KEYNOTE REMARKS

Transportation Conditions: A Top Concern of the Public

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In my judgment, the public has a much greater thirst for information on transportation and the economy today than ever before. This is for one fundamental reason: the public is more frustrated than ever before about transportation conditions, and especially traffic congestion. When I started at the Maryland Department of Transportation (DOT) in 1995, the Baltimore Sun papers polled the citizens of Maryland about their top 15 concerns. The need for better highways ranked 15th, and better transit service ranked 14th.

Yet, in May 1999, a number of media outlets were pointing to congestion as a major concern. Indeed, a recent poll showed that 34 percent of 7,000 voters in the Washington, D.C., metropolitan area ranked transportation congestion as their top concern. Only 27 percent of those surveyed ranked taxes as a priority. So this is why data and information on the importance of mobility, capacity, and, by extension, transportation investment are of greater interest to the public than ever before. This is particularly true in the major metropolitan areas and urbanized states.

I was asked to talk about three questions this evening. First, what are some of the pertinent arguments that the American Association of State Highway and Transportation Officials (AASHTO) made to Congress leading up to enactment of the Transportation Equity Act for the 21st Century (TEA-21)? Second, what are some of the data needs that we have generated in Maryland? And third, what are some of the positives and negatives related to the availability of relevant data?

On the first question, I will describe some of AASHTO’s efforts. In 1995, AASHTO’s economic committee joined with the organization’s communication group to develop a communication program. The purpose of this program was to assist state DOTs in their efforts to advance the reauthorization debate, particularly through educating elected leaders and the public about the importance of increased transportation investment and the need to move the Highway Trust Fund off-budget.

Three major publications resulted from this effort, including “Transportation Driving a Thriving Economy.” We used these publications during the 1997 and 1998 efforts toward reauthorization and I believe that they were part of the reason that we were successful in getting the national governors, chambers of commerce, labor groups, and the construction industry behind the cause.

Information on return on investment was particularly useful during the debate. We compared the rate of return from investing the $70-plus billion surplus in the Highway Trust Fund back into highway investments versus into domestic spending cuts. We found a 14 percent annual return on investment associated with putting those funds into highway and transit investments, versus only an 8 or 9 percent return associated with domestic spending returns through a domestic tax cut.

That finding, combined with many others, was very important both in leading to the record levels of investment achieved in TEA-21 and in halting threatened raids on the Highway Trust Fund.

Now let me turn to some of the work we have done in Maryland. In 1996 we undertook an economic impact assessment of transportation investments in Maryland. Our objectives were not only to educate the public but also to generate support for a revenue increase that could
be sought during the upcoming year 2000 legislative session. The document we produced considered both the short-term and long-term economic impacts that flow from transportation investment.

The findings were quite compelling. For example, the study found that the state's $933 million investment in transportation between 1991 and 1996 generated 24,000 full-time jobs, almost $3 billion in Maryland's output of goods and services, and over $206 million in state tax revenues. The study also found that the average dollar spent by Maryland on highways between those years reduced costs borne by private industry by 17 percent, primarily due to savings in the movement of goods and services.

This study, which was done by Towson State University, estimated an annual rate of return on investment of 17 percent. The study concluded that highway investment was responsible for 10 percent of the annual growth in productivity in Maryland between 1982 and 1997. The report has now hit the desks of the transportation and construction industry, and I think it will play a major role in the coming 6 months as part of the effort to raise the gas tax and replenish the trust fund in Maryland.

I will wrap up with a few thoughts on the positives and negatives of current information on transportation and the economy. One positive is that we are now getting very good data. Also, these data tend to be translated into very usable information. Good brochures are especially useful, as they are easily understood by and available to the general public.

On the negative side, I had great frustration during my years with the Maryland DOT in applying benefit-cost analysis to different modal transportation choices. I realize that much of the research to be discussed here will concern intermodal trade-offs, but at Maryland, we could never find a way to legitimately evaluate, for example, an auto-terminal investment in the Port of Baltimore versus a high-occupancy-vehicle lane on Route 50.

Also, communication across disciplines continues to be a weakness. I encourage all who are the custodians of this information to align yourselves with other organizations. I'm pleased, for example, to see that the Association of Metropolitan Planning Organizations is a cosponsor of this conference. Getting together with the leadership of the environmental community and sharing an understanding of the importance of transportation investment to quality of life, productivity, and competitiveness is terribly important as well.

In closing, I would like to note that the need for information on the economic impacts of transportation investment is constant. Research and analysis should not only be performed according to the cycles of revenue increases or periodic reauthorizations of the transportation program. Good analysis is always needed.