A System at Risk: *Transportation Economics in the U.S.*

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Essence of the Issue

- There is a direct relationship between transportation and economic vitality
- The highway is the primary contributor to this economic effect
- Congestion is building rapidly
- Why it is occurring
- Possibilities for policy modification

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Transportation and the Economy

- Research abounds on the subject
- TRB, Universities, AASHTO, USDOT
- One example : National Research Council
  - 10% travel time reduction = 2.5% reduction in cost
  - Chicago - $980 million annually
  - Philadelphia – $240 million annually
  - What would it be for the U.S. ?

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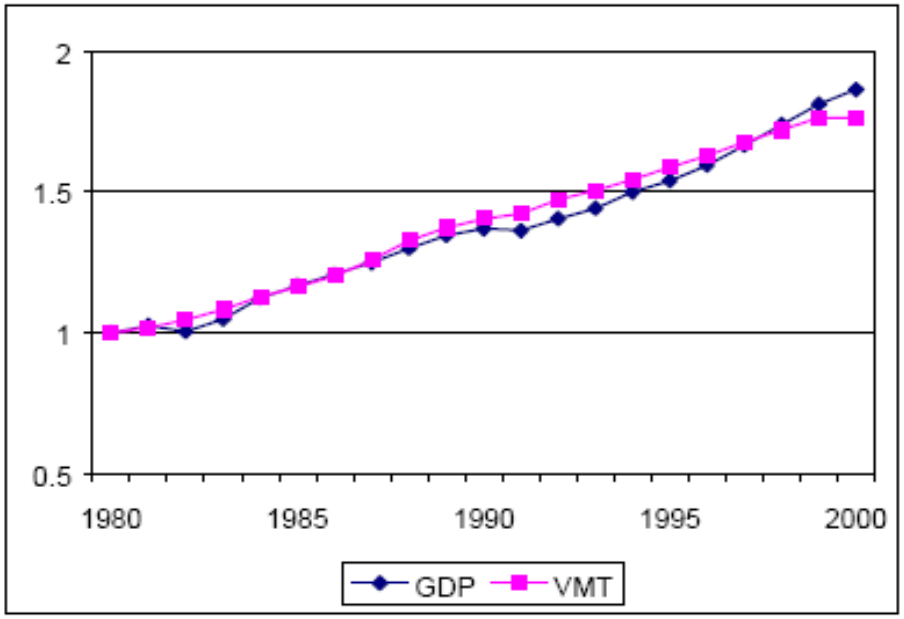
GDP and VMT

Chart 2. Comparison of U.S. Gross Domestic Product and Vehicle (adjusted for inflation) and Vehicle Miles of Travel Growth 1980 to 2000, 1=100 percent of 1980 total



Source: TRIP analysis of U.S. Departments of Transportation and Commerce data

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Highway Economic Impact Goods Movement

- 87% value of all goods shipped in the U.S. are by truck
- 74% of the tonnage
- 1993-1997 – 20.6% tonnage growth
- NAFTA, U.S. Canada trade
- Deregulation, independent operator growth
- Just-in-Time retail and manufacturing inventory, Push vs Pull

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Highway Economic Impact Automobile Travel

- 1.1 vehicles per licensed driver
- 12.4 % passenger trips by mass transit 1960, today 4%
- Personal vehicle ownership 50% higher than western Europe
- Mystique of the automobile

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Texas Urban Mobility Study

- 75 urban areas 1982-2000
- New York down to 100,000
- More congestion, longer period of time, over a larger portion of the system
- Annual delay per traveler grew from 16 hrs. to 62 hrs.
- To keep congestion from growing 1999-2000 need 1780 new lane miles of highway

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Texas Urban Mobility Study Cost of Congestion

- Average of 6.2 million more trips per day between 1999 and 2000
- $67.5 billion annually
- 3.6 billion hours of delay
- 5.7 billion gallons of gasoline wasted

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Prescription

- Fundamental changes are necessary
- Focus on arterial highways
- Create a connection between price and use
  - Gas tax surrogate, need direct user fee
- Rearrange public and private sector relationships
- Apply technology that exists today
- Use private capital

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Political Will

- Election cycle
  - Desire to identify a palatable answer
  - Avoid taxation or removal of "free" status of arterials
- "cake and eat it too" solutions
- Policy control at the federal level
- Earmarking – "bringing home the bacon"
- Allocation is central issue rather than developing a revenue stream sufficient for the needs

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Summary

- There is a strong relationship between transportation, especially highways, and economic vitality
- A crisis is developing and congestion is growing at an increasing rate
- Use must be related to price
- Requires political will and leadership

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