's most important job. That means we are for a strong national defense and effective measures to prevent crime.¹³

In the past, public transit was not seen as playing an important role in national security. But on September 11, 2001, that changed. Suddenly, it became clear that transit's ability to evacuate large urban areas quickly is vital to national security.

We would wish that more major terrorist incidents like the attacks on the World Trade Towers and the Pentagon are unlikely. Unfortunately, that is not the case. As the world moves warfare waged by non-state entities, the probability of more such attacks grows ever stronger. There is a danger that some of them will include Weapons of Mass Destruction (WMD) – nuclear, chemical or biological weapons with the potential to kill tens of thousands of Americans.

If an American city is attacked by such a weapon, or if we get warning that an attack is imminent, we need to be able to evacuate the people who are directly threatened. To do that by private automobile would result in almost immediate gridlock, as everyone got on the road at the same time. Only transit can move the volume of people involved in the short amount of time available.

Consider what happened in Washington after the Pentagon was attacked: Metro kept operating. People who wanted to leave the city could do so easily, almost normally. There is a lesson here for transit authorities everywhere: while normal operating practice dictates a shut-down if there is any danger to riders, that is not true if the city is attacked. Regardless of risks, the transit system must keep operating.

IV. Funding Transportation¹⁴

Our research has identified five primary funding approaches to address the revitalization and rebuilding of the transportation infrastructure:

1. Continuing the Gas Tax, and supplementing it with additional general fund use
2. Changing the current gas tax to an ad valorem or percentage tax
3. Vehicle miles traveled tax (VMT)
4. Tolls or congestion pricing on existing roads
5. Public/private partnerships paid for by tolls, public money or tax credits

The first question facing us today is what levels of investment are needed? And, how do we pay for these investments? Opinions vary as to the exact need, but there is widespread

¹³ Weyrich, Paul M and Lind, William S. – *Transit Means Business: Ten Reasons Why Conservatives Should Support New TEA legislation* by Paul M. Weyrich and William S. Lind – Free Congress/ American Opportunity Briefing Paper

¹⁴ Bronzini, Michael S. – *Surface Transportation: The case for Growth Free Congress Research and Education Foundation/American Opportunity Foundation*



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MYTH: WHEN TRANSIT IS FUNDED PUBLICLY, THERE IS LESS IMPETUS FOR PRIVATE SECTOR FUNDING

MYTH BUSTERS:

Because quality transit stimulates economic development in the areas it serves, it is reasonable to expect those who will benefit to help fund the transit system. This has already occurred in a number of cities. Public/private partnerships reflect conservative values both by reducing the demand on public funds and by expecting those who hope to receive a return to invest. Generating local and private sector must be successfully leveraged with federal funding. Thus, a base of public support will help attract private engagement and investment.

consensus that public investments in surface transportation have been lagging for several decades, to the point where our crumbling and congested infrastructure threatens our economic and social well-being and our competitiveness in world markets. While some gains can be made through better use of existing revenue, rehabilitating the existing system and investing in our future will require spending that is tens of billions of dollars per year above recent levels. While different groups and organizations have come up with somewhat different numbers needed for investments in highway and transit systems, they are unanimous that it needs to be done.¹⁵

While there is a general consensus that our transportation systems are vital to our economy, and that there is a large need for more spending, there is not a consensus on how we obtain that money.

Federal funding serves a major role in making our federal, state and local transportation systems work. It is the driver behind the standardization and interconnection of our systems that produces a truly national network serving our whole country. It is also the largest funding source for transit construction.

There is more agreement on how to spend surface transportation funds. Maintenance and rehabilitation of the existing physical plant should receive top priority. Thus, we should stop deferring maintenance of existing highways, bridges, and transit systems and restore them to first class condition. Next in line on most lists are projects to add capacity for congestion reduction and service of newly developed areas, enhance safety, and provide needed public transit upgrades. Underlying this is recognition of a need to put in place better project selection criteria, such as those founded on economic analysis, to ensure that public funds are expended only on the best performing projects.

¹⁵ Genest, Michael C. – *Meeting our Transportation Funding Challenges: We Must Build A New Consensus* – Free Congress Research and Education Foundation/American Opportunity Foundation

In America today, most citizens and government leaders accept that the users of highways and transit should pay for our transportation systems. This 'user pay' principle has become an almost sacrosanct feature of U.S. surface transportation policy. The motive seems to be that by fencing off transportation funds from other government spending the program will largely be shielded from the vagaries and instability of the annual legislative appropriations process.

Today federal funding of all forms of surface transportation comes primarily from the tax on gasoline and diesel fuel. This has been taxed since 1932, but only in 1956 was the Highway Trust Fund created. Prior to this, gas tax revenue went into the general fund and funds for roads, bridges and highways were appropriated from the general fund. Federal funding extended to public transportation in 1961, and began receiving federal Highway Trust Fund support through the Surface Transportation Assistance Act of 1982, signed into law by President Reagan, which dedicated a percentage of revenues into the Mass Transit Account.

While there is a general consensus that our transportation systems are vital to our economy, and that there is a large need for more spending, there is not a consensus on how we obtain that money. Since the creation of the Highway Trust Fund, there has been a belief among the public and elected officials that gasoline taxes are a "user fee". Those who use the highways are paying for them. Because the gas tax has not been raised to keep up with inflation, coupled with increased gas efficiency in cars and trucks, it has created a shortfall.¹⁶

The Congress, in recent years, has supplemented the Highway Trust Fund with appropriations from the General Fund to cover the costs of federal highway and transit programs.¹⁷ There are a wide variety of other ideas being discussed, some of which could also be included in the President's program.

These range from a short-range solution of an increase in the gas tax by several cents, to a longer range solution of changing to an ad valorem tax or a percent of the cost. An ad valorem tax would automatically increase the amount raised, as the price of gasoline increased, and offset much of the impact of inflation. This is what Virginia and some other states have done. However, this remains only a partial solution, as the needs of our transportation systems grow.



MYTH: TRANSPORTATION PROJECTS HAVE ALWAYS BEEN THE OBLIGATION OF STATES AND LOCALITIES, AND THE FEDERAL GOVERNMENT SHOULD GET OUT OF THE BUSINESS OF TRANSPORTATION

MYTH BUSTERS:

The Founding Fathers always understood transportation projects as essential to bring the United States together as one country. The Constitution itself granted the commerce power, recognizing the value of economic interaction between the states and the citizens of different states. In seeking unity of the states, Article I, Section 8 of the U.S. Constitution specifically granted Congress the ability to establish post roads.

Early statutes and projects exercised national control and development of harbors, waterways and roads, to facilitate economic cooperation between the states, and to enable economic growth. In modern America, there is more travel and interaction of Americans now than in the early days of the Republic. Federal commitment to transportation was intended precisely to enable the United States to be one country, instead of a confusion of states and localities thinking only of their own narrow interests. Currently, federal sources account for 43% of capital funding, with the remainder covered from state and local sources. Operating support comes from mostly local and farebox sources.

¹⁶ Ibid., 12

¹⁷ Genest, *Meeting our Transportation Funding Challenges*, 13

Looking beyond the fuel tax, other funding means that have been proposed include greater reliance on toll roads, public-private partnerships to develop new capacity, and innovative financing mechanisms. Some of the latter that are already available include the Transportation Infrastructure Finance and Innovation Act (TIFIA) program credit assistance, Grant Anticipation Revenue Vehicles (GARVEES), Private Activity Bonds, and State Infrastructure Banks. TIFIA credit assistance is typical of these financing sources. It provides federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and potentially more favorable interest rates that can be found in private capital markets for similar instruments.

As our highways and transit begin to move people and freight faster and more efficiently, businesses will make more profits, more money will be invested, more jobs created and more consumer spending will be generated.

In considering innovative financing mechanisms it is worth remembering what the National Surface Transportation Infrastructure Financing Commission noted, that ‘financing approaches—as distinct from revenue-raising mechanisms—are not a substitute for solving the underlying problem of insufficient funding.’ That is, financing deals with the timing of capital expenditures and repayments, and the interest rates charged. There must still be an underlying revenue stream, in the form of some mix of tolls, taxes, and user fees, to pay the interest and principle of the bonds.

Another user fee that has been discussed is a vehicle miles traveled (VMT) fee. The positive of this fee is that it includes all vehicles (including electric cars) and is a direct measurement of how much you use the roads, not your fuel efficiency. For most people, and most conservatives, the strongest objection to this is the privacy issue. This method relies on GPS tracking, or some similar technology, that

tracks the movement of your vehicle twenty-four hours per day. This tracking data would be sent to a central database.¹⁸

In some schemes the miles by specific location or type of road and time of day can be recorded, to allow for differential pricing. There are strong concerns about unauthorized access to and uses of such data, and the accompanying personal privacy violations, VMT also violates the conservative value to make travel decisions without suffering a tax. For all Americans, especially those of modest means, government has no business discouraging any travel decisions by imposing a tax on movement. A VMT would cause every citizen to ask “can I afford to go to the store to buy that milk if I am paying a fee for every mile I drive to get there?” The burden on travel would also be a drag on economic activity and economic growth.

We anticipate that President Trump’s infrastructure program will include some kind of public/private partnerships as a way to encourage and leverage private investment. We should remember that private sector investment must be repaid through public funds, tolls or fees, or some combination of these sources.¹⁹

This funding discussion focuses on roads and the Highway Trust Fund, but funding issues also apply to transit. About 20% of the Highway Trust Fund goes to transit and this is the primary source of federal funding of transit. Other sources are fares, state and local governments, or locally dedicated revenues.

As we have shown earlier in this paper, transit receives Highway Trust Fund money because it makes highways work by removing cars from the road and reducing congestion. It generates economic development, promotes growth and allows those without cars to access jobs. For this reason, spending for transit beyond the user fees is justified to get people to work, create tax revenue from employment, and support the newer urban lifestyle.²⁰

In his 2014 AO paper, Michael Genest suggests a “grand compromise”, applying several funding approaches to address our modern transportation funding challenge. President Trump’s infrastructure program may provide the opportunity to forge such a “grand compromise”.²¹

¹⁸ Ibid., 14

¹⁹ Genest, *Meeting our Transportation Funding Challenges*, 15

²⁰ Ibid., 18

²¹ Ibid., 20-21



V. Conclusion

As conservatives, we applaud President Trump's infrastructure initiative as a positive step forward in creating jobs and stimulating economic growth. A strong infrastructure investment, coupled with overhauling a cumbersome regulatory regime and streamlining the permit process, will go far towards putting American workers back to work and invigorating American business. Whether manufacturing new equipment, or servicing or repairing existing equipment, this investment will create jobs.

The reality is that Americans took a staggering 10.45 billion trips on public transportation in 2016. Despite growing demand, transit alone faces a \$90 billion maintenance backlog, in addition to annual capital requirements. The D-minus grade assigned by the American Society of Civil Engineers in its Report Card on American Infrastructure is the lowest rating ever given to any area of infrastructure. As our highways and transit begin to move people and freight faster and more efficiently, businesses will make more profits, more money will be invested, more jobs created and more consumer spending will be generated. A federally funded investment in infrastructure is an investment in the American economy and American business.

As Conservatives, we believe that government should be limited, efficient and focused on its Constitutional responsibilities. A federally funded efficient system of public transportation, including transit, meets this test. Those who advocate that the federal government has no role in our nation's infrastructure are arguing against the clear intent of the Constitution of the United States. Our Founders envisioned a system of federal, state, and local transportation jointly funded and designed to promote growth and economic development in our nation. After the Constitution was adopted, our Founders realized that vision.

Transportation Technology has since evolved from building roads and using natural waterways, to building super highways and transit systems. Yet, our Founders' vision of 1789 for a Federal infrastructure has endured.

As Conservatives, the indisputable benefits of Federal investment in public transit and infrastructure are clear and compelling—economic growth, job creation, national defense and individual liberty. We look forward to working with the new Administration in realizing President Trump's infrastructure initiative. We should seize this opportunity to achieve the conservative goals of economic growth, to reduce cumbersome and costly regulatory burdens, and to spur job creation, and to advance American liberty in the 21st Century.

APPENDIX

A listing of all papers used in this project with a brief summary of content for each.

Conservative's Mass Transit: Is It Time for a New Look? by Paul M. Weyrich and William S. Lind – 1998 Free Congress Research and Education Foundation. This study looks at three common conservative perceptions about mass transit.

Does Transit Work? A Conservative Reappraisal by Paul M. Weyrich and William S. Lind – May, 1999 Free Congress Research and Education Foundation. In this paper, the authors address the “one percent argument:” the argument that transit is not important because it only carries about one percent of total trips. They find not only that the number is wrong, but that the yardstick itself, total trips, is inappropriate and misleading.

A Liberal and A Conservative Discuss How to Respond to Anti-Transit Rhetoric – March, 2000 Transcript of a conversation with Paul M. Weyrich and Congressman Earl Blumenauer at American Public Transit Association's Legislative Conference. Weyrich points out that transit is not a liberal or conservative issue and that it is libertarians who oppose transit because of their ideology not conservatives.

Twelve Anti-Transit Myths: A Conservative Critique by Paul M. Weyrich and William S. Lind – July, 2001 Free Congress Research and Education Foundation. Conservatives Weyrich and Lind take on the libertarian transit critics and their usual arguments.

Bring Back the Streetcars! A Conservative Vision of Tomorrow's Urban Transportation by Paul M. Weyrich and William S. Lind – June, 2002 Free Congress Research and Education Foundation. Rail transit's greatest challenge may well be explaining what it is and what it can do to people who have never ridden a train of any sort in their lives. According to Weyrich and Lind, start with what people do know: streetcars.

Transit Means Business: Ten Reasons Why Conservatives Should Support New TEA legislation by Paul M. Weyrich and William S. Lind – February, 2003 A Free Congress Briefing Paper. This paper shows multiple reasons why conservatives should support authorization of new highway and transit appropriations.

How Transit Benefits People Who Do Not Ride It: A Conservative Inquiry by Paul M. Weyrich and William S. Lind – October, 2003 Free Congress Research and Education Foundation. Weyrich and Lind fully explore five major benefits of transit for people who do not ride it.

Winning Transit Referenda: Some Conservative Advice by Paul M. Weyrich and William S. Lind – April, 2005 Free Congress Research and Education Foundation. This paper gives practical advice to those involved in winning transit referendums about target groups, specific messages to different groups, creating a practical proposal, organizing, fundraising and conducting the campaign.

A Conservative Proposal for Energy Independence: A National Defense Public Transportation Act by Paul M. Weyrich and William S. Lind – January, 2008 Free Congress Research and Education Foundation. The dependence of our country on foreign oil imported from

countries that are unstable or hostile, presents a continuing major threat to our economy and national security. The authors show how a system of local buses and streetcars linked to an expanded national rail system would reduce dependence on foreign oil and provide a secure option for transportation during a crisis.

Good Urban Transit: A Conservative Model by Paul M. Weyrich and Paul S. Lind – February, 2009 Free Congress Research and Education Foundation. This is a vision of a modern urban transit system serving a major city and its suburbs. This paper describes the roles of commuter transit, regular transit and growth-creating transit and how, by combining them, a comprehensive urban transit system is created.

Surface Transportation: The case for Growth by Michael S. Bronzini – September, 2011 Free Congress research and Education Foundation. A review of the history and background of the development of our surface transportation system and the issues surrounding investment in the system.

Traveling in Real Time: Mobility Management and You by Carol L. Schweiger – June, 2012 Free Congress Research and Education Foundation. This addresses the use of communications technology in a broad array of methods to assist in the movement of people and vehicles on highways and transit. This focuses on providing information in a timely way to allow travelers to choose their method of travel (highway or transit).

Transportation and the Economic Health and Attractiveness of Metropolitan Regions by Michael S. Bronzini – June, 2013 Free Congress Research and Education Foundation. This paper focuses on the economic benefits of investing in efficient metropolitan transportation systems.

Meeting Our Transportation Funding Challenges: We Must Build A New Consensus by Michael C. Genest – June, 2014. Free Congress Research and Education Foundation. There is a consensus that we need to have a well-functioning transportation system, but there is no consensus on what it costs or how it should be paid for. This paper explores the basic options for funding.

The Case Against Transportation Devolution: A Conservative Perspective by Jack Schenendorf – May, 2015 Free Congress Research and Education Foundation. This paper addresses how devolution would result in the sorts of inefficiencies the Constitution Framers sought to eliminate, would create more inefficiencies, and reduce funding, among other problems.

The Role of Public Transportation in a Conservative Pro-Growth Agenda by Jack Schenendorf – June, 2016 Free Congress Research and Education Foundation. This paper describes how public transportation is important in promoting the goals of a conservative agenda, including constitutionality, economic growth, individual autonomy, helping veterans and national security. It examines why some conservatives don't understand the federal role in local transit systems.

