Transportation Reform Series

Center on Urban and Metropolitan Policy

Improving Metropolitan Decision Making in Transportation:
Greater Funding and Devolution for Greater Accountability

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Metropolitan areas, the engines of the American economy, require greater control over the transportation spending so crucial to their dynamism. As Congress debates the reauthorization of the federal transportation spending bill (TEA-21), the reforms of previous bills—devolving decision making to metropolitan areas and away from statewide agencies—need to be broadened. This brief examines recent metropolitan-level spending and finds that local control produces a more balanced and holistic transportation network. It also argues for specific policy recommendations to boost that performance while increasing accountability.

I. Introduction

Metropolitan areas matter. They are the engines of the new global economy. Supplier networks and customer relationships are regional, rather than local, in nature. Labor markets and commuting patterns cross jurisdictional and state lines. Firms make decisions on location and expansion based on regional advantages and amenities. Metropolitan areas are where most Americans live, work, and produce the majority of the nation's economic output. The services and revenues they generate drive state economies. When metropolitan America thrives, the nation thrives.

Threatening to undermine metropolitan areas' competitive edge in the global economy, however, are a daunting set of transportation challenges—crumbling infrastructure, deteriorating air quality, growing distances between jobs and workers, increasing congestion and vehicle miles traveled. The lessons of the past decade show that existing transportation governance arrangements and structures are inadequate to meet the needs of metropolitan areas. If local and regional transportation challenges are to be effectively addressed, metropolitan areas need a greater say in the design and implementation of transportation policy.[2]

Fortunately, as Congress deliberates over reauthorization of the current transportation law, the Transportation Equity Act for the 21st Century (TEA-21), there is a burgeoning interest in increasing the decision making ability of metropolitan areas. Organizations such as the American Association of State Highway and Transportation Officials have called for increasing certain funding for metropolitan areas, and political leaders like King County (WA) Executive Ron Sims have called for the creation of additional metropolitan-focused programs. As the debate around transportation reauthorization continues, increased metropolitan decision making, and its benefits, is indeed being advocated by many.

This policy brief summarizes the extent of funding and program authority metropolitan areas are currently afforded under TEA-21. This brief does so by examining the evolution of metropolitan transportation decision making and the role of metropolitan areas under current law. In the end, it argues that federal transportation law needs to expand existing funding sources and decision making to allow metropolitan areas to fulfill the promises of previous reform efforts and to maintain a transportation system that works for 21st century metropolitan America.

II. Background: Devolution and the End of the Interstate Highway Era

"ISTEA recognized the wide diversity in metropolitan areas and the need to provide them with more control over transportation in their regions."

In a 1996 policy brief, Anthony Downs argued that federal efforts to devolve certain powers were going to the wrong levels; they were shifting to states and localities.[3] The argument was not that devolution itself was inappropriate but, rather, Downs maintained that many of the major problems in urban areas were regional in scope, and therefore cannot be solved by local jurisdictions acting independently. He also maintained that states are too far from local communities to be effective in addressing such regional issues as housing, air quality, schools/education and transportation. Devolution efforts need to focus on the metropolitan level.[4]

By contrast, the nation's highway program has always been a "federal aid" program with the federal government providing aid directly to states. At the outset of the program, and especially during the period after World War II, this arrangement clearly made sense. Based on his military experiences in this country and in Europe, President Dwight Eisenhower was profoundly interested in building and expanding the roadway network for the U.S. in order to "protect the vital interest of every citizen in a safe and adequate highway system."[5] Eisenhower's main concern in this regard was the completion of a 40,000 mile national system of defense highways connecting each state to be built over a period of about 13 years. The Federal-Aid Highway Act of 1956 articulated the federal responsibility in the program declaring that the system was essential to the national interest.[6] The arrangement designated the federal government to pay 90 percent of the costs of the system.

In administering the program, the federal government would not separately own the highways, but would coordinate planning and set standards in consultation with state officials. However, the vast majority of employees and contracts necessary to build and maintain the roads were to come from the state and local level. Over the years, this "intergovernmental transfer system" was one of the basic principles of the successful and steady promotion of highways.[7] This arrangement led successfully to the completion of the largest public works project in our nation's history.

As the highway system evolved and transportation planning became more sophisticated, Congress began encouraging regional collaboration. The Federal Aid Highway Act of 1973 required states to dedicate a very small portion of the funds they received from the federal Highway Trust Fund for new regional entities in urbanized areas over 50,000 in population to carry out metropolitan planning activities.[8] Although the activities of these "metropolitan planning organizations" (MPOs) were still rather limited, they were nevertheless significant. Many saw the new MPOs as a means to counter, or at least put metropolitan areas on more equal footing with the domineering influence of state transportation departments in pushing highway projects.[9]

By the 1980s federal interest in metropolitan planning and regional regulatory authority began to wane. During the Reagan Administration, nearly every federal program designed to support regional planning was either sharply reduced or eliminated altogether. The share of federal operating funds for regional entities declined from 76 percent in 1978 to 45 percent in 1988.[10] MPOs were still charged by the U.S. DOT with putting together a regional transportation improvement plan, but this activity generally consisted of nothing more than compiling projects developed and recommended by the state DOTs.[11]

Nevertheless, MPOs and other regional organizations remained in existence—but they had to become more entrepreneurial and focus on other activities. According to Myron Orfield, regional councils and MPOs began focusing on activities such as regional demographic data collection and technical assistance to local governments. As a result, when the federal funding dry spell of the 1980s came to a close, regional organizations found themselves very well attuned to the needs and priorities of their local jurisdictions.[12] This coincided with a new interest in metropolitan planning built primarily around environmental issues, as well as pressures of suburban growth and development. In short, the stage was set for meaningful reform.

III. Federal Efforts to Support Metropolitan Transportation Decision Making

By the close of the century, as the Interstate Highway System neared completion, the federal highway program slowly re-focused away from a pure interstate program to one that puts an emphasis on all modes—not just highways—and affords greater flexibility to states and localities as the primary determinants of how important investment decisions are made. These changes were emphasized in the first federal highway law of the 1990s: the Intermodal Surface Transportation Efficiency Act (ISTEA).

ISTEA required that MPOs develop a 20-year long-range metropolitan transportation plan (LRTP), and a short range transportation improvement plan (TIP). The purpose of developing these plans was primarily to aid in the selection of projects by requiring an inclusive and regionally representative process that gave adequate consideration to all modes. The TIPs from MPOs throughout each state are collected and, without modification, incorporated into the statewide transportation improvement plan (STIP). In both cases, to ensure the plans are fiscally realistic and do not revert to pre-ISTEA days when transportation plans were tantamount to "wish lists," projects in the plans include detailed discussions of how they will be funded. In addition, the LRTP and TIP must both be developed through a process that emphasizes public participation and must conform to state air quality implementation plans.[13]

Besides these changes in the metropolitan transportation planning process itself, ISTEA also recognized the wide diversity in metropolitan areas and the need to provide them with more control over transportation in their regions. ISTEA made two major changes in the way transportation decisions were made. One was the suballocation of state funds and decision making to the local and metropolitan level. The other was the granting of flexibility in determining how transportation funds would be spent.

The rules requiring the suballocation of funds were designed to put a small, but significant, amount of money directly in the hands of local officials for projects developed cooperatively through the metropolitan planning process, as well as increasing funds for their day to day operations. As mentioned, when the federal highway program began, road funds were spent solely by state departments of transportation (DOTs), which received federal apportionments directly. Starting with ISTEA, however, metropolitan decision makers received direct authority over a portion of these funds.

The flexible funding provisions that allow highway funds to be spent on transit (and vice versa) were designed to allow funds to be spent based on locally-defined goals and objectives, rather than rigid federal directives. This flexibility allowed states and MPOs to fund a more integrated transportation system, including transit options. These were profound changes in federal policy. With these changes came the recognition that the metropolitan transportation challenges of the 21st century are best addressed when investments are determined on the local or regional levels, in cooperation with the states.

Of course, neither the highway laws of the 1950s nor the reform efforts of the 1990s intended to remove or otherwise dilute the power of the states, in favor of localities or met-

ropolitan areas. Devolution and suballocation to metropolitan areas was intended to result in better decision making by empowering metropolitan areas with increased funding and responsibility. States continue to wield dominant power and retain the primary role in transportation programming and planning.[14]

To be sure, some states have always been directing money for metropolitan spending. And of course, all states spend considerable amounts in metropolitan areas, irrespective of how the funds are targeted or administered. But the importance of the metropolitan reforms under ISTEA underscores the point that the issue is not solely about how much money is being spent in a particular place but, rather, how decisions over that spending are made. Clearly, many of the major battles between localities and states concern projects that communities actually oppose. So while state spending on metropolitan infrastructure is important, giving metropolitan areas the ability to select and program projects based on locally-defined goals and objectives—as well as decide which projects they did not want—is at the heart of the ISTEA reforms.

There are four major programmatic elements of the federal surface transportation law that gave metropolitan areas greater abilities to make transportation decisions.

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A. Suballocated STP

Of all the federal highway programs, the largest is the Surface Transportation Program (STP) which averaged about $5.6 billion annually through the first 5 years of TEA-21 (1998–2002). The funds in the STP are also the most flexible of all the categorical programs on the federal ledger. This means that STP funds can be spent on a wide variety of transportation projects based on state, metropolitan, and local goals and objectives.[15] They can be used for building or improving highways and bridges, capital costs for transit projects, carpool projects, bicycle transportation and pedestrian walkways, safety improvements, traffic monitoring, planning, environmental protection, operational improvements, intelligent transportation systems, and research.[16]

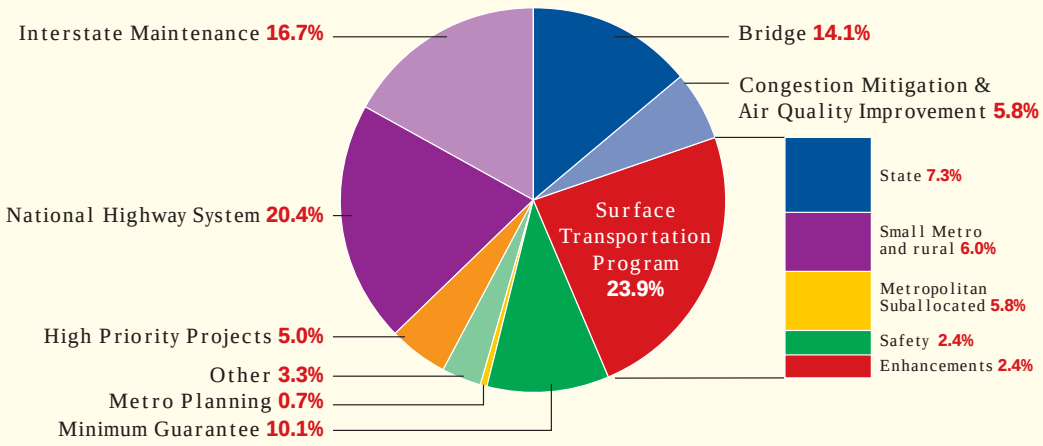
Although STP funds are designed to be flexible and states are able to spend them on a wide variety of needs and objectives, only a portion of the funds are totally discretionary. The funds are programmed based on a complex formula that allocates 10 percent for safety-related programs and another 10 percent for transportation enhancement projects. Of the remaining 80 percent, 37.5 percent may be spent anywhere in the state, while 62.5 percent is split between small or non-urbanized parts of the state and urbanized areas with a population of over 200,000, in proportion to their relative share of the state's population.[17] The latter are the metropolitan suballocated STP funds referred to in this brief.[18]

Under the formula, TEA-21 funded $138.4 billion in road and bridge programs was from fiscal year (FY) 1998–2002. Of that amount, the STP program totaled $33.1 billion. STP suballocated to metropolitan areas was about $8.0 billion. In other words, during this time, current federal transportation law only ensures that 5.8 percent of all highway funds are under the direct decision making control of metropolitan areas(Figure 1).

This process of targeting funds specifically for urbanized, or metropolitan, areas is referred to as "suballocation" since the federal funds are allocated below the level of the state DOT—the traditional recipient for such funding. Since these funds are part of the STP program, they are first apportioned to the states in accordance with a complicated formula based on the extent of the roadway system, the amount of vehicle miles traveled, and the estimated federal gas tax payments in each state. Metropolitan STP funds are then sent to the MPOs by the states. The state administers the funds for the other areas. Although the suballocated funds are directed to urbanized areas, the federal law directs local officials to work through MPOs in their administration.

Although devolving funds through the STP suballocated program gives MPOs and their regions more direct control of a small percentage of total program funds, interviews conducted with state and MPO officials in the preparation of this brief showed that the spending of federal funds is still a negotiation between the MPO, which is responsible for the TIP, and the state DOTs, as arbiters over federal and state roadway funds. State DOTs have consider-

Figure 1: TEA-21 highway program apportionments, 1998–2002



Source: Surface Transportation Policy Project analysis of FHWA federal notices: N4510 Series www.fhwa.dot.gov/legsregs/directives/notices.htm

able influence over these plans, pushing some projects out twenty years, while others are funded in the near term.

The STP is also fed by the Minimum Guarantee program, which was designed specifically to ensure that states receive at least a 90.5 percent return on their contributions to the Highway Account of the federal Highway Trust Fund. Each state's share of the first $2.8 billion of Minimum Guarantee funds is administered as STP funds. Under TEA-21 however, neither the STP suballocation requirements, nor the take down for transportation enhancements and safety apply to this program.[19] This seems odd since the Minimum Guarantee program was intended to promote equity by assuring states received their "fair share" of federal funds in proportion to receipts contributed in the form of gas taxes. Since in most states, the vast majority of funds are generated in metropolitan areas, this exemption undermines the spirit of the program.

B. Congestion Mitigation and Air Quality Program

Another federal program of paramount importance to metropolitan areas is the Congestion Mitigation and Air Quality program, known as CMAQ. The primary purpose of the CMAQ program is to fund projects and programs in metropolitan areas that currently do not, or previously did not, meet federal air quality standards for ozone, carbon monoxide, and small particulate matter.[20] In 2001, those areas (referred to as non-attainment and maintenance areas, respectively) were home to more than 131 million Americans nationwide, almost half of the total U.S. population.[21] Under TEA-21, CMAQ provided states with some $8.1 billion over the six-year life of the law (less than 6 percent of the total) to fund an array of activities.[22]

Funds under the CMAQ program can only be used for projects that reduce vehicle emissions in metropolitan areas and cannot be used to fund road construction or widening projects (unless they have a carpool or high-occupancy vehicle component). According to the U.S. DOT, the highest priority projects for CMAQ are transportation control measures (TCMs) that reduce the reliance on private vehicles for transportation needs.[23] TCMs focus on alternative transportation such as walking, biking, and public transportation, but CMAQ funds are also spent on traffic flow improvements, such as signal timing or traffic monitoring.

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A comprehensive assessment of CMAQ by the Transportation Research Board (TRB) recently found that from a federal perspective CMAQ is a highly decentralized program, where decision making is devolved to the state and local level.[24] This is because, unlike other federal funds, CMAQ can only be spent in specific air quality non-attainment and maintenance areas. However, from a local perspective, although CMAQ funds are designed to be spent in metropolitan areas, CMAQ remains a state program, with the states playing the most important role in the program.[25] The TRB report specifically cites the "significant state role" in some places as "a critical weakness of the CMAQ program."[26]

There is no guidance for how states should spend, or suballocate, CMAQ funds among their metropolitan areas. Interim regulations on CMAQ from the CMAQ from the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) in 1998 specifically encourage states to suballocate CMAQ funds, but do not provide any additional details except to explain that decisions over how to spend CMAQ funds should continue to be made through a cooperative process involving the state DOT, affected MPOs, local jurisdictions and air quality agencies.[27] As a result, there are wide variations of how CMAQ funds are administered within states.

Twenty-six states directly suballocate CMAQ funds to the metropolitan or local level. Several of these states such as Texas and California, suballocate funds to nonattainment and maintenance areas using the same formula (based on population and severity of pollution) by which national level CMAQ funds are allocated to the states. Generally, the funds are then discretionary for metropolitan areas to spend in any manner that results in congestion reduction or mitigation and/or air quality improvement. In 14 states with CMAQ-eligible areas, the funds are retained by the state and spending decisions are made by the state in consultation and cooperation with the metropolitan and/or local officials (Table 1).[28]

C. Metropolitan Planning

In addition to the metropolitan focus in the STP and CMAQ highway programs, federal transportation law also directly provides funds to MPOs to conduct various metropolitan planning activities. The Metropolitan Planning program (commonly abbreviated as "PL") provides funds for urbanized areas to carry out transportation plans and programs. In other words, the funds available under the PL program are for MPOs to use in their day-to-day activities. It is different from the other metropolitan programs in that they do not fund particular projects, but enable MPOs to develop the long and short range transportation plans, and special plans for managing metropolitan traffic.

These activities represent the core of MPO duties. Indeed, the general requirements language that lays out the purpose for the metropolitan planning component in the law is telling: "It is in the national interest to encourage and promote the safe and efficient management, operation, and development of surface transportation systems that will serve the mobility needs of people and freight and foster economic growth and development within and through urbanized areas, while minimizing transportation-related fuel consumption and air pollution."[29]

Despite the articulation of the federal role in these activities, overall funding is still relatively minute. Metropolitan planning funds are occasionally referred to as planning "takedown" funds since they derive from taking one percent off each state's core federal highway programs.[30] Funds are also contributed for metropolitan planning by the federal transit program but these funds come from annual appropriations rather than a takedown.[31] These two sources together constituted about $1.57 billion for metropolitan planning over the life of TEA-21, less than one percent of all the total funding.[32]

D. Transportation Enhancements

Another important program ushered in under ISTEA and continued in TEA-21 is the Transportation Enhancements program (TE). As mentioned, the TE program is funded through a 10 percent set-aside from the STP, totaling about $3.3 billion (about 2.4 percent of the total) from 1998–2002.

Table 1. States' suballocation of Congestion Mitigation and Air Quality (CMAQ) program and Transportation Enhancements (TE) funds

United States	CMAQ suballocation	TE suballocation
Alabama	Yes	No
Alaska	Yes	Yes
Arizona	Yes	No
Arkansas	NO	No
California	Yes	Yes
Colorado	Yes	Yes
Connecticut	No	No
Delaware	No	No
District of Columbia	No	n/a
Florida	Yes	Yes
Georgia	Yes	No
Hawaii	NO	No
Idaho	NO	No
Illinois	Yes	No
Indiana	Yes	No
Iowa	NO	Yes
Kansas	Yes	No
Kentucky	No	No
Louisiana	Yes	No
Maine	No	No
Maryland	No	No
Massachusetts	No	No
Michigan	Yes	No
Minnesota	Yes	Yes
Mississippi	NO	No
Missouri	Yes	No
Montana	Yes	Yes
Nebraska	NO	No
Nevada	Yes	No
New Hampshire	No	No
New Jersey	No	No
New Mexico	Yes	Yes
New York	Yes	No
North Carolina	No	No
North Dakota	NO	No
Ohio	Yes	Yes
Oklahoma	NO	No
Oregon	No	No*
Pennsylvania	Yes	Yes
Rhode Island	Yes	No
South Carolina	No	Yes
South Dakota	NO	No
Tennessee	Yes	No
Texas	Yes	No
Utah	Yes	No
Vermont	NO	No
Virginia	Yes	No
Washington	Yes	Yes
West Virginia	No	No
Wisconsin	No	No
Wyoming	NO	No

CMAQ Suballocation designations in CAPS/italics indicate the state has no nonattainment or maintenance areas
**Oregon merged its local and statewide TE programs into one statewide program in 2002 due to budget constraints.*

"Twenty-six states directly suballocate CMAQ funds and twelve states suballocate TE funds to the metropolitan or local level."

Enhancement projects are broad-based, community-initiated projects that generally refer to those focused on mitigating the negative effects of the surface transportation system, such as impacts on pedestrians, scenic beauty, the environment, and historic structures. Projects eligible for funding include those that focus on walking and bicycling, historic preservation, scenic beautification, land acquisition, archaeological research and environmental mitigation projects. A recent report found that 55 percent of federal TE funds are spent on bicycle, pedestrian and rails-trails projects, 24 percent on historic preservation and tourist centers, and 21 percent on landscaping, beautification and environmental mitigation.[33] In short, the projects funded under the TE program are those not normally associated with the state DOT.[34]

Although, like the CMAQ program, there are no federal requirements in ISTEA or TEA-21 that direct states to suballocate TE funds, some states do suballocate or set-aside TE funds to MPOs and localities. According to the National Transportation Enhancements Clearinghouse, 12 states sent all or a portion of their TE funds to substate jurisdictions.[35] Alaska, Colorado, Iowa, Ohio, Pennsylvania, South Carolina and Washington suballocate all or a portion of TE funds to MPOs. California suballocates 75 percent to regional transportation planning agencies and Minnesota suballocates to MPOs and area transportation partnerships. Montana suballocates to local governments. Georgia suballocates to congressional districts but the state makes the ultimate funding decision. Florida and New Mexico suballocate TE to DOT districts, but as a report from the Rails-to-Trails Conservancy found, suballocating TE funds to DOT districts may actually have a negative effect on project selection, given these entities' historical focus on highway maintenance and construction, and their difficulty in cultivating a meaningful level of citizen participation.[36]

These four programs have given MPOs and metropolitan leaders important abilities to plan and make decisions about transportation investments. In the end, however, these authorities are nonetheless relatively minor. Taken together, these four programs make up only 15.2 percent of the total road and bridge funding under TEA-21. Furthermore, metropolitan areas still do not have authority over all of these funds. The federal law only gives metropolitan areas direct control over metropolitan STP and PL funds—less than 7 percent of the total.[37] This represents a modest commitment to areas that collectively account for a substantial share of the nation's economic output, a large majority of all transit use, aviation passengers and port tonnage as well as critical elements of the nation's freight rail and passenger rail capacities.[38]

The next section discusses some of the challenges facing metropolitan areas and outlines the case for enhanced metropolitan decision making in transportation.

IV. The Case for Metropolitan Transportation Decision Making

According to the most recent Census data, eight out of every ten people in the U.S. live in the nearly 300 federally-defined metropolitan areas.[39] Dominating this landscape are the largest areas— nearly six out of every ten Americans live in just the fifty largest. The top ten metropolitan areas—New York, Los Angeles, Chicago, Washington, San Francisco, Philadelphia, Boston, Detroit, Dallas, and Houston — house over 88.7 million people, or 31.5 percent of the total U.S. population. The top ten metropolitan areas had an average population growth rate of 11 percent from 1990–2000.

Not only are metropolitan areas where America lives, but they also drive the economy. Together, all metropolitan areas combined produce more than 85 percent of the nation's economic output; they also generate 84 percent of America's jobs.[40] In California, 97 percent of employment and output is generated within metropolitan areas.[41] More and more, metropolitan areas are where the business of American life gets carried out. The transportation infrastructure is absolutely essential in order to literally keep these metropolitan economies moving.

As Congress debates reauthorization of TEA-21, metropolitan leaders from coast to coast are calling attention to a daunting set of transportation challenges that continue to be unmet. As mentioned earlier, these challenges threaten to undermine metropolitan regions' competitiveness. These are particularly important issues given metropolitan areas' growing importance as competitive units of the world economy.[42] Goods and services are continuously moving at speeds and scales that heretofore were without precedence. Metropolitan areas are the hubs of our nation's network of production and consumption with multimodal and intermodal facilities that no longer adhere to the policy prescriptions of the interstate era.[43] Transportation planning and programming must reflect the new dominant model, while placing an even greater emphasis on local challenges.

ISTEA and TEA-21 certainly made important strides to better align the geography of transportation decision making with the geography of regional economies, commuting patterns, and social reality. To do that, the laws attempted to enlarge the responsibility of the regional MPOs in terms of transportation decision making. However, as a recent Brookings report highlighted, that federal intent has largely been subverted.[44]

Although ISTEA and TEA-21 were designed to move transportation decision making out of the back rooms and boardrooms of the highway establishment, many state DOTs still wield considerable formal and informal power, retaining authority over substantial state transportation funds. The governors and some state DOTs still have veto authority over MPO-selected projects. Although large MPOs (in areas with populations over 200,000) also have authority to veto projects, the reality is that the state receives and manages all the federal transportation money, as well as large amounts of state transportation money and the state political leverage is far greater than the MPO's.[45] In still other states, local decisions and needs are simply ignored by the state.[46] Such arrangements create an unfavorable climate for the flowering of federal policy reforms—and frequently cut against metropolitan interests.

There are several important reasons why some opposition to increased metropolitan decision making remains: First is that state governments and agencies are loath to relinquish control over any amount of funding or decision making responsibility.[47] A GAO report found that this was a particular problem after ISTEA was passed.[48] Although state opposition to greater MPO authority is beginning to wane, several states continue to oppose greater roles and responsibilities for MPOs.[49] Second, unlike state DOTs, MPOs are not operational organizations. With few exceptions they are not equipped, nor do they intend to, make the jump from planning organization to operators of the system. Third, many MPOs are still struggling between parochial local interests and regional ones that more "inter-local" in nature. Within many regions, local governments continue to compete with one another for their share of the metropolitan pie. Finally, MPO as well as state capacity remains uneven. In a very real sense, the profession of transportation planning failed to keep up with statutory and on-the-ground change in the 1990s. Even in recent years, state transportation planning has largely remained the province of transportation professionals versed in engineering and concrete pouring rather than urban planning, environmental management, or economic development—and that has hampered state and local implementation of ISTEA and TEA-21's vision.[50]

These concerns reflect the old approach to transportation planning and funding that ISTEA and TEA-21 attempted to reverse. As we approach reauthorization, there are at least five compelling reasons for making sure federal transportation law puts a greater emphasis on metropolitan areas.

First, ***local governments within metropolitan areas own the vast majority of the transportation network.*** In February 2003, a coalition of eleven national organizations called Local Officials for Transportation (LOT), began pressing for a transportation agenda that, among other things, increases the role of local officials in transportation decision making by suballocating greater resources to metropolitan areas.[51] Reflecting the principle of subsidiary, they contend that local officials are closer to the problems and challenges of metropolitan America and are therefore able to make better transportation decisions. How-

"Metropolitan areas are the hubs of our nation's network of production and consumption with multimodal and intermodal facilities that no longer adhere to the policy prescriptions of the interstate era."

ever, according to the coalition, metropolitan areas make decisions on only about 10 cents of every dollar they generate.[52]

The LOT coalition contends that since local officials actually own and have direct responsibility over a large amount of the roadway miles, an argument can be made for a more proportional amount of funding.[53] Of course, owning the network does not necessarily translate into greater expenses. Costs depend, generally, on degree of urbanization, terrain, complexity, and classification. But typical urban roads cost up to five times as much as a typical rural road and in many instances are far greater.[54] A recent Brookings report analyzing federal highway data found that in 2001, local governments owned about 3 million of the 4 million miles of the roads in the nation.[55] Local governments also own over half of all the nation's bridges and about 90 percent of the nation's transit systems.[56]

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Second, ***metropolitan transportation planning and programming is, by law, comprehensive and includes a wide range of stakeholders.*** Local officials are the ones who ultimately make decisions on MPO plans and programs though a cooperative process that includes not just elected officials, but a broad range of stakeholders. MPOs are required to involve local and regional transportation providers, transit agencies freight shippers, airport authorities, maritime operations, Amtrak, port operators, and others within the metropolitan areas.[57] The inclusion of this diverse set of interests in metropolitan planning helps ensure that decisions on projects and spending are broadly reflective and not the sole dominion of the highway establishment.

To assess the quality of the metropolitan planning process, every three years, the federal government is required to certify how well MPOs are meeting federal laws and regulations. In addition to the rules and regulations in ISTEA and TEA-21, the federal government must also look to determine how well MPOs are following clean air laws, the Civil Rights Act, the environmental justice executive order, and the Americans with Disabilities Act. Any MPO that is not certified can lose up to 20 percent of its federal funding.

State departments of transportation are not subject to certification by the federal government but rather, they self-certify that their planning processes are conducted in accordance with federal law. TEA-21 does require that the statewide transportation improvement plan (STIP) be reviewed every two years to ensure that it was developed in a manner consistent with the planning factors outlined in the law. However, there is no stated penalty for disapproval of the plan, nor is the failure to consider any factor reviewable in court.

A third reason to increase the decision making authority and ability of MPOs is because ***many states continue to penalize metropolitan areas in the distribution of transportation funds.*** The current system of planning and programming, which is dominated by the states, has been criticized as undermining metropolitan areas. Federal funds are allocated in such a way that they favor rural areas over urban areas and state DOTs' traditional focus on highway maintenance and construction fosters metropolitan decentralization that negatively impacts cities and older suburbs.[58]

This penalty owes to several biases. The first bias follows from the fact that federal law allocates the vast majority of federal money directly to state DOTs. As mentioned, federal law directly suballocates less than 7 percent of program funds directly to MPOs, and even then, only to MPOs serving populations of over 200,000. In fact, while federal transportation spending increased from ISTEA to TEA-21, the share of funds suballocated to MPOs actually declined as a share of total highway spending.

A second bias follows from the way states distribute transportation revenues. Some states have developed distribution formulas based on transportation-related needs, or based on resident population, registered motor vehicles, and highway miles. However, others (such as Tennessee, Ohio, Arkansas, and Alabama) allocate a portion of funds evenly among their counties, regardless of their size, needs, and contribution to state funding pools.[59] This holdover from the states' past years of active rural highway construction ensures that built-out urban counties fail to receive a sensible share of funding.

Another bias owes to the simple fact that the states own a substantial portion of the roads in

rural areas; by contrast, local governments generally own many of the roads and the transit systems located in metropolitan areas. This arrangement saddles local municipalities with sole responsibility for building and maintaining the roads in incorporated (more urban) places while states take care of roads in rural or otherwise unincorporated places on the suburban fringe.

Fourth, ***states are not fulfilling the promises of federal law.*** ISTEA and TEA-21 for the first time embedded in law the principle that America's metropolitan reality required an integrated, balanced, and regionally designed transportation system. As a framework the federal laws are sound. And yet, the laws themselves are only part of the picture. Unfortunately, implementation of the new federal statutes has been seriously flawed—and in basic ways unresponsive to metropolitan needs. Most notably, most states have failed to utilize the tools and discretion afforded them by ISTEA and TEA-21 to meaningfully address the worsening transportation problems present throughout their metropolitan regions.

One reason for this failure could be a lack of leadership and attention to these issues on the statewide level. As Anthony Downs mentioned in his seminal work "Stuck in Traffic," "State agencies cannot act without regard for strong political forces. Even where a state agency provides a technically competent vehicle for achieving some policy, that policy will not be carried out unless significant and broad political support for it exists. Hence state agencies are poor vehicles for instituting new policies."[60]

In some states, the legislature determines many of the transportation priorities, similar to how the U.S. Congress earmarks projects in legislation without regard for the metropolitan planning process.[61] This practice thwarts community involvement, raises the likelihood of unwanted projects, and may fail to meet the needs of disfavored districts.

Lastly, ***there is a growing recognition that it takes more than transportation solutions to address transportation problems.*** Whether or not we can build our way out of our transportation problems it is becoming increasingly clear that solutions that depend solely on increasing or managing transportation capacity is not a sufficient strategy. As renowned transportation expert Wilfred Owen observed back in 1956, the best way to address transportation problems must be through land use strategies which establish the growth and development patterns to which transportation issues are inexorably linked.[62] The recognition of this link is even stronger today. The U.S. DOT has stressed tighter coordination among land use, zoning, and housing authorities in order to address transportation challenges.[63]

Without such coordination, the U.S. DOT points out that transportation improvements "often lead to urban sprawl, which increases the amount of developed land and also the demand for transportation."[64] However, as a recent Transportation Research Board paper articulated, consideration of these effects on the statewide level has been "superficial at best."[65] The correct level for addressing these land use and transportation issues is at the metropolitan level, through the MPO structure. MPOs consist primarily of local elected officials that have direct control over local land use. Although MPOs themselves most often do not have authority over land use decisions, they are well situated to help review development applications, transportation elements of local comprehensive plans, and general land use issues in order to implement the best transportation strategies.

Of course, land use authority has long been, and is likely to remain, one of the most important and closely held powers afforded to local governments. However, at least twelve states have passed comprehensive growth management laws that delegate specific land use responsibilities to MPOs or regional entities, specifically for the state to coordinate transportation planning at the metropolitan level. In addition, many MPOs also include state representatives and already work closely with local governments on issues such as housing, economic development, and social equity, which have a profound impact on the transportation system.

V. Putting Devolution to the Test: A Look at State and MPO Spending

Considering the diverse range of interests in each metropolitan area and the fundamental need for a multi-modal and balanced transportation network, it is not possible to determine with any great level of empirical precision whether or not suballocated funds are better spent than those that are retained at the state level. Simply because a project is funded through suballocated STP funds, or flexed from CMAQ does not make it a good project. Similarly, some standard highway projects clearly have metropolitan-wide benefits.

Given the discussion in the previous section, and considering that the initial intention of greater metropolitan decision making was to result in projects that more closely meet locally-defined goals and objectives, it is interesting to survey any differences in project selection with these funds. Although it is not easy to determine from a list of projects how well a transportation plan is meeting local needs, one fundamentally local transportation need is transit. The following analysis uses transit as a barometer of whether states or MPOs, given equally flexible funds, are more inclined to tend to local transit needs.[66]

"STP funds that MPOs controlled exclusively .... are much more likely to fund local transit needs than state DOTs."

The "flexible funding" provisions of ISTEA and TEA-21 refer to the programs identified in the legislation whose funds may be used for transit or highway projects. The significance of these provisions cannot be overstated. The bill drafters intended to give planners and decision makers at the state and local level the authority to transfer funds between highways and transit, with the direction of the transfers unspecified, but to be determined based on locally-defined goals. Among other things, this freedom of financing greatly assists in the consideration of alternative solutions in order to achieve a more balanced transportation network.

To understand how states and MPOs differ in their project selection, we first examined the STP since it is a highly flexible program that is partially under the direct control of MPOs (in terms of the metropolitan suballocated portion discussed above). The data used for the analysis come from the FHWA's Fiscal Management Information System, or FMIS, and data from the FTA. FMIS tracks all spending through the federal-aid highway program since its inception, by county, specifying fund source and type of work completed. The FTA data is organized by urbanized area. In order to join the two datasets, the FMIS data were summed at the metropolitan statistical area level, and the urbanized area data were assigned to a metropolitan statistical area.

The analysis reveals several interesting things about spending patterns of MPOs and states. In examining the STP funds that MPOs controlled exclusively, these metropolitan entities are much more likely to fund local transit needs than state DOTs. For the period from FY 1998–2002, MPOs spent 9.3 percent of all devolved STP funds on transit projects, as compared to 2.5 percent of state-controlled STP funds within metropolitan areas.[67]

Table 2. STP funds spent by metropolitan decision makers vs. state decision makers, Metropolitan Statistical Areas, 1998–2002

	Transit obligations, 1998–2002	All STP-eligible obligations, 1998–2002	Share of STP-eligible funds obligated to transit, 1998–2002
Metro decision maker (suballocated funds)	$ 678,045,097	$ 7,303,612,577	9.28%
State decision maker (no suballocation)	$ 441,553,790	$17,972,860,003	2.46%
California state/ metropolitan split (non-suballocated STP funds)	$ 578,060,302	$ 2,765,162,662	20.91%

Table 3. STP-eligible obligations flexed to transit by metropolitan area, 1998–2002

Metropolitan area	Transit obligations* from suballocated STP, 1998–2002	All suballocated STP-eligible obligations, 1998–2002	Share of suballocated to transit, 1998–2002
Portland-Salem, OR-WA CMSA	$ 42,237,117	$ 73,582,800	57.4%
San Francisco-Oakland-San Jose, CA CMSA	$ 108,819,161	$ 231,459,285	47.0%
Seattle-Tacoma-Bremerton, WA CMSA	$ 46,036,550	$ 115,574,486	39.8%
Atlanta, GA MSA	$ 72,808,800	$ 182,875,369	39.8%
Norfolk-Virginia Beach-Newport News, VA-NC MSA	$ 38,745,600	$ 105,845,428	36.6%
Los Angeles-Riverside-Orange County, CA CMSA	$ 126,733,681	$ 569,301,582	22.3%
Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH NECMA	$ 32,762,314	$ 162,635,569	20.1%
Orlando, FL MSA	$ 12,026,034	$ 61,697,883	19.5%
Birmingham, AL MSA	$ 4,200,000	$ 22,442,659	18.7%
Denver-Boulder-Greeley, CO CMSA	$ 9,000,000	$ 54,276,381	16.6%
Knoxville, TN MSA	$ 1,177,360	$ 7,227,118	16.3%
Fort Myers-Cape Coral, FL MSA	$ 2,250,000	$ 14,885,459	15.1%
Chattanooga, TN-GA MSA	$ 3,393,741	$ 24,611,758	13.8%
Minneapolis-St. Paul, MN-WI MSA	$ 16,965,604	$ 126,150,230	13.4%
Raleigh-Durham-Chapel Hill, NC MSA	$ 4,210,174	$ 31,522,326	13.4%
Richmond-Petersburg, VA MSA	$ 5,548,800	$ 42,083,327	13.2%
Daytona Beach, FL MSA	$ 1,492,950	$ 12,025,806	12.4%
Sacramento-Yolo, CA CMSA	$ 7,464,054	$ 64,874,722	11.5%
New York-Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA	$ 65,516,000	$ 587,827,919	11.1%
Lexington, KY MSA	$ 1,216,000	$ 12,456,916	9.8%
Allentown-Bethlehem-Easton, PA MSA	$ 1,442,140	$ 15,759,465	9.2%
Des Moines, IA MSA	$ 1,850,687	$ 20,386,881	9.1%
Tampa-St. Petersburg-Clearwater, FL MSA	$ 10,379,374	$ 115,186,889	9.0%
St. Louis, MO-IL MSA	$ 12,264,041	$ 136,414,159	9.0%
Pittsburgh, PA MSA	$ 3,562,000	$ 57,759,695	6.2%

**Transit obligations include both funds flexed to FTA and those spent directly on transit by the transportation agency.*

This figure represents only spending within metropolitan areas, and excludes California, which suballocates three-quarters of its STP funds (see below). If the states' rates had matched the MPOs' 9.3 percent rate, transit agencies outside California would have seen an additional $1.2 billion over the past five years. See Table 2.

California represents a special case. Starting in 1998, the state of California has suballocated all of its CMAQ funds as well as 75 percent of the remaining program funds, including STP. In California metropolitan areas, 21 percent of the STP funds were flexed to transit from 1998–2002.

Second, we identified which metropolitan areas are spending large percentages of STP on transit. Table 3 lists the top 25 metropolitan areas in terms of spending suballocated STP funds on transit. Although there are large transit-oriented metropolitan areas like Portland, San Francisco, and Boston in the top 25, the list also includes Allentown, Fort Myers and Des Moines.

It is important to distinguish between metropolitan areas that receive suballocated funds and those that do not. Recall, only metropolitan areas with populations over 200,000 directly receive STP suballocated funds. This accounts for 116 metropolitan areas. The

Table 4. CMAQ suballocation and rates of flexing to transit, 1998–2002

	Transit obligations from CMAQ, 1998–2002	All CMAQ obligations, 1998–2002	Share of CMAQ funds obligated to transit, 1998–2002
Metro decision maker (states with suballocated CMAQ)	$ 2,723,757,954	$ 5,109,756,292	53.3%
State decision maker (no suballocation)	$ 418,458,826	$ 1,352,059,237	30.9%
State received minimum allocation of CMAQ*	$ 33,727,830	$ 381,250,875	8.8%

**Each state receives a minimum of 0.5% of the CMAQ program regardless of their air quality status*

other 161 metropolitan areas have to rely on distributions by their states. There may be more intangible benefits to MPOs that receive suballocated funds. Although all MPOs are theoretically included in project selection in their areas, even those using state funds, MPOs that receive suballocated funds may have more influence over non-suballocated funds as well. In the 116 metropolitan areas receiving suballocated STP, 6.7 percent of the state's STP funds went to transit, while in the remaining 161 MSAs, just 1.3 percent of state-controlled STP was flexed to transit.

Lastly, as discussed above, the CMAQ program was the primary source of funds flexed to transit under TEA-21, but that rate was highly dependent on the decision-making structure surrounding the program in each state. Overall, almost half (46 percent) of CMAQ funds nationwide were obligated on transit from 1998–2002. Again, 25 states suballocate CMAQ funds to the metropolitan level. This, as well as eligibility and area limitations on CMAQ funds, has a strong influence on how CMAQ is spent. Table 4 illustrates how CMAQ spending patterns differ between states with and without suballocation. (The figures above represent all CMAQ spending throughout the state, unlike the analysis of STP presented above.)

From this analysis of spending patterns under TEA-21, it is clear that metropolitan areas are more likely to respond to local transit needs than are state departments of transportation. While transit is only one indicator of local transportation needs, it does point out that local officials appear to be better attuned to the value of a balanced, comprehensive, and multi-modal transportation system.

VI. Policy Recommendations

This brief highlights the importance of metropolitan areas and the strong need to ensure they have the appropriate authority to make important decisions about transportation investments. As Congress debates the reauthorization of TEA-21, and as states look to expand their own economies in the current bleak fiscal environment, it is critical for there to be a greater focus on the transportation needs and challenges of our metropolitan areas.

If the federal government is serious about making transportation investment decisions that reflect local needs, there needs to be real money on the table. When the MPO has more discretionary funding for regional needs, local officials are more likely to participate in the process. The availability of these funds not only provides funding for vital regional projects, but also encourages local officials to get involved in the transportation decision making for their region.[68] To ensure metropolitan areas remain strong and economically viable, Congress should consider the following:

- ***Increase the amount of money that is directly suballocated to the metropolitan level.*** An expansion of local authority to select projects, combined with funding flexibility would enable MPOs to meet the challenges of intermodalism, environmental enhancement, and inclusive decision-making processes. This brief examined just at one quintessentially local need—public transit service—and found that MPOs are much more responsive to that need than are states. Congress should give MPOs greater resources and flexibility to tailor transportation solutions to the distinctive realities of individual metropolitan areas. Congress should substantially increase the funding that is suballocated to MPOs, where the majority of the transportation challenges remain, and where the majority of funds are generated. Specifically, the entire portion of STP funds available for distribution after the takedowns for enhancements and safety should be distributed throughout the state by the population formula. Congress should also ensure that the STP share of Minimum Guarantee funds is subject to the metropolitan suballocation requirement, as they were during the life of ISTEA. These funds were about $2.8 billion per year during TEA-21. This does not necessarily require an increase in overall funding but recommends a reshifting in decision making authority over existing funds. These changes would give MPOs control over a greater share of federal funds attributable to metropolitan areas.

- ***Require that states suballocate all CMAQ funds directly to metropolitan areas in non-attainment or maintenance areas.*** Suballocation of CMAQ funds to MPOs in air quality non-attainment and maintenance areas would render CMAQ more responsive and reliable to local areas. Although some eastern states like Maryland have shown a commitment to spending on air quality improvements, Congress directly holds MPOs responsible for developing transportation plans and programs to meet federal air quality standards. MPOs should be given authority to select projects for this program. The MPO planning process offers untapped opportunities to identify environmental issues and incorporate them into the process of defining project alternatives. With the implementation of the U.S. Environmental Protection Agency's new eight-hour ozone standard, a growing number of counties in metropolitan areas will be defined as non-attainment. The effective application of CMAQ funds will be crucial to continue the national effort to improve air quality. States, for their part, should remove the restrictions on using gas tax revenues for transit in order to leverage federal funds from programs like CMAQ and take better advantage of reforms on the federal level.

- ***Increase the metropolitan planning takedown to two percent.*** While new responsibilities such as environmental justice, job access, freight planning and systems operations have been added to MPO requirements, the percentage of highway program funding for metropolitan planning has remained at the 1 percent level set in ISTEA. In addition, the U.S. Census Bureau confirms that almost 50 new MPOs will be created as a result of the continued urbanization of America over the last decade, bringing the total number up to 385. As more MPOs come online and as existing MPOs continue to grow, the same percentages of funding is being spread out over a larger base. The existing TEA-21 set-aside for metropolitan transportation planning should be increased from 1 percent to 2 percent. This will help keep pace with: a) the almost 20 percent increase in MPOs resulting from the 2000 Census, b) the increasingly urbanized U.S. population coming under the jurisdiction of existing MPOs, and c) the increased MPO responsibilities created by enhanced planning provisions and requirements. The administration's surface transportation reauthorization proposal, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003 (SAFETEA) supports a roughly 52 percent increase in the takedown by including Minimum Guarantee in the programs from which planning funds are derived. The American Association of State Highway Officials (AASHTO) and the Association of Metropolitan Planning Organizations (AMPO) also support an increase in these funds.

- ***Establish a new federal framework for accountability and performance.*** In exchange for greater funding, Congress should subject MPOs to enhanced accountability measures. State and metropolitan transportation agencies should be required to maintain information systems that annually measure progress on indicators of national significance. These indicators might include slowing the growth in daily vehicle miles traveled, improving public health, improving air quality, lowering transportation costs, and expanding transportation options. The law should also require transportation agencies to set annual performance objectives in each of these critical areas. These performance objectives (and progress towards meeting those goals) should be shared with the general public in an accessible manner. In this regard, the new federal law should establish consequences for excellent and poor performance. Congress should allow the U.S. DOT to maintain a small incentive pool to reward states and metropolitan areas that consistently perform at an exceptional level. The department could also improve project delivery by giving high performers relief from regulatory and administrative requirements. By the same token, the federal DOT should consider possible intervention strategies for consistent low performers (In designating high and low performers, DOT should take account of the difficult challenge facing state agencies and MPOs in large metropolitan areas).[69]

- ***Ensure information transparency and accessibility.*** Finally, Congress should require that all recipients of federal transportation funds disclose their program and spending policies and decisions in a transparent, accessible, frequent and continuous manner. State and metropolitan entities should, at a minimum, disclose their spending patterns by political jurisdiction and the sources of the revenue used. Congress should also fulfill one vision of ISTEA to present information in a comprehensive and easy to understand format. U.S. DOT provides extremely limited access to data on expenditures of federal funds. Even though the FHWA's Fiscal Management Information System (FMIS) has been in place since the early days of the Interstate era, published information on spending by recipient and program is limited and often several years behind. The raw FMIS data used to produce much of the quantitative analysis in this report is difficult to work with, and is not available on the World Wide Web.

VII. Conclusion

Local and metropolitan leaders throughout the nation are demanding more decision-making authority and more direct control over federal dollars in order to address a wide range of transportation challenges. Although major federal reform efforts of the 1990s provided limited program authority, there is much more to be done. In most states, MPOs are well-positioned to fulfill the metropolitan role that is necessary in transportation governance and finance. Yet to do that, states must allow MPOs to strengthen their regional planning authority by gaining control over a larger share of federal funds attributable to metropolitan areas and complete the transition from advisory bodies to fully empowered, functioning authorities.

It has been said that America is not an urban nor a rural nation, but rather a metropolitan nation where the majority of the population lives and works in large metropolitan areas that include both historic central cities and dispersed suburban development. The debate around the transportation legislation must reflect this reality.

Endnotes

1. Robert Puentes is the senior research manager at the Brookings Institution Center on Urban and Metropolitan Policy. Linda Bailey is a policy analyst at the Surface Transportation Policy Project.
2. It is an axiom of this paper that decisions should be made at the most appropriate level of government, and as close to those who will be affected by those decisions as possible. This is generally referred to as the well-established "principle of subsidiary."
3. In the context of federal transportation reauthorization the term "devolution" has come to mean different things. During the debate over reauthorization of ISTEA, then-Rep. John Kasich (R-OH) and former Sen. Connie Mack (R-FL) championed a reauthorization proposal that would effectively remove the federal government from all transportation planning and programming activities. Kasich and Mack argued that since the interstates were complete, so was the federal role. They further argued that the federal government was an impediment to efficient transportation decision making. In this context, devolution referred to the transfer of powers from the federal government to the states. For the purposes of this policy brief, "devolution" refers to a more iterative process of shifting authorities from the state to the metropolitan and/or local levels and does not at all suggest a reduced federal role.
4. Anthony Downs, "The Devolution Revolution: Why Congress Is Shifting a Lot of Power to the Wrong Level," (Washington: Brookings Institution, 1996).
5. President, "State of the Union Address," January 7, 1954.
6. U.S. Department of Transportation. *Status of the Nation's Highways, Bridges, and Transit: 2002 Conditions and Performance Report,* 23-2.
7. James A. Dunn, *Driving Forces: The Automobile, Its Enemies, and the Politics of Mobility* (Brookings Institution 1998).
8. The term "urbanized" is used in this paper when referring specifically to federal statutes. The Bureau of the Census designates urbanized areas as those that consist of densely settled areas containing 50,000 or more people. (See Bureau of the Census, "Census 2000 Urban and Rural Classification," **www.census.gov/geo/www/ua/ua_2k.html** for detailed information.)
9. See Marlon Boarnet and Andrew Haughwout, "Do Highways Matter? Evidence and Policy Implications of Highways' Influence on Metropolitan Development, (Washington: Brookings Institution, 2000); and Mark Solof, "History of Metropolitan Planning Organizations, Part II," *NJTPA Quarterly,* December 1996.
10. Myron Orfield, *American Metropolitics: The New Suburban Reality* (Washington: Brookings Institution, 2002).
11. Paul G. Lewis and Mary Sprague, "Federal Transportation Policy and the Role of Metropolitan Planning Organizations in California," (San Francisco: Public Policy Institute of California, 1997).
12. Orfield, *American Metropolitics.*
13. U.S. Department of Transportation, *A Guide to Metropolitan Transportation Planning Under ISTEA— How the Pieces Fit Together.* (1995). FHWA-P.D.-95-031.
14. Cynthia Burbank, "Testimony to the U.S. Senate Committee on Environment and Public Works," May 15, 2002.
15. See Robert Puentes, "Flexible Funding for Transit: Who Uses it?" (Washington: Brookings Institution, 2000) **www.brookings.edu/es/urban/flexfundingexsum.htm**
16. U.S. Code 23, sec 133 (b).
17. The portion of the federal law that directs state DOTs to spend STP funds in smaller urbanized areas does not actually require that states devolve control of the funds to these areas.
18. U.S. Code 23, sec 133 (d). Note: the suballocation requirement does not apply to Alaska, Hawaii, or Puerto Rico, which have legislative exemptions. Nor does it apply to states that do not have any urbanized areas with populations over 200,000: Idaho, Maine, Montana, North Dakota, South Dakota, Vermont, West Virginia and Wyoming.
19. Federal Highway Administration, *Minimum Guarantee Fact Sheet.* **www.fhwa.dot.gov/tea21/factsheets/minguar.htm** (1998).
20. Federal Highway Administration, *Congestion Mitigation and Air Quality Improvement Program (CMAQ) Fact Sheet.* **www.fhwa.dot.gov/tea21/factsheets/cmaq.htm** (1998).
21. Surface Transportation Policy Project, "The CMAQ Program: Funding Cleaner Air" Washington (2003).
22. CMAQ totals $9.6 billion including distribution from Minimum Guarantee funds and Revenue Aligned Budget Authority (RABA) funds.
23. Federal Register, October 26, 1998, Vol. 63, Number 206, page 57154-57158 (FHWA-98-4317).
24. Transportation Research Board. "The Congestion Mitigation and Air Quality Improvement Program: Assessing 10 Years of Experience." TRB Special Report 264. National Academy Press: Washington (2002), p. 111.
25. Ibid.
26. Ibid, p. 240.
27. Ibid, p. 240.
28. It is admittedly difficult to classify states based on a simple "yes" or "no" in terms of whether or not they suballocate CMAQ funds. Some states, such as South Carolina and Montana created unique funding allocation systems using CMAQ resources. Other states play a strong role administering CMAQ funds in some metropolitan areas, but not in others – such as those where a strong MPO exists. Still others like Alaska, Ohio and Tennessee retain a portion of their CMAQ funds and suballocate the remainder.
29. U.S. Code 23, sec 134 (a) 1
30. The one percent is calculated from the authorizations remaining after the administrative deduction is made from the following programs: Interstate Maintenance, National Highway System, Surface Transportation, Congestion Mitigation and Air Quality, and Highway Bridge Replacement and Rehabilitation. See U.S. Code 23, sec 104(f)1.
31. U.S. Code 49, sec 5303.
32. FHWA metropolitan transportation planning funding was $1.13 billion, and FTA funding was approximately $400 million. Federal Highway Administration, "Metropolitan Planning Fact Sheet." **www.fhwa.dot.gov/tea21/factsheets/metropln.htm** (1998).
33. John W. Fischer, "Highway and Transit Program Reauthorization," (Library of Congress, Congressional Research Service, 2002).

34. According to the American Association of State Highway Officials (AASHTO), the transportation sector is the largest financial contributor of historic preservation and archeological projects conducted in the United States. John Horsley, "Testimony to the U.S. House of Representatives Committee on Transportation and Infrastructure, Subcommittee on Highways and Transit," October 8, 2002.
35. National Transportation Enhancements Clearinghouse, "Transportation Enhancements: Summary of Nationwide Spending & Policies as of FY 1999," (2000). Information updated by the Brookings Institution, June 2003.
36. Robert S. Patten, "Enhancing America's Communities - A Status Report on the Implementation of the Transportation Enhancements Provisions of ISTEA," (Washington: Rails-to-Trails Conservancy, 1994). http://ntl.bts.gov/DOCS/eac.html.
37. All MPOs receive PL funds, but only those in urbanized areas with populations over 200,000 receive metropolitan suballocated funds.
38. Judith Espinosa, "Testimony to the U.S. Senate Committee on Environment and Public Works," May 15, 2002.
39. According to the Office of Management and Budget, a metropolitan area generally refers to a core area with a large population center, and the surrounding jurisdictions that are somehow linked with the core area—referring essentially to economic and social integration.
40. Within the U.S., the economic scope of metropolitan areas is also remarkable. The ten largest metropolitan areas in the U.S. have a greater combined gross product than the smallest 31 states combined. The Detroit metropolitan area alone has greater gross product than more than half of the states. And within each state the importance of metropolitan areas is also apparent. In almost half the states, a single metropolitan area accounts for at least a quarter of the state's economy. For example, Phoenix and Chicago each make up about 70 percent of their states' economies and employ about 70 percent of the work force. When all the metropolitan areas with a state are aggregated, they make up at least three-quarters of the economy in 30 of the 50 states. Metropolitan areas make up 100 percent of New Jersey's economy. See United States Conference of Mayors, "The Role of Metro Areas in the U.S. Economy" (Washington, 2002). **www.usmayors.org/70thAnnualMeeting/metroecon2002/metroreport.pdf**.
41. Metropolitan Transportation Commission, "TEA-21 Reauthorization: Infrastructure for a Stronger America," (San Francisco, 2003).
42. Bruce Schaller, "Building Effective Relationships Between Central Cities and Regional, State and Federal Agencies," (Washington: Transportation Research Board. 2001) National Cooperative Highway Research Program Synthesis Report 297.
43. For a discussion about the metropolitan scale of the global economy, see: Peter Calthorpe and William Fulton, *The Regional City: Planning for the End of Sprawl* (Washington: Island Press, 2001)
44. See Bruce Katz, Robert Puentes, and Scott Bernstein, "TEA-21 Reauthorization: Getting Transportation Right for Metropolitan America." (Washington: Brookings Institution, 2003). **www.brookings.edu/es/urban/publications/tea21.htm**
45. Bruce McDowell, "Improving Regional Transportation Decisions: MPOs and Certification" (Washington: Brookings Institution, 1999). **www.brookings.edu/es/urban/mcdowellexsum.htm**
46. Victor H. Ashe, "Testimony to the U.S. House of Representatives Transportation and Infrastructure Committee," May 7, 2003.
47. See Anthony Downs, *Stuck in Traffic: Coping with Peak Hour Traffic Congestion* (Washington: Brookings Institution, 1992) p. 138.
48. U.S. General Accounting Office, "Urban Transportation: Metropolitan Planning Organizations' Efforts to Meet Federal Planning Requirements," RCED-96-200. (1996).
49. Todd Goldman and Elizabeth Deakin, "Regionalism Through Partnerships? Metropolitan Planning Since ISTEA," Berkeley Planning Journal 14 (2000): 46-75.
50. For a discussion of how to enhance the education of transportation professionals, see: Susan Handy and others, "The Education Of Transportation Planning Professionals," (Austin: Center for Transportation Research, University of Texas at Austin, 2002) Research Report SWUTC/02/167522.
51. The Local Officials for Transportation coalition includes: American Public Works Association, Association of Metropolitan Planning Organizations, International City/County Management Association, National Association of City Transportation Officials, National Association of Counties, National Association of County Engineers, National Association of Development Organizations, National Association of Regional Councils, National League of Cities, Public Technology, Incorporated, and the U.S. Conference of Mayors.
52. U.S. Conference of Mayors, "Barr Leads Mayors' Call for Dealing with National Crisis in Metropolitan Congestion" (December 9, 2002). Available on the web at: **www.usmayors.org/USCM/us_mayor_newspaper/documents/12_09_02/barr_leads.asp**.
53. It is important to note that states continue to "own" freeways and other arterial highways where some of the heaviest traffic volumes take place.
54. See John M. Cobin, "Market Provisions of Highways: Lessons from Costanera Norte," Planning and Markets 2 (1) (1999).
55. Martin Wachs, "Improving Efficiency and Equity in Transportation Finance," (Washington: Brookings Institution, 2003). **www.brookings.edu/es/urban/publications/wachstransportation.htm**.
56. Federal Highway Administration, "Status of the Nation's Highways, Bridges, and Transit: 2002 Conditions and Performance Report," 2-5.
57. U.S. Department of Transportation and others, "The Metropolitan Transportation Planning Process: Key Issues," (2001).
58. Gerald Frug, "Beyond Regional Government," Harvard Law Review115 (7) (2002).
59. Edward Hill and others, "Slanted Pavement: How Ohio's Transportation Spending Shortchanges Cities and Suburbs" (Washington: Brookings Institution, 2003). **www.brookings.edu/es/urban/publications/ohiogastax.htm**
60. Downs, Stuck in Traffic, p. 131.
61. McDowell, "Improving Regional Transportation Decisions" (Washington: Brookings Institution, 1999).
62. Wilfred Owen, *The Metropolitan Transportation Problem* (Washington: Brookings Institution, 1956) p. 218.
63. Cynthia Burbank, "Testimony to the U.S. Senate Committee on Environment and Public Works," May 15, 2002.

64. U.S. Department of Transportation, "Transportation Statistics Annual Report 1996," (Washington: Bureau of Transportation Statistics, 1996).

65. Neil Pederson, "Multimodal Transportation Planning at the State Level: State of the Practice and Future Issues," (Washington: Transportation Research Board, 1999) A1D01: Committee on Statewide Multimodal Transportation Planning.

66. A recent report found that the federal flexible funding provisions are a key element in helping local officials meet their transportation needs. See: Robert G. Stanley, "Use of Flexible Funds for Transit Under ISTEA and TEA-21," (Washington: Transportation Research Board, 2002) Transit Cooperative Research Program Synthesis 42.

67. Ten states' MPOs (AK, HI, ID, ME, MT, ND, SD, VT, WV, WY) received no STP-eligible funds—determined by a federal formula based on population characteristics. Only those states with MPOs receiving STP funds are included in the figures for MPOs.

68. Ronald Kirby, "Testimony to the U.S. Senate Committee on Environment and Public Works," May 15, 2002.

69. There is substantial federal precedent for such an accountability framework. Congress, for example, established a management assessment system for public housing agencies and created a performance measurement and reward system in the 1996 welfare reform law. The transportation system of governance and finance shares many similarities with these other areas of domestic policy - and should operate under similar accountability.

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