

FBT TRANSPORTATION SUMMIT

The Tipping Point?

JULY 17, 2009

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WAS IT WILL ROGERS WHO SAID:

**The way to solve traffic congestion is for
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WE ARE ALMOST THERE!

WHAT'S WRONG WITH THE AMERICAN PEOPLE?

- **Why do they want what they want ?**
- **Why can't they want what we want them to want ?**

**If this keeps up
our government will
have to elect new people !**

Issues with public's choices

- “Too much” transportation spending
- Low income are “transportation poor”
- Transportation trade-off with housing loses
- Job “sprawl” a problem
- We all must come home to the center city!

Is the public coerced by circumstances or just making dumb choices?

Is this serious and real or just reauthorization hype?

Summing up: threats & opportunities

Threats

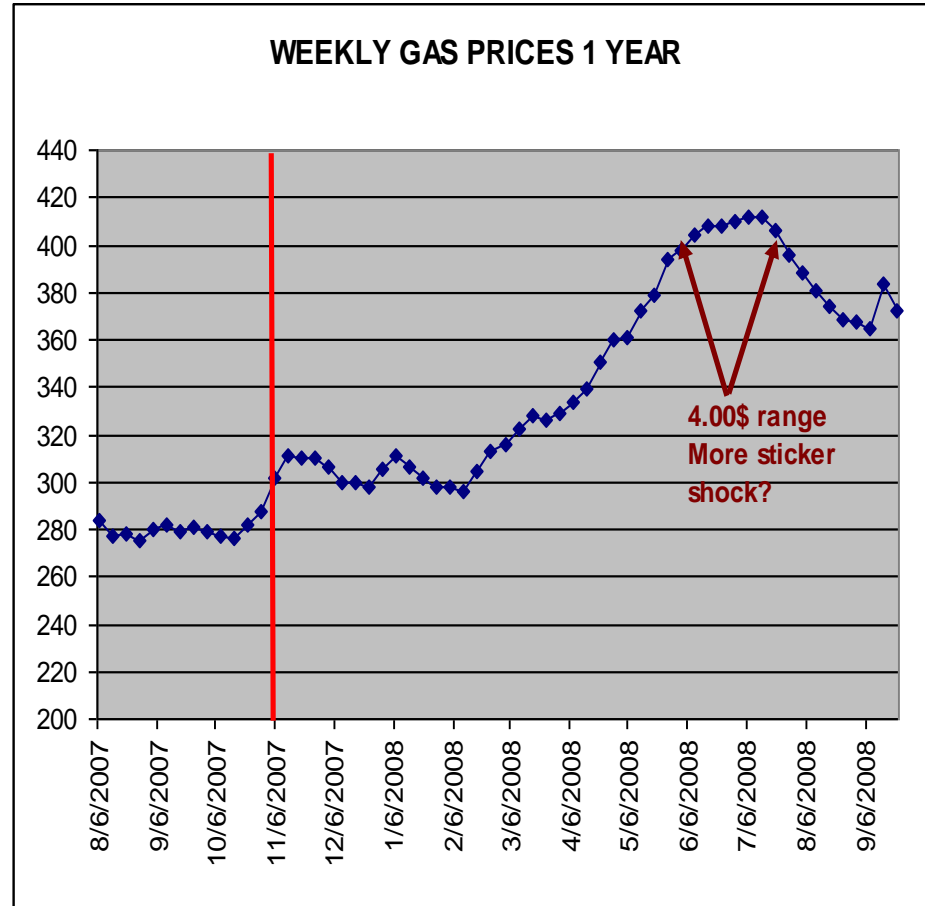
- Policies to penalize
 - Dispersed jobs
 - Dispersed households
- Policies to promote
 - Higher density
 - “Organized” society
- Subsidies to
 - Recentralize
 - Promote density

Opportunities

- Jobs moving closer to skilled workers
- Increase mobility
- Promote greater job access
- Live where you want
work where you want

FUEL CHEAP NOW?

	<i>Cost/ gal</i>	<i>Fuel Efficiency</i>	<i>Cost/ mile</i>
1981 2007\$	3.09	16.4	18.8 cents
2007	2.85	22.4	12.7 cents
2008 approx	4.00	23.7*	16.8 cents



TWO REACTIONS TO \$4 GAS

HURRAY!

- **Schadenfreude!**
- **Those suburbanites had it coming!**
- **At last we are at “the Tipping Point”**
- **Now there will be a rush to the city center of people and jobs**

BOO !

- **Less VMT = social and economic interactions lost**
- **Now is the worst time to be cutting economic activity**

WHY NO TIPPING POINT?

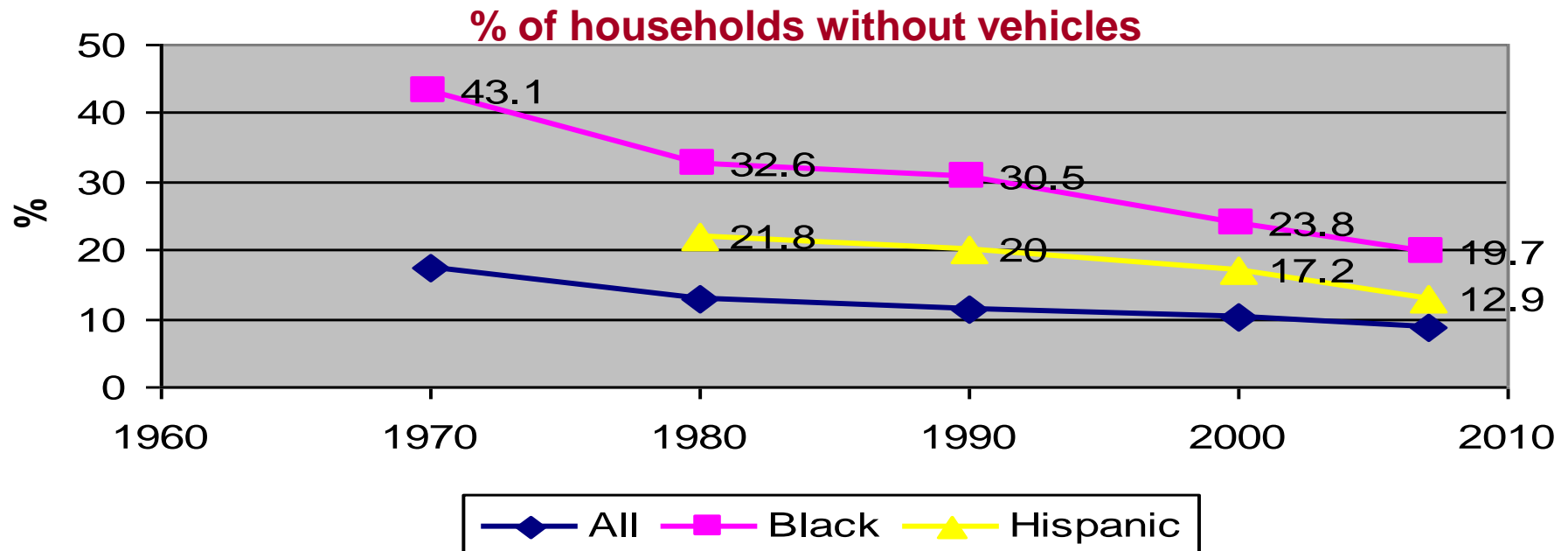
- Jobs are no longer in center
- Employers go where the skilled workers are
- It's easier to replace offices than houses
- Budget Calculation = total of Commute +
Housing cost

**Increased transportation cost modifies the calculation;
just as increasing congestion does**

**Current decline in housing costs (and gas costs)
modifies again.**

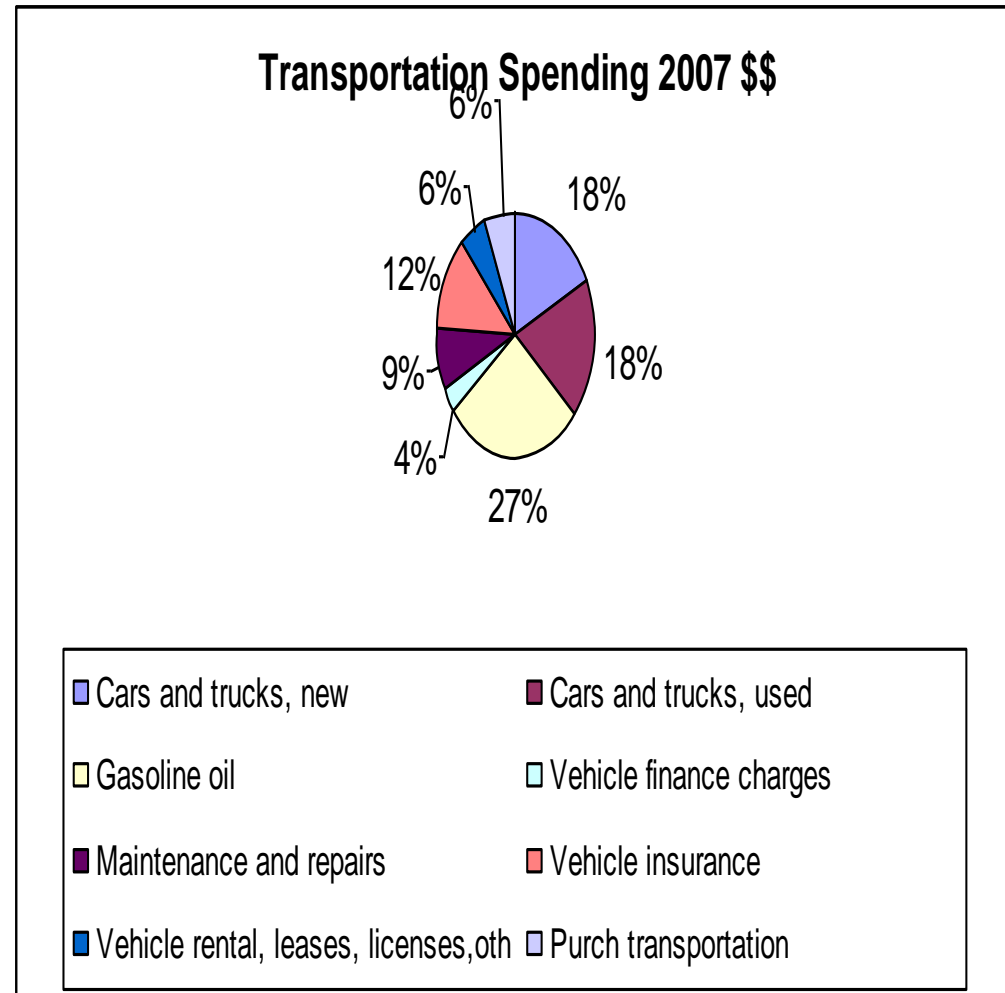
Would 5\$ or 6\$ gas change America?

- **LIFE STYLE PREFERENCES WILL DETERMINE GOALS; AND TECHNOLOGY WILL RESPOND**
- The consumer benefit of automobility is colossal – think of toll costs = \$4/gal
- Europe at \$9/gal; still has traffic jams
- **Key Effects**
 - impede access to mobility of minorities and lower income populations
 - Rural economic stress
 - Reduced access to broader worker pool
- **FLEET TURNOVER RATE WILL BE KEY**



How do we spend our transportation money?

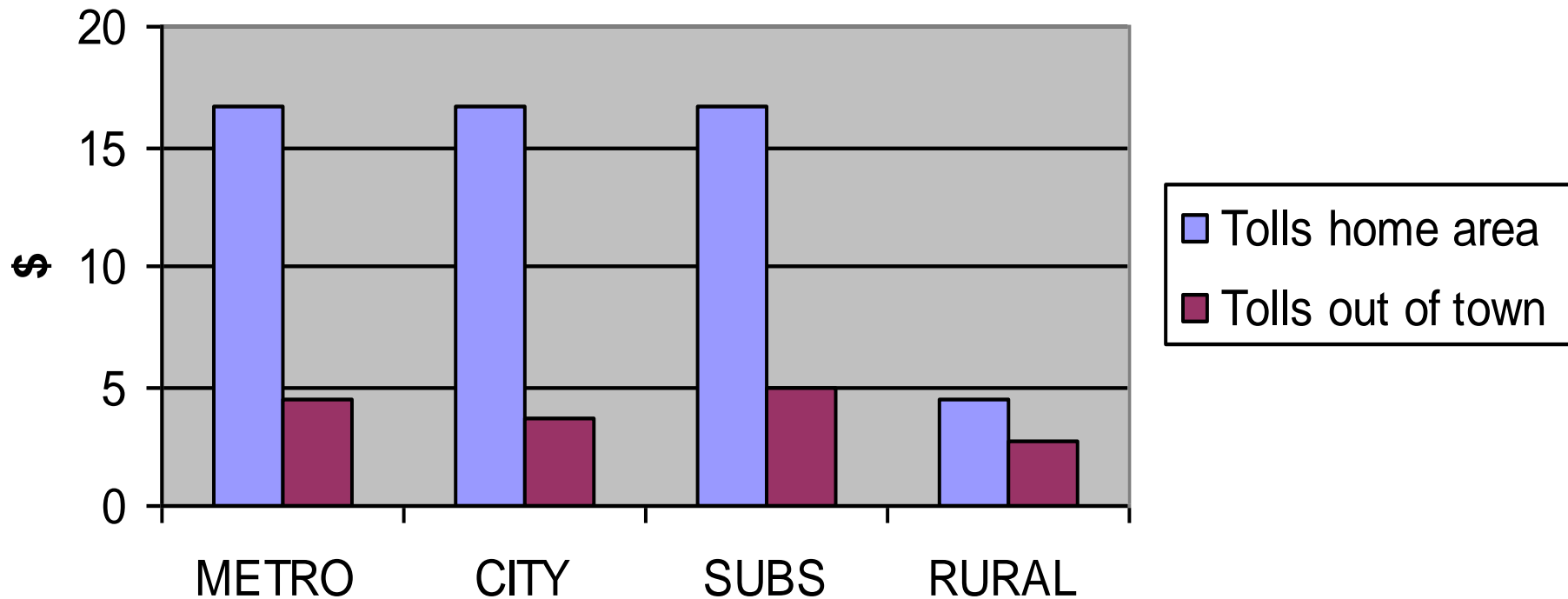
- Dominant factor is acquisition, use and care of vehicles
- Purchased transportation (6%) = anything you buy a ticket for: air, cruise, transit (13% of 6%), taxi
- Tolls almost zero
- Un-reimbursed



Consumer expenditure survey BLS

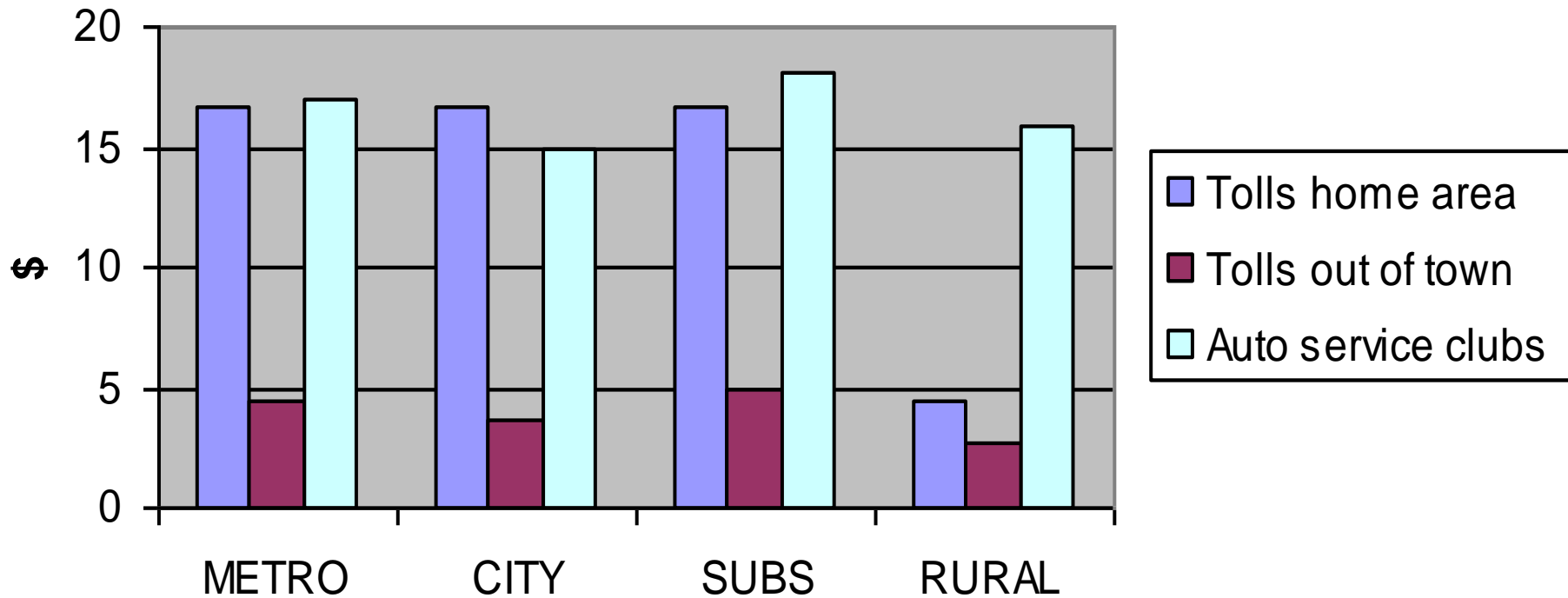
BY THE WAY – Spending on Tolls

ANNUAL TOLL EXPENDITURES PER HOUSEHOLD



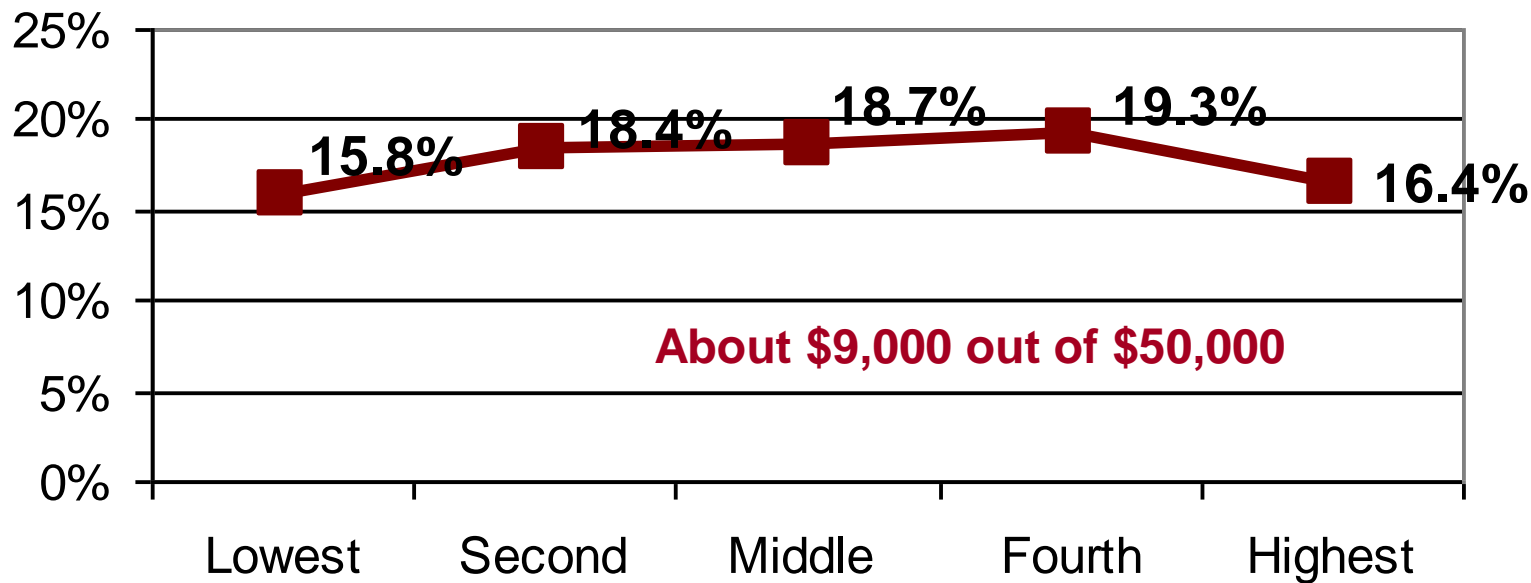
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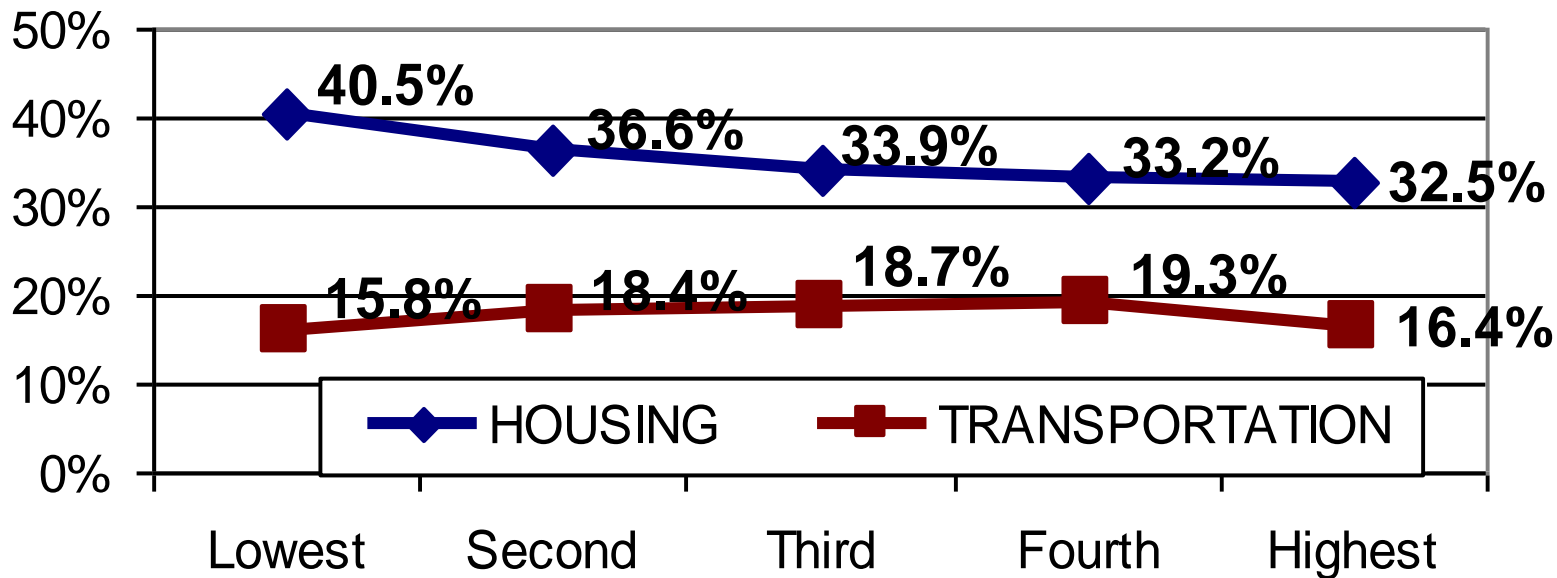
Transportation spending rises as a share of spending until the highest spending fifth of the population

TRANSPORTATION SPENDING AS SHARE OF TOTAL EXPENDITURES BY QUINTILE - 2007 CEX



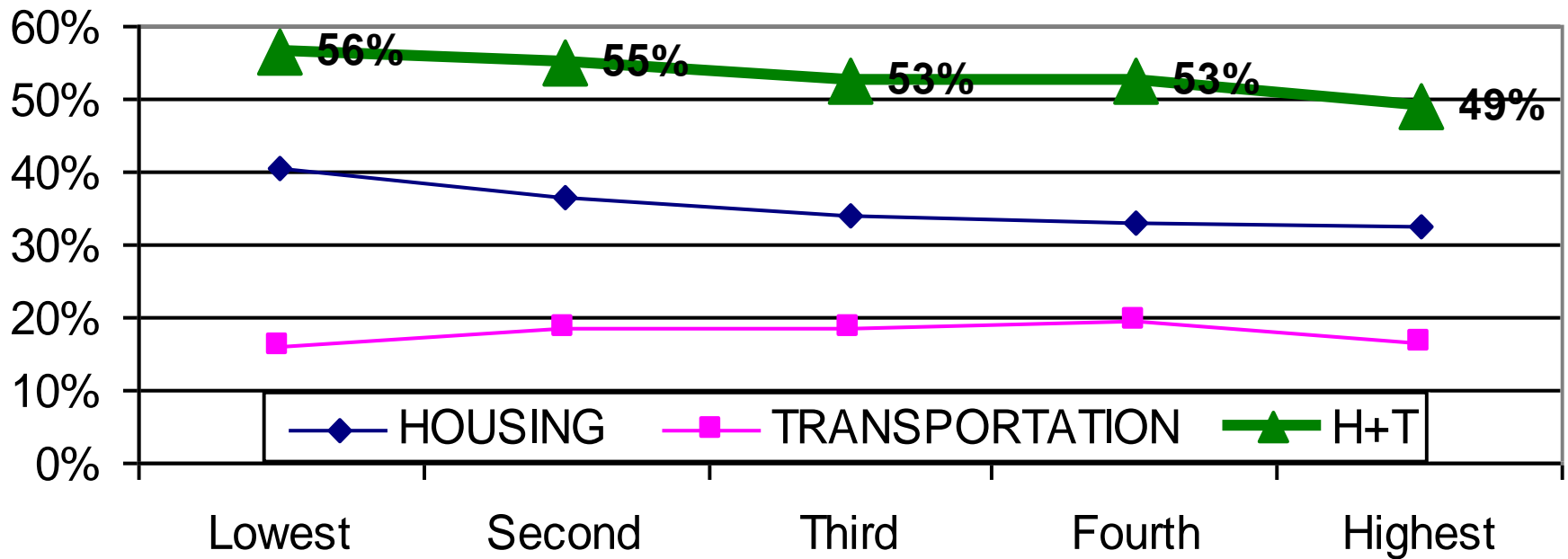
Housing is a major cost for lowest fifth but declines with rising spending

TRANSPORTATION AND HOUSING SPENDING AS A SHARE OF TOTAL EXPENDITURES BY QUINTILE



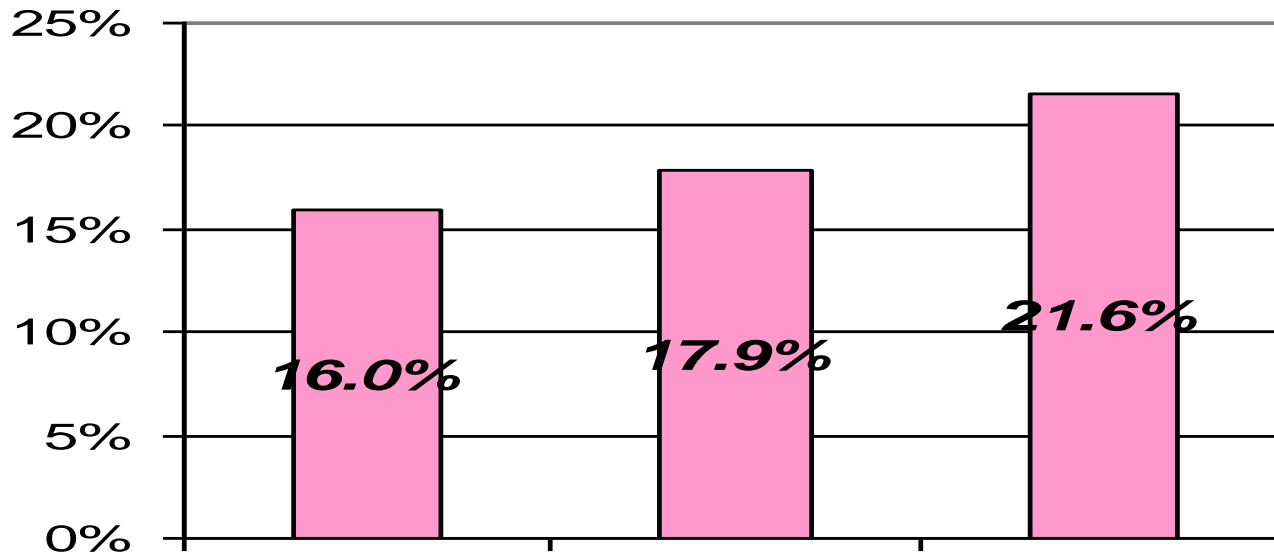
The total share of housing + transportation declines in share with spending

TOTAL OF HOUSING AND TRANSPORTATION SPENDING AS A SHARE OF TOTAL EXPENDITURES BY QUINTILE



One of the key issues is central city vs suburban vs rural spending patterns

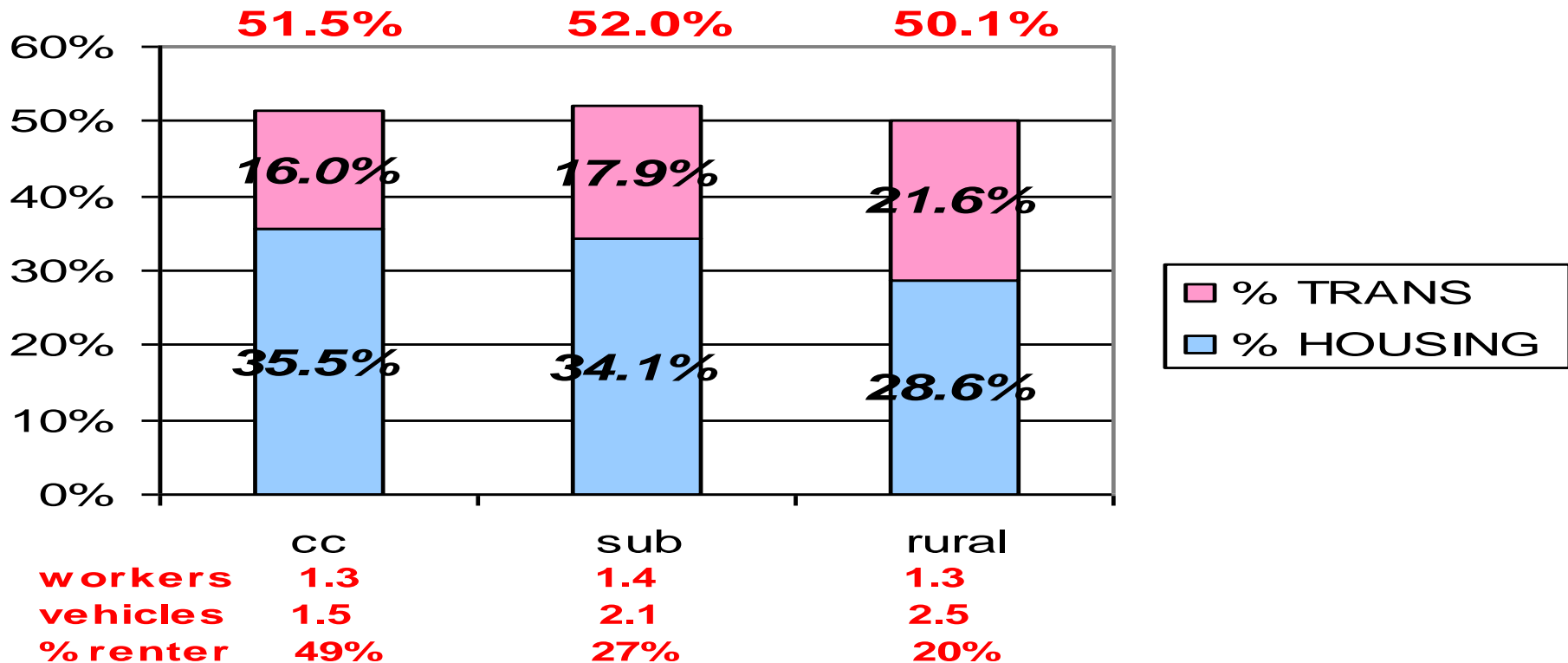
SHARES OF SPENDING FOR TRANSPORTATION



	cc	sub	rural
workers	1.3	1.4	1.3
vehicles	1.5	2.1	2.5
% renter	49%	27%	20%

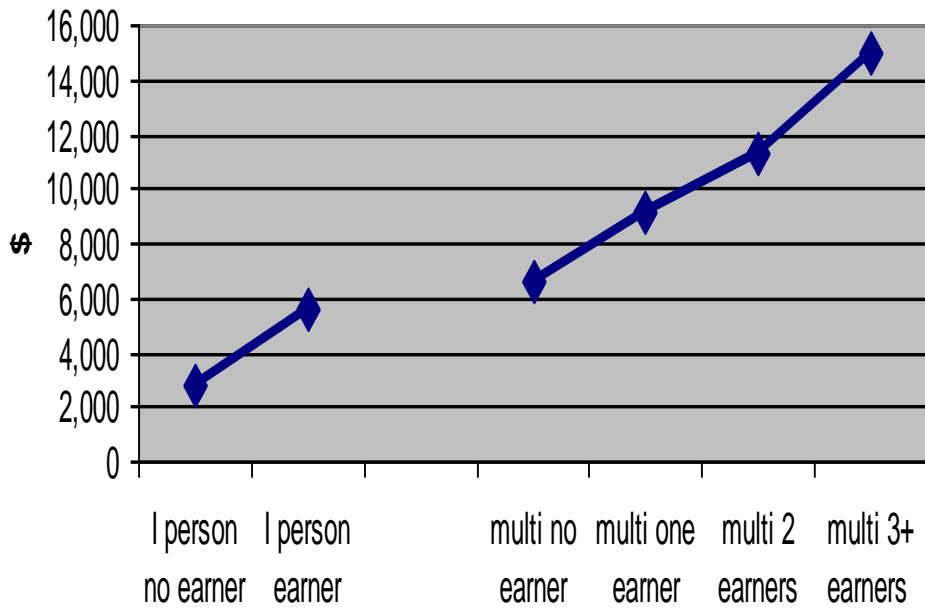
Rural Wins in Housing + Transportation share of spending

SHARES OF SPENDING TO TRANSPORTATION PLUS HOUSING

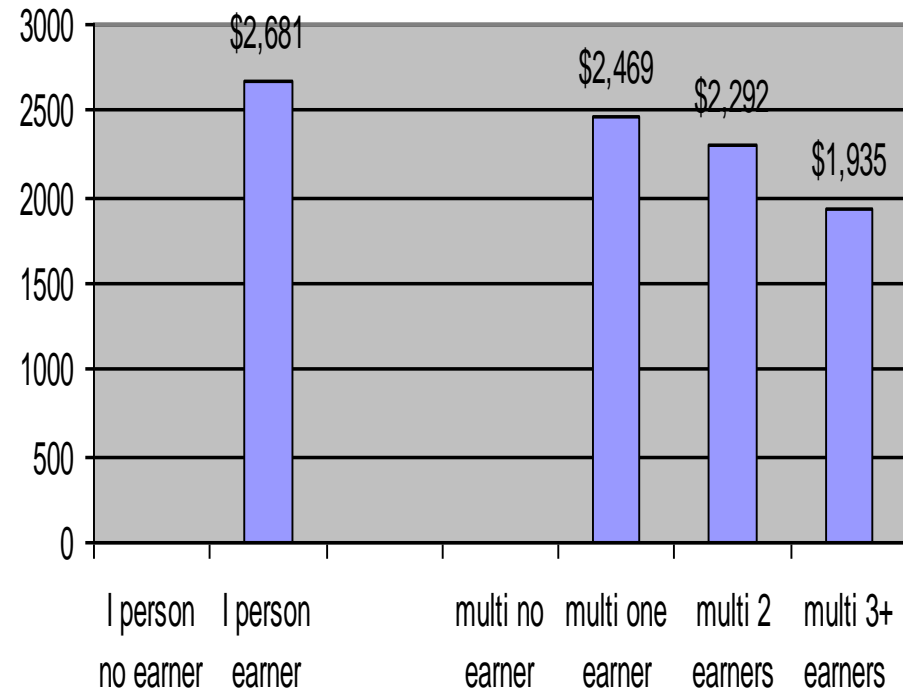


Transportation spending is all about workers

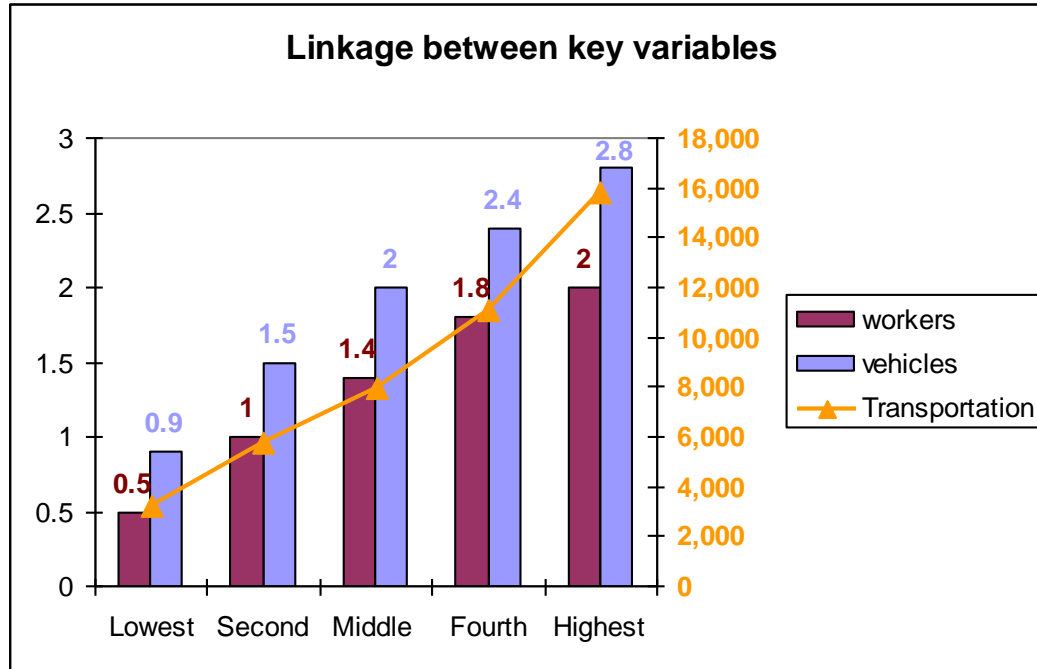
Household Spending for Transportation by worker level



Additional Spending per Worker



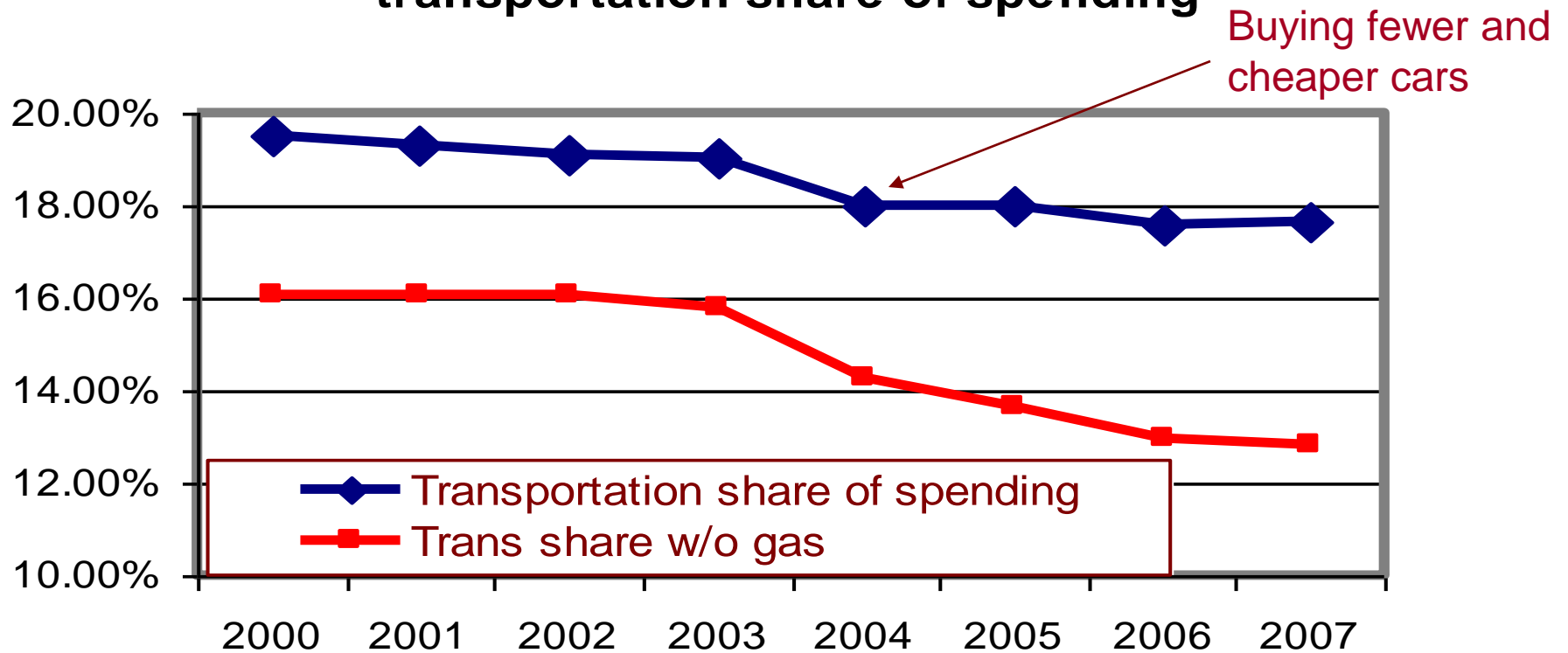
Why we are a rich nation



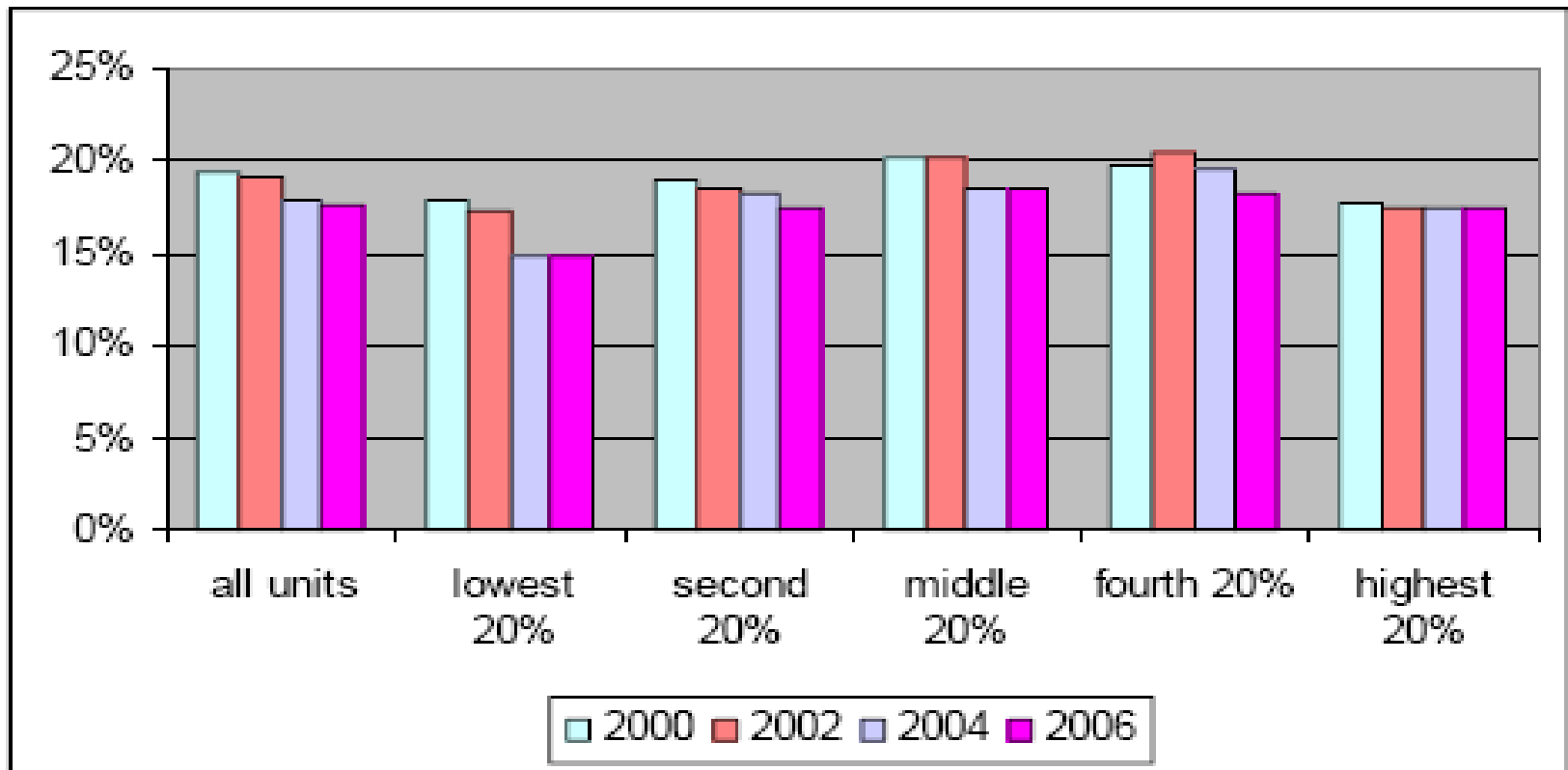
- Americans are wealthy because they work
- Americans have cars because they work
- Americans spend \$ on transportation because they work
- The ratio of highest to lowest same for trans as for all spending (about 4.8)

We are spending less on transportation this decade

transportation share of spending

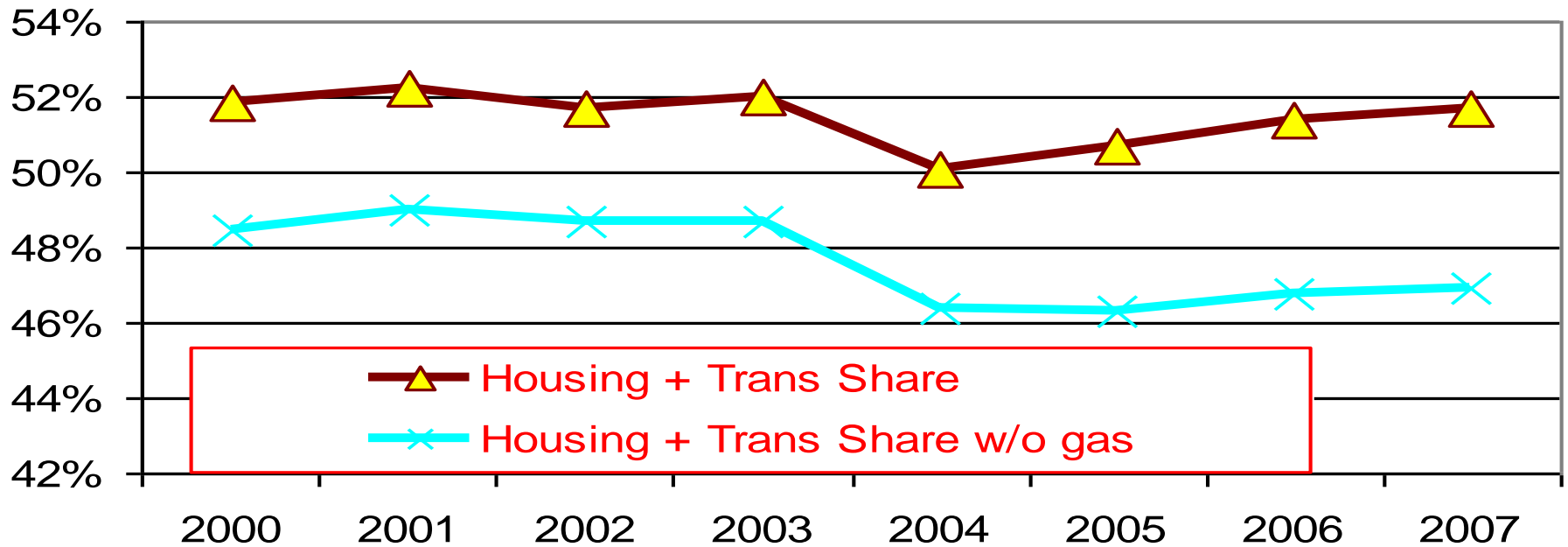


Transportation spending has been dropping by quintile



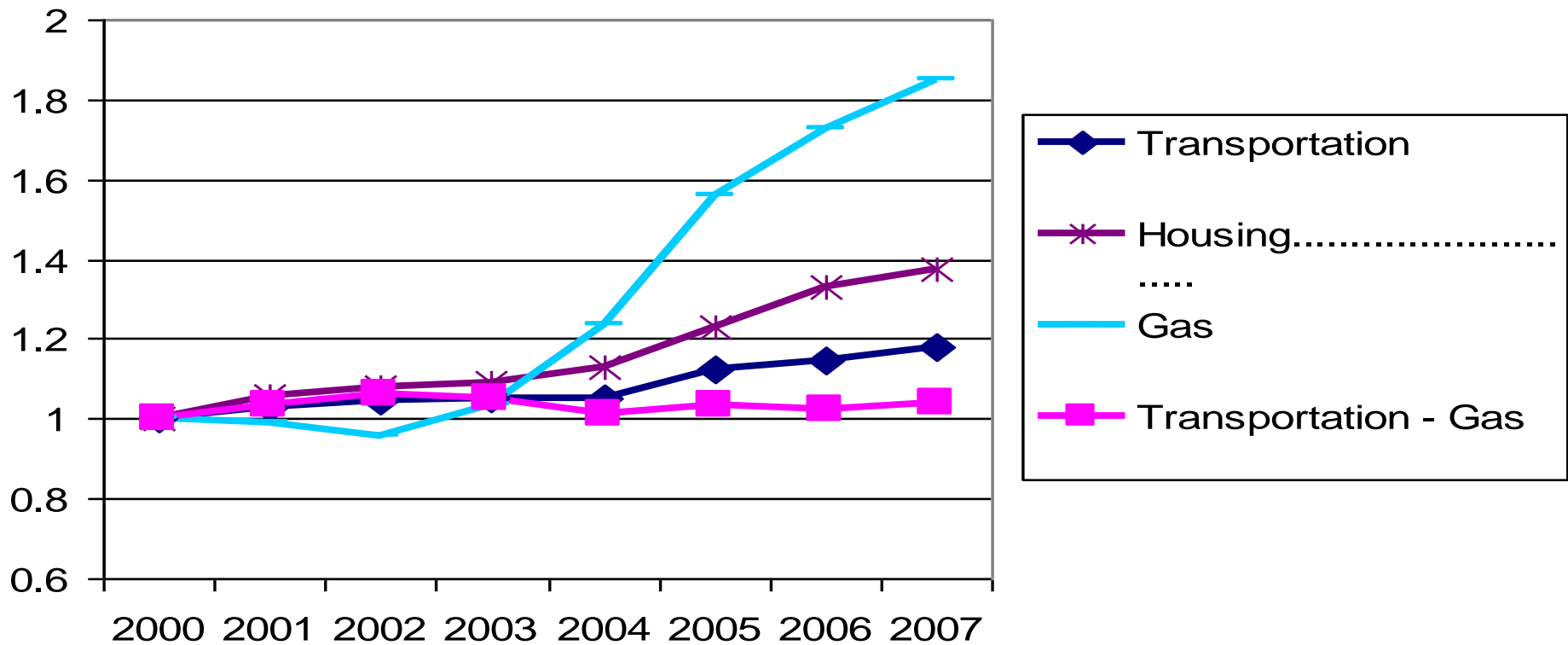
Housing spending took off as transportation spending declined

Housing and Trans shares of Spending

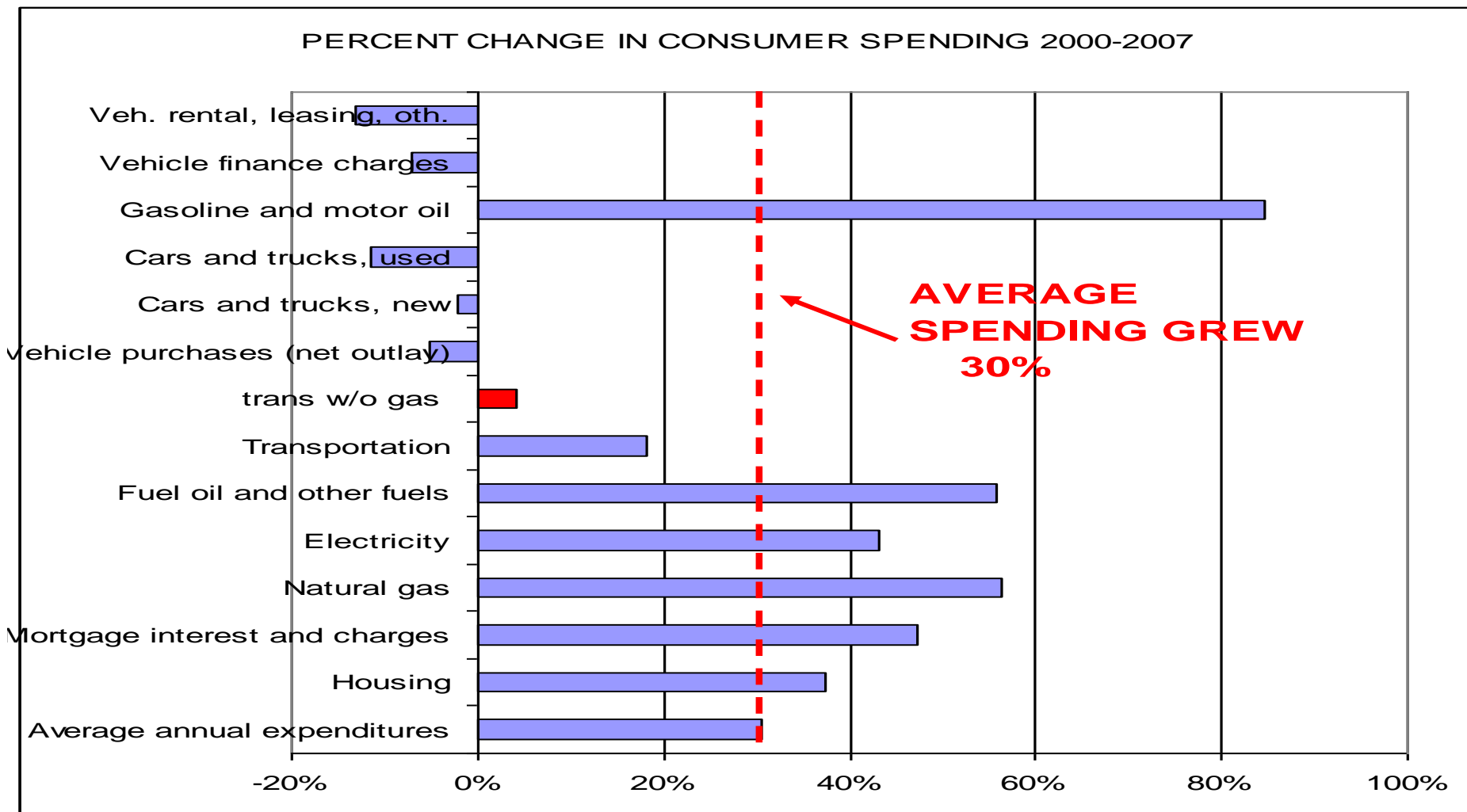


The housing bubble is visible

Spending Trend Index



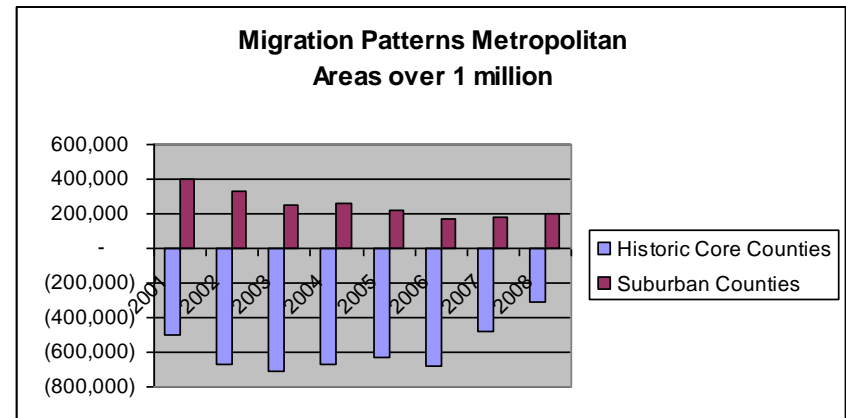
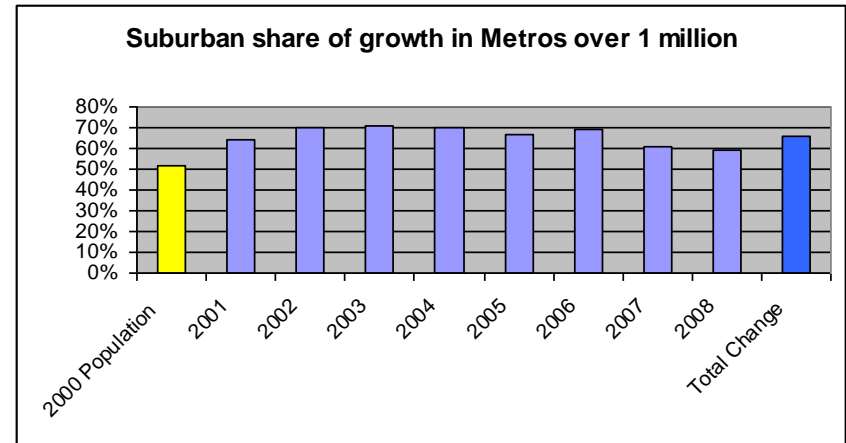
Significant declines in transportation spending as a share of all spending



suburban growth continues but economy has slowed moves

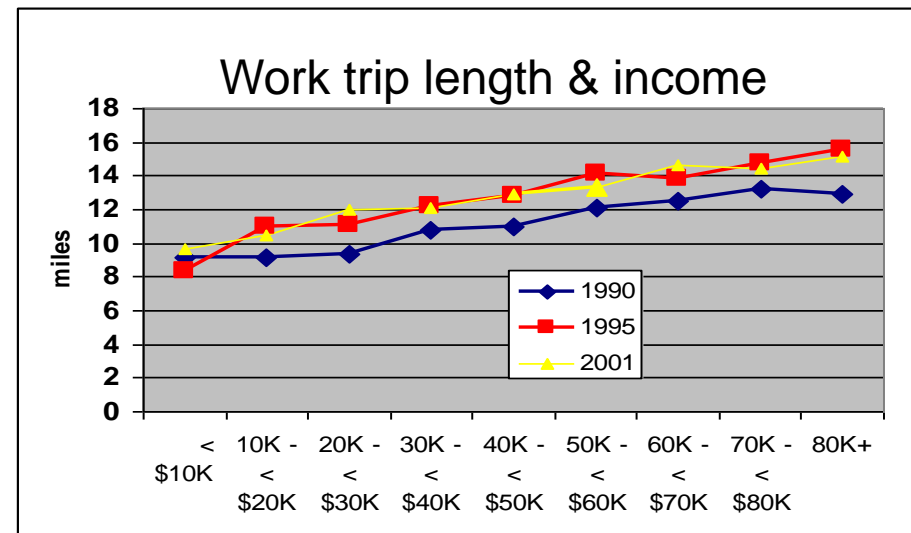
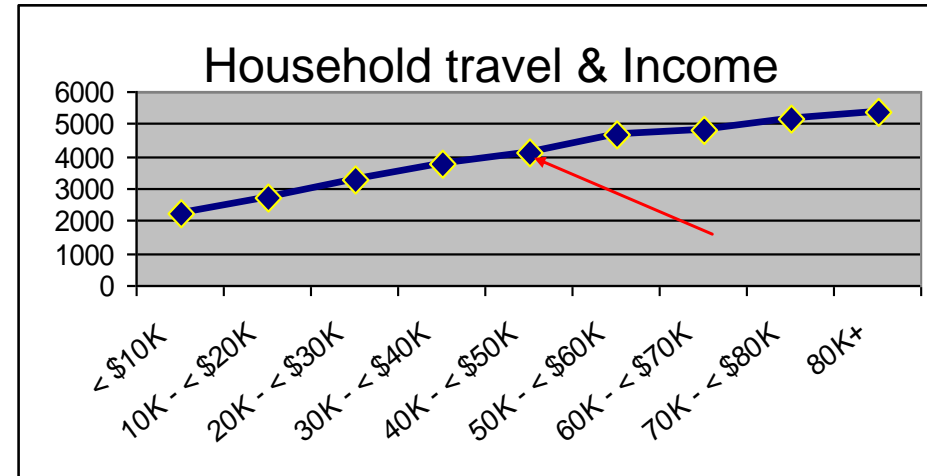
- 35 million people moved from 2007 to 2008; **down** from 40 million in 2005-2006
- The mover rate dropped below 12%; lowest ever recorded (started 1948)
- In met areas over a million pop suburban share:
 - was **51.3%** in 2000
 - now at **52.5%** in 2008;
 - gained **66%** of the growth to 2008

Census Domestic Mobility Study



The days of living outside the factory gate are gone

- Of course people have the option but few choose to take advantage of it. **Higher incomes yields more freedom to choose and people choose to optimize other things – schools, safety, attractiveness, access to amenities**
- We don't need to redesign our world to make it more "efficient". **The existing distribution of jobs housing and other destinations provides ample opportunities to be closer to destinations if we choose. There is no indication of such a preference.**
 - Work trip length increases with income!
 - **In a job-scarce environment access to jobs over greater distances is a key economic factor**
 - Work trips are increasingly minor part of people's lives.



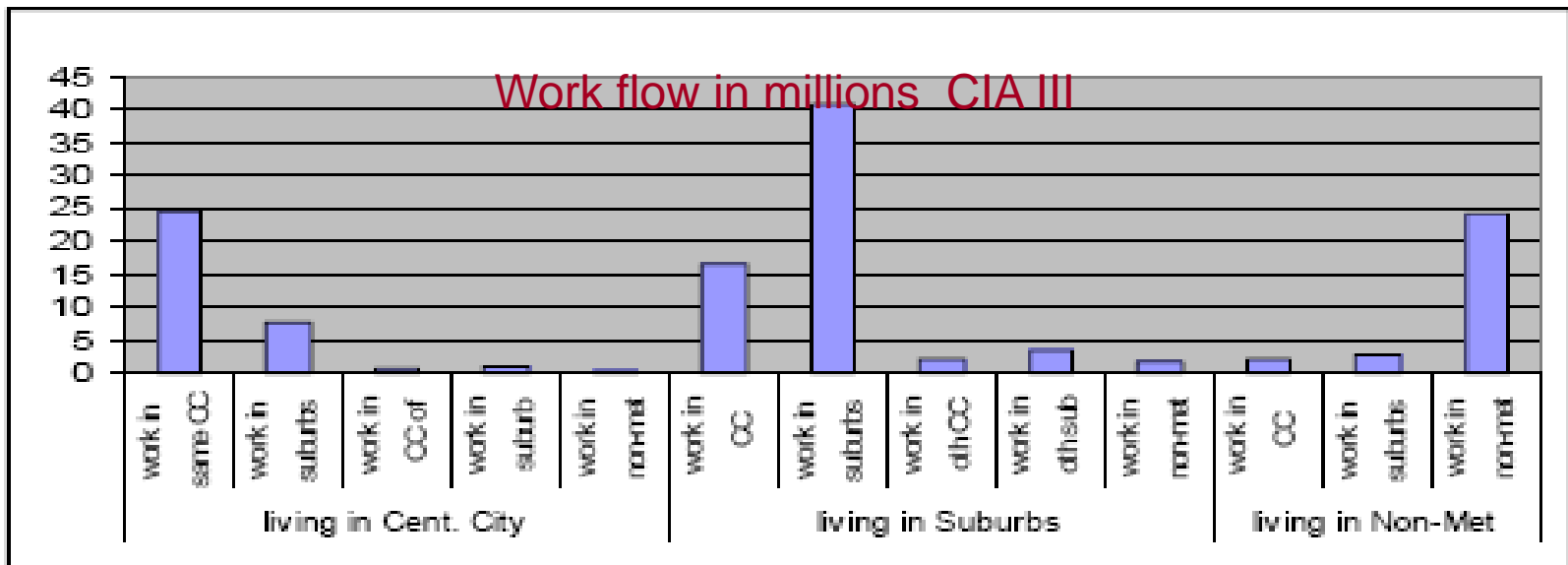
Why don't we live next to our work?

- Typical worker changes jobs every few years: so – move each time? Immense friction involved. might be back!
- Jobs and workers are more dispersed; Smaller work destinations; no factory gates to live next to!
- 70% of workers live in a household with other worker(s). Whose job are we going to live next to?
- Expansion of job specialization spreads the range over which one can/must seek jobs
 - Work in fast food store – closest one is best
 - Work in environmental physics – is there a reactor down the street?

Jobs have been following workers to the suburbs for 40 years

- 17 of 18 industries decentralized 1998-2006
- Only 21% of jobs within 3 miles of center in 98 metros; 45% of jobs more than 10 miles
- Outer parts grew 17% in employment: center by 1%

Job Sprawl Revisited; Brookings



COMMUTERS LEAVING HOME COUNTY TO WORK

1990

- U.S. 23.9%

2000

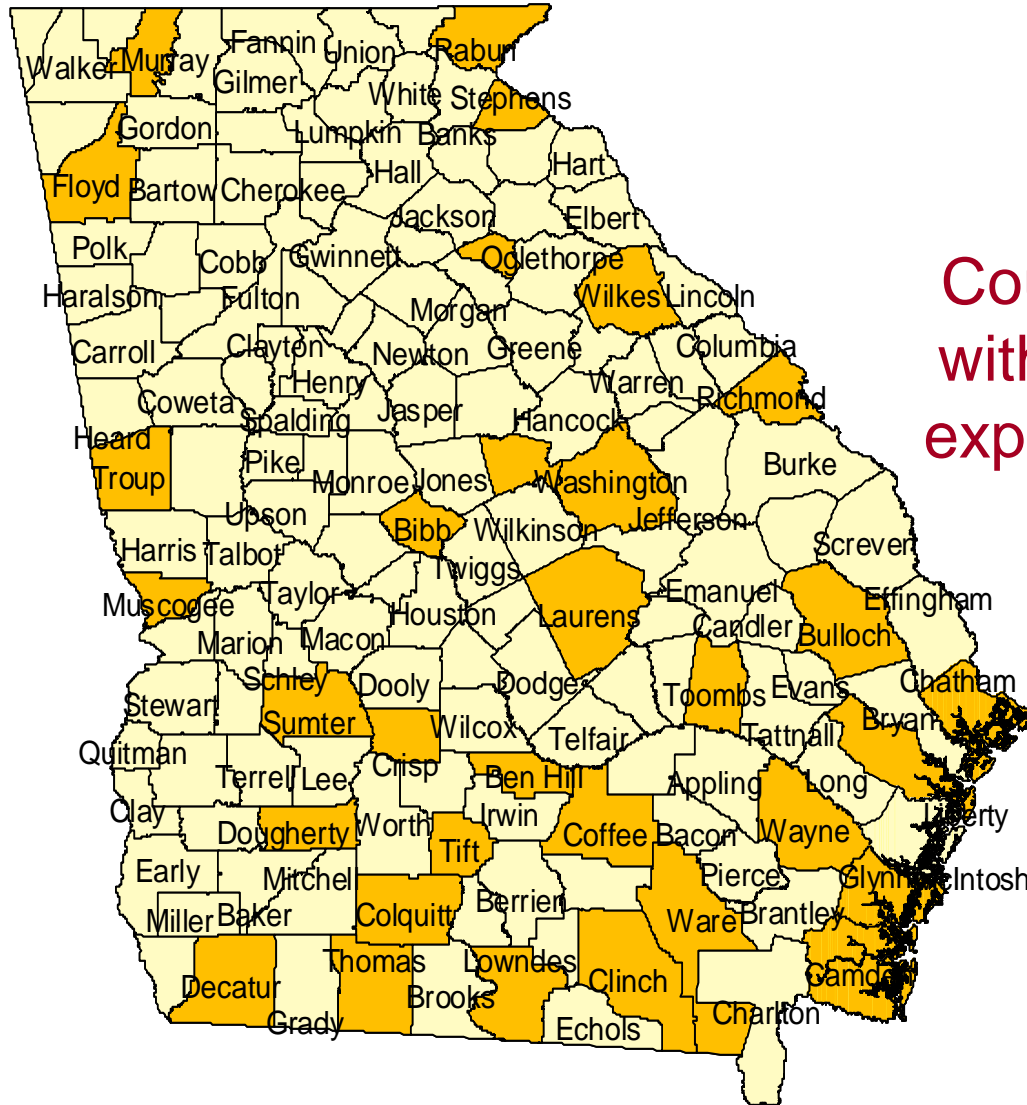
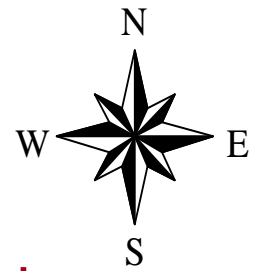
- U.S. 26.7%
- Va. 52%

2007

- U.S. 27.4%
- Va. 52.5%

WHY?

- SPRAWL?
- ACCESS?
- OCCUPATIONS?
- CHOICE



Georgia:
Counties (in yellow)
with more than 25%
exports to work 2000

Ga_25per_more_2000.shp

0 - 25

25 - 100

Georgia.shp

Transportation Makes Cities Both Smaller and Bigger

- **Smaller** in that the times to traverse distances are reduced
- **Bigger** in that a city knitted together with effective transportation acts bigger
 - economically
 - socially
- Atlanta would be 26 hamlets adjacent to each other without regional access and interaction

We also could:

- Go to the nearest grocer?
- The nearest Doctor?
- The nearest Day Care center?
- The nearest restaurant?
- The nearest house of worship?

If you want Wonder bread it's as close as a 7/11
but if you want Russian Black bread with raisins
(I know this great place in Baltimore)

Next Reauthorization

- **Finance, Finance, Finance**
- **Stimulus package will affect decisions**
- **Tolling, congestion pricing disliked by leadership but few options**
- **More afraid of gas tax increases**
- **Is private sector still ready with \$\$\$**
- **Devolution by Default ??**

Next Reauthorization

- **Maybe reorg DOT away from modes to “functional structure” = intercity; metro**
- **Metro mobility = transit, bikes, walking**
- **Intercity; tourism weak**
- **Watch private freight rail**
- **New focus on land use policies**

Next Reauthorization

- **Who will be in charge? WH? DOT? Congress?**
- If meet September deadline then DOT's role limited
- DOT might prefer a CR so that they could be serious players next year -- proposed 18 month temporizing legislation to gain time
- Coincidentally fitting with a lame duck Congress

State of play in national legislation – Financial issues –

- **Not close to increase in last cycle (40%)**
- **Needs put at 2x funding**
- **Fed Gas tax at 18.4¢ doesn't = 3¢ in 1956**
- **Fed share of capital about 40 %**
- **Few opportunities regarding revenues**
- **“Innovative Finance” as alternative**

INNOVATIVE FINANCE AIN'T MONEY

THREEWAY CONFLICTS

- **TRANSPORTATION LEGISLATION**
 - **ENERGY LEGISLATION**
 - **GHG LEGISLATION**
 - **Cap and Trade – rebate or spend?**
 - **Carbon Tax**
 - **Air could catch brunt of plans after roads**
- ALL ANTAGONISTIC TO MOBILITY**

Impacts on mobility

- Energy; GHG = **CUT VMT!**
- Metro Mobility = **Walk, Bike, Transit**
- Coalition w/HUD = **use Transportation \$\$ for land use coercion and subsidies**
- Emphasis on Tolling/Pricing but **not market driven**; pay-at-pump insurance
- VMT tax = tax travel based on **where, when and what you are doing**

**GOAL IS TO SUPPRESS VMT –
GHG IS JUST THIS YEAR'S EXCUSE**

The policy conflict = opposed thinking about the world

Neighborhood

- Shorter trips
- Walk/bike
- Land use solutions
- Design
- What's freight?
- Accessibility
- Public
- Mass
- **Behavior change**
- **Make it happen**

Globally Integrated

- Longer trips
- Broad “community”
- Choices
- Market forces
- Major role for freight
- Mobility
- Private
- Personalized
- **Technological fix**
- **Let it happen**

The focus on changing behavior diverts us from the real issues

- **Enhancing economic opportunities**
- **Access to workers; access to jobs**
- **Mainstreaming minorities**
- **Safety**
- **Serving an aging population**
- **Greater freedom of mobility**
- **Infrastructure Reconstruction**
- **Reducing Congestion More!**

Summing up: threats & opportunities

Threats

- Policies to penalize
 - Dispersed jobs
 - Dispersed households
- Policies to promote
 - Higher density
 - “Organized” society
- Subsidies to
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Opportunities

- Jobs moving closer to skilled workers
- Increase mobility
- Promote greater job access
- Live where you want work where you want

THANK YOU!

Alan E. Pisarski

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WE HAVE NO CHOICE BUT TO CARE GREATLY ABOUT TRANSPORTATION!

Transportation is all about reducing the time and cost penalties of distance on our economic and social interactions.

To the extent that nations succeed in that function they enable tremendous forces of economic opportunity, social cohesion and national unity.

Average Spending for Purchased Transportation
total spending = \$538/yr

