

**THE FUTURE OF NATIONAL SURFACE
TRANSPORTATION POLICY**

HEARING

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION
AND MERCHANT MARINE INFRASTRUCTURE,
SAFETY, AND SECURITY

OF THE

**COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE**

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

APRIL 28, 2009

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ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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THE FUTURE OF NATIONAL SURFACE TRANSPORTATION POLICY

TUESDAY, APRIL 28, 2009

U.S. SENATE,
SUBCOMMITTEE ON SURFACE TRANSPORTATION AND
MERCHANT MARINE INFRASTRUCTURE, SAFETY, AND
SECURITY,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:35 p.m., in room SR-253, Russell Senate Office Building, Hon. Frank R. Lautenberg, Chairman of the Subcommittee, presiding.

OPENING STATEMENT OF HON. FRANK R. LAUTENBERG, U.S. SENATOR FROM NEW JERSEY

Senator LAUTENBERG. The Committee will come to order.

First, I thank everyone who is here for being here with us today.

I am sorry to convey the news that Senator Rockefeller has been injured and he is not ready to come back. It is said that he is in good shape but it will take a while for some bone-healing to be in order. He asks that his statement be included in the record, and I will include the statement in the record, unless there are any objections. That will be the first document in this hearing.

[The prepared statement of Senator Rockefeller follows:]

PREPARED STATEMENT OF HON. JOHN D. ROCKEFELLER IV, U.S. SENATOR FROM WEST VIRGINIA

I am excited about today's hearing and regret that I cannot be in attendance.

Our national surface transportation system provides the physical foundation for our economy, allowing people and goods to move throughout the country. Unfortunately, investment has not kept up with demand in the system over the past few decades. As a result, our physical infrastructure is in disrepair, congestion plagues our highways, ports, and railroads, and limited financial resources are available to fix the broken system. In addition, the transportation sector continues to be the largest emitter of carbon dioxide in the United States.

The upcoming reauthorization of Federal surface transportation programs is a prime opportunity to prepare our transportation system for 21st Century demands. With an additional 120 million people in the country expected by 2050, significant changes must be made to make sure movement remains accessible, efficient, and affordable.

In order to correct our existing shortcomings and prepare our system for the next generation of users, we must set far-reaching goals and objectives that span across individual modes and develop reliable standards and methods for attaining them.

We must take a holistic approach to solving our transportation challenges, especially furthering the connection to our rural communities, in order to remain competitive in a global economy, reduce the consequences of climate change, and maintain safety and efficiency in our daily lives.

I recognize the hard work Senator Lautenberg has done to make intercity passenger rail a more viable transportation alternative throughout the country, and look forward to working with him closely to prepare our entire transportation system for the next 50 years.

Senator LAUTENBERG. I am pleased to be here with our colleagues, Senator Thune from South Dakota and Senator Kay Bailey Hutchison from the great State of Texas, a great Senator representing the great state. Now, have I done enough?

[Laughter.]

Senator LAUTENBERG. I am pleased to be here with Senator Hutchison and Senator Thune.

Today in America we are being overtaken by congestion. Our surface transportation is wallowing in all kinds of difficult things. Travelers and shippers experience crippling delays on our highways and our skyways. Congestion is so bad that you almost cannot go anywhere where there is a significant roadbed that does not have more traffic by far than it used to have. If you look just at 2007, it was one of the worst years on record for flight delays, more than one in four flights was late. I think I took only the late ones.

[Laughter.]

Senator LAUTENBERG. Just as an example, the other day I flew up to LaGuardia Airport which is near my house in New Jersey, and I got in an airplane, a rather new airplane. They closed the door. The pilot gave us his quick review and said the flight time would be about 36 minutes and expected that we would have an on-time departure. And within a couple of minutes, he said, oh, and I just got news that we have a 2-hour ground delay. A 2-hour ground delay for a 36-minute flight does not seem to make sense. Well, we have seen that in almost every place that there is any volume of flight traffic.

In 2008, while the number of flight delays went down slightly, the length of those delays went up. And safety is an even more important concern. Last year more than 37,000 men, women, and children lost their lives on our roads. We all know the impact that America's vehicles are having on global warming. To overcome these challenges, we need a national transportation policy that will reduce delays, improve safety, create jobs, and reduce greenhouse gas emissions, as well as reduce our dependence on foreign oil.

This year Congress will reauthorize our Nation's surface transportation programs. In the past, this legislation has been more commonly referred to as the "highway bill," but highways alone cannot meet the transportation needs of the future. The reality is that Congress will be producing a surface transportation bill, a bill that recognizes the critical role of mass transit and passenger and freight rail service. Most mass transit reduces our dependence on foreign oil. It relieves stress and congestion on our already overburdened roads and bridges and saves commuters money on gas and other costs associated with traveling by car.

In my State of New Jersey, we are ready. The term "shovel ready" is generally used. Mr. Secretary—and I will introduce you in just a minute, you and I have had a running debate about how soon we are going to get going on these things. So "shovel ready" seems to be the easiest way to convey our readiness to get to work. Well, we are ready to build a new Hudson River rail tunnel that

will create 6,000 construction jobs a year and remove 22,000 cars from the roads each day. And like transit, passenger rail reduces not only congestion, but toxic emissions and fuel consumption.

We took the first step toward revitalizing passenger rail last year when an Amtrak bill that I was fortunate to author, was signed into law. Amtrak's record ridership shows that Americans crave a travel option that is more convenient, less hassle than a car or a plane. And I am pleased that President Obama shares my commitment to passenger rail. More than \$9 billion for Amtrak and high-speed rail was provided in the economic recovery law, which was a bold step by the President.

But we need to do more. Between now and 2050, America's population is expected to reach 420 million people. By the way, I remind everyone that in 1970, the American population was 200 million people. So we are headed to building the world's biggest beehive.

In order to meet the demands of our Nation's travelers, keep our businesses competitive in the world's economy, and create jobs, we need to establish a bold vision for a national surface transportation system. We need to make our system better not only for ourselves, but for the generations yet to come. And I look forward to hearing from today's witnesses about how we can make that happen.

And I would ask Senator Thune if he has an opening statement.

**STATEMENT OF HON. JOHN THUNE,
U.S. SENATOR FROM SOUTH DAKOTA**

Senator THUNE. Thank you, Mr. Chairman. I thank you for holding today's hearing on the future of national surface transportation policy. I am very pleased to be able to serve as the Ranking Member of this Subcommittee, and I look forward to working with you, Mr. Chairman, as well as with the Senator from Texas and the Senator from West Virginia and many other members of this Committee as we focus on the pressing surface transportation issues that are facing our country.

This is our Subcommittee's first hearing, and I want to extend a warm welcome to the Secretary of Transportation, Ray LaHood, a former colleague from the House days, who is joining us today as our first witness. I think his presence is reflective of the importance of the transportation agenda that is ahead of us, and I look forward to working with him as we consider an array of issues involved with reauthorizing our Nation's surface transportation programs which expire, I might add, in September.

Like many members of the Committee, I represent a state that is mostly rural. Rural states face unique challenges when it comes to transportation, while playing a crucial role in transport of goods and people. South Dakota is a state that is very large in size and has an extensive highway network, but a low population density. It also contains large tracts of Federal lands. These factors make it very difficult for states like mine to maintain and provide for a modern national transportation system.

Of course, states in our area of the country are a vital part of our national transportation system, our highways serve as connectors for traffic and commerce that benefit citizens from other States. In fact, more than two-thirds of the truck traffic on highways in South Dakota neither begins nor terminates in the State.

Our roads also provide access to many of the Nation's great national parks and are essential in transporting agricultural goods to the market. So there is a real national interest in facilitating interstate commerce mobility that requires good highways in, and connecting across, rural states.

In order to meet our national transportation needs, it is essential that we maintain the viability of the Highway Trust Fund. While some have suggested that the Trust Fund be eliminated or significantly altered, I feel this is unwise and would have a particularly negative effect on large rural states such as mine and, in turn, travelers throughout the country.

For example, there are about 19 people per lane-mile of Federal aid highways in South Dakota while the national average is about 128 people per lane-mile. Furthermore, our per capita contribution to the Highway Trust Fund of \$150 per person exceeds the national average of only \$109 per person.

So clearly, there is a lot more to consider than simply coining one state as "donee" and another state as "donor." It is far more complicated and would result in enormous ramifications to the transportation system as we know it if we make knee-jerk changes to the distribution from the Highway Trust Fund without considering the far-reaching implications to the traveling public.

Finally, I would like to talk briefly about the Build America Bonds Act of 2009, which I have joined in sponsoring with Senators Wyden, Wicker, Collins, and Klobuchar. Our legislation would provide \$50 billion in new funding for transportation projects such as roads, bridges, transit, rails, and ports. In turn, Build America Bonds would create jobs for economic recovery and ultimately help to save lives by making needed improvements to our Nation's transportation system.

While our legislation is not a substitute for fixing the Highway Trust Fund, it would provide valuable supplemental funding for transportation projects. I hope that the Senate will seriously consider this legislation.

Mr. Chairman, again, I thank you. I look forward to hearing from today's witnesses and want to welcome Secretary LaHood to our first committee hearing.

Senator LAUTENBERG. What we are going to have is 5-minute opening statements for those who would like to make them, and I now call on Senator Pryor.

**STATEMENT OF HON. MARK PRYOR,
U.S. SENATOR FROM ARKANSAS**

Senator PRYOR. Mr. Chairman, thank you, but I will just submit mine for the record. Thank you very much.

[The prepared statement of Senator Pryor follows:]

PREPARED STATEMENT OF HON. MARK PRYOR, U.S. SENATOR FROM ARKANSAS

I want to thank the Chairman and Ranking Member and other members of this Subcommittee for holding this important hearing today to discuss the future of national surface transportation policy.

I look forward to working with all members of this Committee and our witnesses in the coming weeks and months to address the many issues and needs of our Nation's surface transportation system.

As we work to reauthorize the Federal surface transportation programs enacted as part of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), we will face a wide range of issues that will largely depend on funding.

The largest challenges facing Congress in this reauthorization process will rest in developing policy to provide adequate funding and streamline existing programs to better meet the critical surface transportation needs of our country.

I think this hearing provides an excellent opportunity for our Subcommittee to hear from an excellent panel of witnesses. I hope in this hearing the Subcommittee will learn more about the issues and needs of our transportation system and explore the potential solutions for providing our citizens with a surface transportation system that matches today's demands and plans for future needs.

I especially look forward to hearing from Secretary LaHood as he'll discuss the Administration's vision for the future of surface transportation and provide an update on the progress made on infrastructure investments provided in the American Recovery and Reinvestment Act.

Again, I thank the witnesses and members for participating today. I expect this to be a very productive hearing.

Senator LAUTENBERG. Thank you.
Senator Hutchison?

**STATEMENT OF HON. KAY BAILEY HUTCHISON,
U.S. SENATOR FROM TEXAS**

Senator HUTCHISON. Thank you, Mr. Chairman. I do thank you for holding this hearing today. It is the first hearing of this Committee to consider the many important issues we do confront in reauthorizing our Nation's surface transportation programs which expire in September.

I believe there is a proper Federal role in promoting the safety and security of our national transportation system, and I hope this hearing marks the beginning of a thorough debate on this issue. It is my hope that we can together reform the Federal role in a manner that will better meet our States' transportation priorities.

I want to welcome, obviously, Secretary LaHood and also Ned Holmes, who will be on the second panel, who serves on the Texas Transportation Commission and is Chairman of the Transportation Transformation Group.

It has been more than 50 years since President Eisenhower signed legislation to create the interstate system, and construction on the final span of national highway was finished nearly 20 years ago. Yet, highway users in all 50 states are still paying into the national highway system through a formula designed around the now obsolete purpose of completing the interstate system. Many of those states, including Texas, are forced to bear an unfair burden through the current funding scheme whereby a far greater portion of our gas tax dollars are being diverted away from critical transportation needs in our State.

In my view, the existing funding formula is no longer serving the best interests of each state and the traveling public. Our transportation mission should evolve to maintaining and improving this valuable infrastructure. We must add highway capacity in areas where population and commercial growth is exceeding what our infrastructure can withstand. Our funding structure must change to meet these shifting priorities.

That is why today I am introducing the Highway Fairness and Reform Act of 2009, along with Senators Martinez, Cornyn, and Kyl. Our bill would give states the choice to opt out of the Federal

highway program and instead be rebated Federal fuel taxes collected within our borders. It would cut the overwhelming majority of Federal strings attached but would require that rebated taxes be spent on surface transportation projects. This option would allow all states to receive a more equitable distribution of gas tax dollars while ensuring funds are directed toward improving transportation in the high-growth areas within those states.

The policy of revenue-sharing was instituted in 1956 because some states with a lot of land mass but lower populations were unable to generate enough revenue to build the roads comprising a truly national highway system. Even though the highway system is complete, the current formula continues to send some states excess revenues, while the roads and residents of donor states, those paying in more than they are receiving back, are short-changed. In short, the gas tax revenues of these states like Texas, Arizona, Florida, Ohio, and more could be spent on bike trails in Vermont or bridges in Madison County rather than on crumbling or congested highways in Miami or Cincinnati.

I also think that as we address the proper Federal role in transportation, we need to alleviate states from the unnecessary burdens that have accumulated over the years. For example, of the Federal funding that states do receive, there are no fewer than 108 federally mandated programs that must be factored into decisions on how the money will be spent. Once the state decides to begin a transportation project, using some of its Federal highway funding, it takes an estimated 12 to 15 years of bureaucratic process before the state can even break ground. This level of Federal micro-management fails to acknowledge that our state and local leaders are best positioned to carry out the present transportation mission which should be maintenance and improvement.

My legislation is designed to ensure interstate equity and to allow states to efficiently maintain and improve their highways while removing unnecessary regulatory burdens. Opt-out states would be required to maintain their interstate highway system but could determine which Federal programmatic requirements could be eliminated.

So, Mr. Chairman, I thank you for calling this hearing. I think this is the time to start this debate, and I hope that we can come to agreement on what is equitable for all of our states, not just some. Thank you.

[The prepared statement of Senator Hutchison follows:]

PREPARED STATEMENT BY HON. KAY BAILEY HUTCHISON, U.S. SENATOR FROM TEXAS

Thank you, Mr. Chairman, for holding today's hearing on the Future of Surface Transportation Financing. This is the Committee's first hearing to consider the many important issues we confront in reauthorizing our Nation's surface transportation programs, which expire in September. I believe there is a proper Federal role in promoting the safety and security of our national transportation system, and I hope this hearing will mark the beginning of a thorough debate on this important issue. It is my hope that together we can reform the Federal role in a manner that will better meet our states' transportation priorities—a goal we all share.

I want to welcome today's witnesses, and I am pleased that not only are we joined by the Secretary of Transportation, Ray LaHood, but also by Ned Holmes, who serves on the Texas Transportation Commission and is Chairman of the Transportation Transformation Group. I know each of the witnesses will provide us with use-

ful insights into the many transportation challenges facing our country and how we may best secure adequate funding among competing demands.

It has been more than 50 years since President Eisenhower signed legislation to create the Interstate System, and construction on the final span of national highway was finished nearly 20 years ago. Yet, highway users in all 50 states are still paying into the national highway system through a formula designed around the now-obsolete purpose of completing the Interstate System. And, many of those states, including Texas, are forced to bear an unfair burden through the current funding scheme, whereby a far greater portion of our gas tax dollars are being diverted away from critical transportation needs in our state.

In my view, the existing funding formula is no longer serving the best interests of each state and the traveling public. Our transportation mission should evolve to maintaining and improving this valuable infrastructure. We must add highway capacity in areas where population and commercial growth is exceeding what our infrastructure can withstand. Likewise, our funding structure must change to meet these shifting priorities.

That is why today, I am introducing the Highway Fairness and Reform Act of 2009, along with Senators Kyl, Cornyn, and Martinez. Our bill would give states the choice to opt-out of the Federal highway program and instead be rebated Federal fuel taxes collected within their borders. It would cut the overwhelming majority of Federal strings attached, but would require that rebated taxes be spent on surface transportation projects. This option would allow all states to receive a more equitable distribution of gas tax dollars, while ensuring funds are directed toward improving transportation in the high-growth areas within those states.

The policy of revenue sharing was instituted in 1956 because some states with a lot of land mass but lower populations were unable to generate enough revenue to build the roads comprising a truly national highway system. Even though the highway system is complete, the current formula continues to send some states excess revenues while the roads and residents of "donor states," those paying in more than they are receiving back, are shortchanged. In short, the gas tax revenues of these states like Texas, Arizona, Florida, Ohio, and more could well be spent on the bridges of Madison County or bike trails in Vermont, rather than on crumbling or congested highways in Miami or Cincinnati.

I also think that as we address the proper Federal role in transportation, we need to alleviate states from the unnecessary burdens that have accumulated over the years. For example, of the Federal funding that states do receive, there are no fewer than 108 federally mandated programs that must be factored into decisions on how the money will be spent. And once a state decides to begin a transportation project using some of its Federal highway funding, it takes an estimated 12 to 15 years of bureaucratic process before a state can even break ground. This level of Federal micromanagement fails to acknowledge that our state and local leaders are best positioned to carry out the present transportation mission: maintenance and improvement.

Our legislation is designed to ensure interstate equity and to allow states to most efficiently maintain and improve their highways, while removing unnecessary regulatory burdens. Opt-out states would be required to maintain their Interstate Highway System, but could determine which Federal programmatic requirements, such as highway enhancements and design standards, would be continued. To ensure that our Nation's roads are safe for all American motorists, safety provisions under the Federal highway program, like the minimum drinking age, would continue to fall under the jurisdiction of the U.S. Transportation Secretary.

The Federal highway system is one of our Nation's greatest cultural and economic advantages, and it must be maintained for the prosperity of future generations. However, its preservation must not cost some Americans more than others, nor be micromanaged by those who are least equipped to know the intricacies of existing congestion and traffic-flow issues. No state should be forced to send its gasoline taxes to Washington and get it back with mounds of regulations and a cut in the amount returned.

I thank the Chairman for holding this important hearing to begin our Committee's work on reauthorization, and I look forward to hearing from today's witnesses.

Senator LAUTENBERG. Thank you very much.

Going from side to side, I would call now on Senator Begich for 5 minutes, please.

**STATEMENT OF HON. MARK BEGICH,
U.S. SENATOR FROM ALASKA**

Senator BEGICH. Thank you very much, Mr. Chairman. I am going to limit my statement and just get into the Q and A at some point here, but I just want to say thank you, Mr. Secretary, for being here.

I do have some questions regarding specifically kind of Alaskan issues. I beg to differ with the Senator from Texas in regards to the needs when 52 percent of our state is still owned by the Federal Government through the Department of the Interior and the need that we have in regards to infrastructure and roads. But I will ask you some specific questions on that.

Along with that, I am going to be interested in having additional conversation regarding, as a former mayor, how you see local governments and the role they can play in regards to our highway system.

And then the third is, I believe, in one part of what the Senator from Texas talked about regarding the regulatory process of the Federal Government is so burdensome and very costly to the highway system that I want to put on the table an idea in regards to where there might be states or local communities that have had very good, solid reputations with maybe the EPA, the Corps, Federal Highway, whatever those many different regulatory bodies are, that there is a way to streamline those for doing good behavior because we do not want to reward the ones that do poorly designed roads and end up paying for it later, environmentally or otherwise, but in order to streamline it.

And there are several examples I can give you. In Anchorage, Alaska we did not use Federal money. We used State money, in some of our urban areas where we went through wetlands and other areas, did great mitigation. The project is fantastic. The environmental community supports it. But because of what we did, we shaved probably 2 years off the project and almost \$2.5 million in process.

I think the goal is to get these projects done but do them in the right way. And I think there are ways to maybe modify these Federal regulations to allow more flexibility for those well-performing communities, again not rewarding the bad ones because those are the folks that we have got to watch out for, but well-performing and recognizing very sensitive environmental issues that may be in the new development of especially urban roads.

So I just want to kind of put that on there again. I am looking forward to the Q and A and have some back and forth. Thank you very much.

Senator LAUTENBERG. Thank you.
Senator Johanns?

**STATEMENT OF HON. MIKE JOHANNS,
U.S. SENATOR FROM NEBRASKA**

Senator JOHANNS. Thank you very much, Mr. Chairman.

Mr. Secretary, good to see you again.

I will speak very, very briefly. There are just two or three things that I did want to highlight, however.

Of course, I come from a state that is a mix of urban centers and very, very rural areas. In our State, our railroads are very important. In fact, we are the home of Union Pacific in Omaha. Railroads in Nebraska move a lot of freight. They do not move a lot of passengers. The state is just not set up for that kind of railroad transportation.

So, when we look at surface transportation, we really concentrate and focus on not just the railroads but roads and bridges. That is our lifeblood. That is our lifeline between farm and ranch to market. So, I am very, very anxious to hear how we work together to provide the funding necessary to do those kinds of projects.

In a state like Nebraska, we also have some significant issues because if you look just at traffic count, you would never build a road in some parts of the state, but it is so much more than traffic count. It is moving people to critical services, to market their products. It really, again, is the lifeblood of that community to have a good road system and good bridges.

I also want to lend my support to some comments made by Senator Begich relative to the regulatory process. As a former county commissioner, mayor, and governor, I can tell you we would tear our hair out just in terms of the slowness of the process. Some of that is tied up in very, very difficult environmental issues. Roads and bridges do cross rivers and streams and sensitive environmental areas, but it does add significant cost to get the project done.

So, Mr. Secretary, again I really appreciate your being here, look forward to working with you, anxious to hear what you have to say.

And with that, Mr. Chairman, thank you very much.

Senator LAUTENBERG. Thank you.

Senator Warner?

**STATEMENT OF HON. MARK R. WARNER,
U.S. SENATOR FROM VIRGINIA**

Senator WARNER. Thank you, Mr. Chairman. Let me also say greetings to the Secretary.

I was hoping, as Senator Johanns went through that list of things, you would not forget the Governor component because as a former Governor grappling with the Federal transportation funds or lack thereof is something that continues to stymie us. And many in the audience who live in the greater Washington area know the challenges we have had to confront.

One of the things I am anxious to hear—and I think Senator Hutchison raised some of this in terms of the old formulas. I really do hope we take this opportunity to think beyond the silos within your Department. I know when you first came before us for your confirmation, you, I think very appropriately, pointed out you were willing to take a fresh look at how we look at all of our various aspects of surface transportation.

I, for one, personally believe that a much greater emphasis on multimodal analysis is terribly important. I, for one, believe that many of our old VMT and other formulas need to be reexamined and, prior to my tenure, I worked closely with the bipartisan policy group who had a transportation initiative that I think has done some quite good work about different types of criteria we ought to

be using from issues, as my colleagues have mentioned, in terms of productivity, energy usage, safety, a whole host of criteria beyond just the amount of fuel consumed or vehicle miles traveled. So I, like my colleagues, am anxious to work with you going forward.

Particularly for all of us who live in the greater Washington area, if there is ever a case of how transportation has not worked because of the failure of the jurisdictions to work together, because of the failure to have an adequate planning process, the failure to have a real focus on multimodalism, as well as the fact of inadequate funding sources, greater Washington ought to be the case study. It sure would be great if we could all agree that this ought to be the definition of how we get it right in the 21st century.

So thank you, Mr. Chairman, and I look forward to the Secretary's comments.

Senator LAUTENBERG. Thank you very much, Senator Warner. Senator Cantwell?

**STATEMENT OF HON. MARIA CANTWELL,
U.S. SENATOR FROM WASHINGTON**

Senator CANTWELL. Thank you, Mr. Chairman. I am going to add my statement to the record.

Senator LAUTENBERG. Thank you for that wonderful contribution. [Laughter.]

[The prepared statement of Senator Cantwell follows:]

PREPARED STATEMENT OF HON. MARIA CANTWELL, U.S. SENATOR FROM WASHINGTON

Chairman Lautenberg, thank you for holding this important hearing.

As we prepare for the upcoming highway bill reauthorization, I think it is important for the Subcommittee to take a step back and look at the goals for our national surface transportation system and consider what the appropriate Federal role is.

I believe the overall goal of our surface transportation system is to move people and goods, efficiently, safely, and with the smallest environmental impact as possible. Reducing congestion is essential to meeting the overall goal.

We must lessen the environmental impact of our surface transportation system in the air, on water, and on land. The transportation sector is the second largest source of greenhouse gas emissions after utilities. Cars stuck in stop-and-go traffic release considerable amounts of greenhouse gases and pollutants.

We need to ensure there are alternative modes available to move people—transit systems, intercity rail, bicycle paths, and sidewalks—and in Washington State, a sustainable ferry system. We also need to integrate plug-in hybrids and other alternative fuel vehicles, along with their corresponding infrastructure, into our transportation planning and programs. Back home, a number of new parking garages are already setting aside parking places for recharging batteries. But we need to approach this on a national scale.

In Washington State, we are attempting to reduce contaminated runoff from highways and roads because it is a primary source of pollution for our state's streams, rivers, and the Puget Sound. The more braking in stop-and-go traffic, the more copper comes off brakes pads and ultimately into Puget Sound. Yet another good reason for reducing road congestion.

Improving safety will also reduce congestion. Roadway incidents and the subsequent rubbernecking are one of the leading causes of congestion.

The efficient movement of people and freight increasingly relies on making multi-modal connections. At the Ports of Seattle and Tacoma, containers are unloaded from ships arriving from overseas. Most of these containers get placed on rail, some placed on trucks for direct shipments, some placed on trucks heading to local warehouses, and some placed on ships for delivery at other points nearby along the coast. To improve freight mobility, it is important that we reduce congestion on these key freight transportation corridors. Farmers in my state also rely on an integrated surface transportation system that includes trucks, rail, and barges to get their produce

to market. The next surface transportation bill should make improving freight mobility as one of its guiding principles.

So what is the appropriate Federal role in the transportation system? Let me start with the obvious ones.

First, the Federal Government has a responsibility to maintain and improve the Interstate Highway System. The Interstate highways represent slightly more than 1 percent of the Nation's highway miles, but carries approximately one quarter of U.S. highway traffic and three quarters of long-haul truck traffic.

Second, the Federal Government needs to ensure the condition of the roads connecting to Federal and tribal lands.

Third, the government must help reduce congestion by adding capacity, supporting alternative modes of transportation, and providing incentives for state and local governments to use traffic management tools such as congestion pricing to reduce traffic.

Then there is improving highway safety—in both urban areas, as well as the rural two lane road—protecting the environment, and supporting projects that improve freight mobility.

What actions are required?

For starters, it will require continuous planning and coordination by stakeholders at all levels of government.

It will require us to supplement our current system for financing surface transportation, which is done today by and large through a fuel tax. We need to keep all options on the table.

It will require a willingness to work through a number of practical issues surrounding congestion pricing.

It will require a willingness to take risks and insert new technologies such as intelligent transportation systems.

I look forward to hearing from the witnesses.

Senator LAUTENBERG. Senator Udall?

**STATEMENT OF HON. TOM UDALL,
U.S. SENATOR FROM NEW MEXICO**

Senator UDALL. Thank you, Mr. Chairman. I would also like to put my statement in the record and then just touch on a couple of points that I hope Secretary LaHood touches in his testimony.

You have talked a lot, I think, about rural transportation and livability in rural communities. So, I hope you can talk a little bit about that initiative, Secretary LaHood. I know that you are new on the job.

One of the other areas that I am very interested in, though, is drinking and driving and bringing down the fatality rate. I wonder what kind of new thinking is going on within the Department to keep pushing this in terms of lowering those numbers. My State of New Mexico is looking at things like ignition locks, all sorts of a variety of different things in order to keep people from getting back in cars. I do not know whether those have been looked at at the Federal level, but I would be very interested in your thoughts on that.

And then railroad safety. You say in your testimony that freight and passenger transportation is expected to be increased two and a half times over the next 40 years. And I am wondering what the balance is going to be. Are you pushing more on passenger, as Senator Johanns talked about, more freight? I hope that we move like our Governor, Governor Richardson, did to push commuter rail especially in the big areas.

Your transportation plan, I believe, has 10 regions where you are looking at the overall, when you unveil this, of high-speed rail. Maybe I missed it, but I did not see anything on the Southwest. I did not see anything on El Paso, Denver, Albuquerque, connec-

tions there, north, south, or east and west. I do not know whether that is because the states have not gotten together to push you. I am just wondering what we need to do to get on the map in that particular respect.

So, it is wonderful to have you here again. I saw you at a town hall meeting with Bernie Sanders up in Vermont. You are obviously making it around the country. You have got a lot of energy that you bring to this job, and we are happy to have you here today. I hope you can address a couple of those questions. Sorry, I am going to have to slip in and out of here, but we look forward to hearing from you. Thank you.

[The prepared statement of Senator Udall follows:]

PREPARED STATEMENT OF HON. TOM UDALL, U.S. SENATOR FROM NEW MEXICO

Thank you, Mr. Chairman for calling this hearing today. I also want to thank Secretary LaHood and the distinguished panelists for sharing their insights into our Nation's transportation needs.

We must ensure that our National Surface Transportation Policy is guided by the need to promote economic growth while protecting public safety and the environment.

Efficient transportation fuels job growth and enhances our quality of life. Yet America's transportation system relies heavily on foreign oil and pollutes the air with greenhouse gas emissions. We must therefore encourage alternatives to automobiles and look at ways to reinvigorate rail transportation for both passengers and freight.

We all remember the dramatic—and fatal—collapse of the Mississippi River Bridge in Minnesota. Although such collapses are thankfully rare, many Americans do not realize just how much of our Nation's transportation infrastructure is crumbling. The American Society of Civil Engineers gives most of the country's infrastructure a "D" grade due to lack of investment over the decades since this infrastructure was built.

President Obama's stimulus plan is helpful but—as Secretary LaHood has pointed out—it will not be enough to meet all of our Nation's transportation challenges.

Yet infrastructure challenges are not the only safety hazards we face. This committee has the important responsibility of ensuring that transportation policies help ensure public safety—for roads, rail, and pipelines. In my state, tragic accidents have highlighted the dangers of each of these types of hazards.

One safety problem we confront is drunk driving, which continues to kill far too many Americans. One third of traffic fatalities in my state involved alcohol-impaired drivers—even though New Mexico is aggressively addressing this problem through a combination of enforcement and education efforts. I therefore appreciate Secretary LaHood's strong commitment to safety and his interest in exploring innovative ways to reduce death and injury from impaired driving.

Finally, as Congress considers Federal transportation reauthorization, I will be looking for ways to ensure coordination and cooperation at the Federal, state, and local level to ensure that transportation funds are spent efficiently and wisely.

I want to thank our panelists again for sharing their thoughts on how we can not only meet today's transportation needs but also build a strong foundation for future generations of Americans.

Senator LAUTENBERG. Thank you, Senator Udall.

I am going to call on the Secretary momentarily.

I have several charts that I think we can hand out to everybody that will show you what the investments have been like in rail, as well as aviation and highways. They will help you to see the comparison and to try to get some understanding across the board.

What we are looking for here is a balanced transportation policy. We cannot ignore the problems of the urban states and we dare not forget about the contribution made by the rural states in our country. But the needs definitely in the transportation modes are quite different.

That is why I was so pleased when President Obama selected former Congressman Ray LaHood to take this job not only because he was quite a vote of trust, as well as respect, but because Mr. LaHood was a conscientious Republican and he cared about the general interests in a very direct way. So, he comes here with good credentials, and we are pleased to see Ray LaHood here. He has already shown his commitment to change about how we travel by supporting funding for new high-speed rail lines and mass transit across the country and in my region. I look forward to working with him to achieve the vision that we both foresee for our country. Secretary LaHood, please, let us have your testimony.

**STATEMENT OF HON. RAY LAHOOD, SECRETARY,
U.S. DEPARTMENT OF TRANSPORTATION**

Secretary LAHOOD. Thank you, Mr. Chairman, and to Ranking Member Thune and members of the Subcommittee, thank you for inviting me here today to highlight the policy priorities of the Department of Transportation and outline some of the challenges we must overcome.

Transportation has always been critical to America's economic health and competitiveness. From the construction of the Erie Canal to the interstate highway system, our ability to facilitate the safe and efficient flow of people and commerce has accounted for much of our success.

Today the stakes are higher than ever. President Obama recognizes that strengthening our transportation infrastructure is tied to broader efforts to restore our economy and put Americans back to work. Clearly, the American Recovery and Reinvestment Act was designed in part to do just that, and I believe we are succeeding. Of the roughly \$48 billion allocated for transportation under the Recovery Act, we have already made nearly \$38 billion available to more than 2,800 surface and aviation improvement projects. More than \$9 billion of these funds have been obligated in nearly every state and territory.

This summer, we will begin awarding a portion of the \$8 billion to deserving rail corridor projects around the country. This investment will jump start the development of a world-class, high-speed rail system and strengthen our existing rail infrastructure. Through these investments, we are helping to restore a measure of hope to the middle class by putting men and women back to work in good-paying local jobs.

But we must understand that the Recovery Act is not an end in itself. It is, rather, the beginning of a new direction for transportation policy in this country. Several trends suggest we need to find new ways to preserve and invest in multimodal transportation solutions that meet the evolving needs of urban, rural, and suburban communities. For instance, a rapidly aging population is becoming less mobile and seeking alternatives to the automobile.

Meanwhile, demand for public transit in congested metropolitan areas is at an all-time high. Our domestic seaports and intermodal rail and truck freight systems experience delays that impede the efficient, cost-effective movement of imported goods. And the increase in vehicle miles traveled on our roadways has outpaced population growth by almost four to one.

We cannot continue down this path. And we cannot expect the transportation policies of the past to take us where we need to go in the future. We must realign our priorities and our investments so we can focus on national and regional transportation solutions that promote safety, economic growth, and make our communities more livable and sustainable in the long run.

We are tackling these challenges head on. For example, we are actively exploring new approaches and performance measures to help reduce transportation-related fatalities across all modes.

To support livable communities, our Department is working with the Department of Housing and Urban Development on specific initiatives to encourage the development of more affordable housing near transit. This is imperative, given that American families spend nearly 60 percent of their household budget on housing and transportation.

We are coordinating with the Department of Energy and the Environmental Protection Agency to reduce our dependence on oil and reduce greenhouse gas emissions by setting new fuel efficiency standards for autos and trucks.

And we are also investing in cleaner, alternative-fuel buses and environmentally sustainable technology for transit and aviation.

We will work closely with Congress on a new transportation authorization bill that we hope will give communities the ability to prioritize investments in local roadways, transit, and bicycle and pedestrian paths. One size will not fit all as urban and rural communities seek to preserve their unique qualities while encouraging economic growth.

We also need innovative approaches to financing our transportation needs for the years to come. President Obama's Administration is committed to investing in transportation systems that work for all Americans and enable us to compete in a global economy for years to come.

I assure the Committee that as we move forward, we will adhere to the highest standards of accountability and transparency and seek measurable results for all that we do.

Mr. Chairman, this concludes my testimony. I am happy to receive any questions.

[The prepared statement of Secretary LaHood follows:]

PREPARED STATEMENT OF HON. RAY LAHOOD, SECRETARY,
U.S. DEPARTMENT OF TRANSPORTATION

Chairman Lautenberg, Ranking Member Thune, and members of the Subcommittee:

I appreciate the opportunity to appear before you today to discuss the policies that will guide our Federal transportation programs in meeting our Nation's economic, safety, social, and environmental goals.

Before I address the question of future policy directions, it is essential that we take account of the very serious economic problems facing the Nation and the efforts underway by the Department to rapidly and efficiently allocate the transportation funds made available under the American Recovery and Reinvestment Act of 2009 (ARRA). These funds are being used by states and localities to both create and retain jobs and, at the same time, to make important improvements to the national transportation system. Of the \$787 billion of spending and tax law changes in ARRA, over \$48 billion will be invested in transportation infrastructure; a good portion of those funds are already in the hands of recipients and work is underway on hundreds of projects. We are working diligently at the Department of Transpor-

tation to ensure these funds are distributed and that project work is started as quickly as possible so that jobs are created, economic growth begins again.

Turning to the longer-term transportation policy, we need to consider that over the next 50 years the U.S. population is expected to rise by over 60 percent, and the Gross Domestic Product (GDP) to quadruple. As our population grows, and as incomes rise, the demand for transportation will grow accordingly. The question is how will we respond to this demand?

Since 1970, there has been a 173 percent increase in vehicle miles traveled (VMT; the total miles traveled by all U.S. vehicles), while the population grew 47 percent. In other words, VMT increased at almost four times the rate of population growth. Notwithstanding some anticipated reduction in VMT growth in the near term, reflecting the current downturn in the economy, this growth trend is clearly unsustainable.

In the past, population and economic growth have always led to large increases in highway travel. This is because most communities' have built transportation systems that only allow people and goods to move by road. This Administration believes that people should have options to get to work, school, the grocery or the doctor that do not rely solely on driving. We want to transform our transportation system into a truly multimodal system with strong alternatives to driving in order to maximize highway capacity, combat traffic congestion, reduce our reliance on oil and decrease greenhouse gas emissions.

President Obama has already begun to chart a different course. Beginning with the ARRA, \$8 billion was included for passenger rail investment. The Department of Transportation has released a strategic plan outlining the President's vision to rebuild existing rail infrastructure while developing a comprehensive high-speed intercity passenger rail network through a long-term commitment at both the Federal and state levels. We will begin accepting applications for this funding this summer. ARRA also provided \$8.4 billion for transit capital improvements that will enhance local transportation and help relieve congestion.

Addressing the mobility needs of our citizens, we must keep in mind that an aging population will increasingly challenge our transportation system. The percentage of the population over 65 will almost double during the next 50 years, from 12 percent to 21 percent. Those older people—the people just graduating from college today—will demand a high level of mobility. This population should be able to maintain a high level of mobility without having to rely only on the automobile. Public transportation, that provides convenient and affordable transportation service, must be available. Transit-oriented, mixed-use development can especially benefit our older citizens. We need to continue our efforts to coordinate government and non-profit transportation services to make it easier for older adults—as well as people with disabilities and people with low incomes—to live independently and get where they need to go.

Within metropolitan areas, non-work-related trips will continue to become a larger percentage of all trips, as the population ages and the percentage of population in the workforce declines. Some of this non-work-related travel will take place during peak commuting hours, as workers combine several errands into one trip on their way to and from work. Some will take place outside of traditional peak commuting hours, contributing to the spreading of the peak traffic hours over the entire day. That is why investments in alternatives to driving and livable communities are so important: it will allow many of these trips—such as school drop-offs or trips to the post office—to bypass the roads all together, making room for those that must rely on highway travel. Innovative policies such as road pricing can, where appropriate, significantly reduce congestion by providing users with incentives to shift non-essential travel to off-peak hours or seek alternatives to peak driving. The availability of reasonable alternatives to driving is crucial to the success of such innovation.

Over the next 40 years, we expect the demand for both freight and passenger transportation to increase by about two-and-a-half times. Since 1970, exports as a percentage of GDP have almost doubled, and imports have tripled. Moreover, the U.S. manufacturing base is increasingly shifting to high-value, high-tech products like pharmaceuticals and instruments, in which we retain a comparative advantage. These high-value products require an expedited transportation system that relies increasingly on overnight truck and air freight delivery. Our increasing reliance on imports of lower-value manufactured goods (and parts for domestic manufacturers) places a growing reliance on key ports of entry, such as the San Pedro Bay ports of Los Angeles and Long Beach, Puget Sound ports of Seattle and Tacoma, and the Port of New York and New Jersey, one of the busiest on the East Coast. Landside connections to these ports, linked to an efficient domestic intermodal rail and truck freight transportation system, will be important to keeping the delivery costs of

these commodities low. Overall, the shift in GDP from goods production to services production will cause freight vehicle-miles traveled to grow more slowly than GDP, but the growth will still be large.

Overall, we can anticipate an economy in the year 2050 four times as large, with surface transportation demands increasing by perhaps two-and-a-half times. How will our transportation system handle these demands? We certainly cannot more than double the number of lanes-miles of highways. Lane-miles of highway have increased by only 5.42 percent over the past 24 years, and an extrapolation to 2050 suggests that highway capacity will only increase by 10 percent by that year. So we can anticipate that highway capacity will not keep up with transportation demand, if we continue to invest our transportation dollars as we have in the past.

With these great challenges it is essential that our transportation policies be framed so that we can meet these demands and at the same time be consistent with the major goals I have established for guiding the actions of the Department of Transportation: economic recovery; safety; and livable and sustainable communities will be the key organizing themes as we in the Department reformulate existing policies and develop new policy directions for the future. I would like to expand just a bit on these goals and how they will guide policies for the future. They will be important themes as we prepare reauthorization ideas and proposals for both surface and air transportation.

Economic Recovery

Surface transportation investment is an important element of President Obama's Economic Recovery and Reinvestment efforts to put people back to work and reinvigorate the economy. I have already mentioned the tremendous cost that congestion exacts on the Nation's economy. Improving the efficiency and reliability of our surface transportation system will be vital to enhancing the Nation's productivity and competitiveness in an increasingly global economy. Good transportation allows people to get to jobs and businesses to access wider pools of labor, suppliers, and customers. The ability to efficiently move freight will be critical to our economic recovery. Without renewal and restoration of our transportation infrastructure, it will not be able to support the needs of a growing economy. We need to better integrate the different transportation modes so that they work better in achieving lower costs and improved service quality.

Safety

Safety will continue to be a high priority for the Department. The total number of transportation-related fatalities in the country is unacceptable. Concerted efforts to improve safety are needed in all surface transportation modes including auto, truck, transit, rail, bus, motorcycle, and pedestrian safety. Innovation and technology will be critical to improving vehicle and infrastructure safety. We must also explore innovative ways to reduce deaths and serious injuries caused by impaired driving, failure to wear seatbelts and motorcycle helmets, and other high risk behaviors. As safety problems vary from state to state, data-driven, performance-oriented programs must be established to identify the most cost-effective strategies to improve safety in each jurisdiction.

Livable and Sustainable Communities

One of my highest priorities is to help promote more livable communities through safe, reliable and accessible surface transportation choices. Actions on many fronts will be required to enhance transportation's contribution to strong and connected communities. A livable community requires that transportation solutions be tailored to the needs of the individual community or region as one-size-fits-all solutions are no longer viable.

Our initial focus will be on expanding the transportation choices available to American families. All segments of the population must have access to transportation services to get to work, housing, medical, educational, shopping, and other essential activities. Linking transportation and land-use planning to promote improved access to transit and creating walkable, bikeable communities will increase overall mobility and benefit all Americans.

The average working American family spends nearly 60 percent of its household budget on housing and transportation costs, making these two areas the largest expenses for American families. Affordable housing near transportation is an important element of livable communities and we have already started working with HUD to help provide American families with more choices for affordable housing near jobs and improve their range of transportation options while lowering their transportation costs.

Livability is not just an urban idea. The Department is working to improve livability of rural Americans as well. Many rural communities face tough choices as

they try to attract economic development. They want to grow and attract new jobs but do not want to lose the unique character of the area. Transportation investments in these communities can be designed in a way to support new development while maintaining the small town character that makes these communities home.

The Obama Administration considers a comprehensive energy plan that will generate clean energy jobs, reduce our reliance on oil, reduce pollution and natural resources impacts, create more livable communities, and attack climate change, a major priority. The President has announced a series of aggressive actions to lower greenhouse gas emissions. These actions include improving the fuel efficiency of automobiles, intensifying U.S. actions on energy efficiency and renewable energy through the Recovery Act, and asking Congress to pass comprehensive legislation to address carbon pollution. DOT recently issued new fuel economy standards for passenger cars and light trucks for model year 2011 and is coordinating with the Environmental Protection Agency and the Department of Energy to develop standards for 2012–2016. Sustainability also means that as we plan for transportation and make system improvements that we enhance the natural environment.

These goals will help guide the Department in policy formulation and in reformulating our programs where needed. Our actions will also adhere to several other themes that are central to this administration's objectives and way of doing business:

Accountability, Transparency, and Performance

Key tenets of the Obama Administration are accountability, transparency, and performance in Federal programs. Congress demands it, the public demands it, and it is the right thing to do. New processes will be needed to implement performance-based programs. In some cases this may require changes to long-standing procedures. Performance-based programs cannot be implemented overnight, but when fully implemented they will provide the means to improve investment decisions, improve the performance of our transportation systems, and improve our stewardship of taxpayer dollars. As we recently pointed out in the President's Budget for Fiscal Year 2010, greater use of economic analysis will be needed in transportation planning and project development. When planning begins with an accurate analysis of the benefits and costs of transportation investments, we can ensure that the taxpayer is getting the greatest return on project spending.

Innovative Programs and Projects

Innovation traditionally has been a hallmark of progress in transportation. Challenges today may be different from the past, but the role of technology and innovation is just as important. Technology will be central to our efforts to improve safety, reduce congestion, and manage our infrastructure more effectively. NextGen and the ITS program are examples of technological breakthroughs that are close on the horizon that will greatly improve the safety and efficiency of our national aviation system and our surface transportation systems. We must continue to invest in research and development as important elements of our overall policy development. Absent research and development to identify and develop smarter and more environmentally friendly transportation solutions that will fully, effectively and efficiently address the challenges facing our transportation system, we will have no choice but to apply old and inadequate technologies to solve new and more complex problems. Our nation can ill-afford the financial and system performance costs of attempting to address 21st century challenges with 20th century solutions.

Innovation is not limited to new technologies, however. Innovations in the way we deliver programs and in the way we incentivize optimal user behavior will be just as important in our efforts to improve all aspects of transportation system performance. We should also be adopting principles of economic return and cost-benefit measurement in the planning processes that prioritize future system investments.

In conclusion I would like to thank the Committee for allowing me to discuss the goals and themes that will guide the development of policies during my tenure at the Department of Transportation. While the immediate needs of economic recovery are the primary concerns today, we must also prepare for the future when the Nation's and the world's economies are back to normal. We have established guiding principles to ensure that our transportation systems meet the challenges of the 21st Century and support our energy, environmental, and livability goals for all citizens.

I would be happy to answer any questions you may have.

Senator LAUTENBERG. Thank you very much, Mr. Secretary.

You noted that congestion is all over, whether in the largest cities or in the more distant communities. And it has had a tremen-

dous negative impact on our economy, delays, highway wear and tear, and it is facilitated by insufficient trackage for freight rail.

So in the next surface transportation bill, what do you think we ought to do to address this congestion that prevents us from functioning and that creates the other problems that we all are aware of that plagues both travelers and freight traffic in terms of rail?

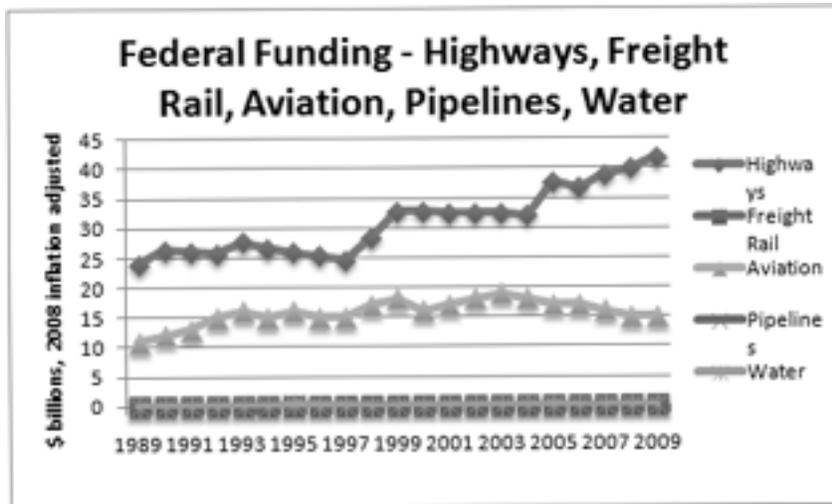
Secretary LAHOOD. Mr. Chairman, first of all, I think we have to make a commitment to continue to make sure that the state-of-the-art interstate system that we have in this country is well maintained. We built a state-of-the-art system and we need to make sure that it is maintained.

But we also have to offer opportunities for people that want to get out of their automobiles, that want to use light rail, that want to use transit, that want to use Amtrak, that want to use other modes of transportation. In the economic recovery, our portion of it, the largest share of the dollars is for roads and bridges, but we also have money committed for airport repair. We have runway repair. We have money committed, \$8 billion, for transit. We have more money committed for high-speed rail than we have ever had.

And I think that is an indication that this Administration will make a commitment to not only continue to maintain our Highway Trust Fund, but to really look at priorities for how do we move people from rural communities into opportunities to go to doctors appointments and hospital appointments and those kind of things, to go to the grocery store, but also for people who want to get out of their cars, make other forms of transportation available to them.

Senator LAUTENBERG. I have a chart here. At best from a distance, only the color variation is available. But there is a very thin line here that is rail investment. This is highway and then air. I hope that these charts have been distributed. If not, we will get them to you.

[The information referred to follows:]



But what we have is pitifully small investments in rail.

The car has been such a convenience for America to get in and go someplace. The problem is that going someplace means that you have to have the ability to jump over lots of cars in front of you.

The patterns have changed substantially. I have seen it in my own state. New Jersey is the most densely populated state in the country, more people per square mile than any other state. So we have to get around as efficiently as possible.

We have essentially built light rail lines that connected some cities and found out that hardly anybody boarded those lines in the earliest days but now there are opportunities for businesses to come to essentially transit-type villages around the stations, which is a European concept. Development does take place and jobs occur along light rail lines.

But the one thing also that we dare not ignore is the contribution that rail freight makes to our society. Freight traffic is projected to increase nearly 70 percent by 2020. In the last administration, DOT failed to develop a complete freight policy program.

Now, does your Administration now—and it is yours—and your Department have a strategy to improve the efficiency of freight transportation, as well as the safety side of things?

Secretary LAHOOD. You know, I take your point on this, Mr. Chairman. I think it is a good point. I think it was the point that Senator Johanns was also making. Freight rail is very important in America and we should have a very strong freight rail system and plan and program. I have met with some of the freight rail folks, some of the CEOs of these companies. They have come by to see me. We are committed to working with you, the Senate and the House, to make sure we have a comprehensive freight rail system that is safe because it makes an enormous contribution in our country.

Could I say one word about light rail, Mr. Chairman?

Senator LAUTENBERG. Sure.

Secretary LAHOOD. I was in Houston recently and rode on a light rail system that goes from downtown Houston and delivers people to one of the finest medical centers anywhere in the world, Children's Hospital, M.D. Anderson, and many other facilities. And for poor people who cannot afford to get in an automobile and drive the 15 or 20 miles, this is one of the best light rail systems. It is proof that people will use light rail if you provide them the opportunity. And to be able to deliver these folks to the best medical care perhaps in the world, I think is an example of where we need to replicate that in places around the country. It works.

Senator LAUTENBERG. And I mentioned to Senator Hutchison, who knows that I used to run a good-sized computer company, and we located in Houston above a road that was just being developed. And it was suggested that there might be a light rail system there. And I heard skeptics say, oh, you cannot have a light rail system here. And when we hear something like this, you ain't got no choice, as they say. I agree.

Senator THUNE?

Senator THUNE. Thank you, Mr. Chairman.

Mr. Secretary, in your written testimony, you state that—and I quote—“this Administration believes that people should have options to get to work, school, the grocery, or the doctor that do not

rely solely on driving. We want to transform our transportation system into a truly multimodal system with strong alternatives to driving in order to maximize highway capacity, combat traffic congestion, reduce our reliance on oil, and decrease greenhouse gas emissions.”

And then you go on to say that President Obama has already begun to chart a different course and highlight that with the economic stimulus package. \$8 billion was included for passenger rail investment.

South Dakota is one of four states that is not served by Amtrak, and so it will not benefit much from any of that money. We rely on driving. That is not going to change much during this administration regardless of how much we try to transform our transportation system. And while bus transportation can be an option for certain travel, people out here should not kid themselves. Public transportation does not exist as a practical matter for average South Dakotans to attend a PTA meeting or to get to church on a Sunday. It just is not a reality.

So I guess my question is sort of a broader one. How does the Administration’s vision to transform our transportation system impact rural states like South Dakota?

Secretary LAHOOD. Well, Senator, I will go back. When I started answering the Chairman’s question, I made the point that we have to maintain a commitment to our interstate system. It is a state-of-the-art system, and people around the world come to America to look at our interstate system because they know it works. We cannot give up on our opportunities to make sure that that is a well-maintained system, particularly in states where you have no other form of transportation. So we are going to be committed. We are not giving up on the interstate system. We know, particularly in rural areas and states like you come from, that it is the mode of transportation, and we will be committed to it.

Senator THUNE. I want to say that in your written testimony you did acknowledge rural America with regard to the issue of livable and sustainable communities.

I think the biggest food fight that happens around here in Washington generally is the fight between donor and donee states when it comes to a highway bill reauthorization. It is probably the least pleasant part of any highway bill, and I am afraid that is likely to hold true for the forthcoming debate that we will have about the next bill.

But the real issue here is going to be funding and how we come up with the funding that is necessary to truly maintain a national transportation system. So I guess I am curious to know what your views are concerning the shortfall in the Highway Trust Fund and what are your thoughts about how best to strike the proper balance among urban and rural states.

Secretary LAHOOD. Well, look it, we would not have the interstate system that we have without the Highway Trust Fund. It was a good mechanism for funding roads, but it is a system that is clearly inadequate to do all the things that we want to do, that you all want to do. So I have said, everywhere that I have been going, we need to think outside the box. We need to think about public-private partnerships.

We need to think about your bill that would hopefully create some kind of an infrastructure bank, you know, the Buy America Bonds. I hope that you all get around to debating that bill and perhaps including it. I think it is one of the alternatives that we can use when we think outside the box about not eliminating the Highway Trust Fund. We should use it but we know that it is inadequate.

In some states where they have congestion, they put these HOT lanes which they have built with tolls in order to add a lane on a road that allows people then, if they need to go faster, if you need to put a bus on there, you have these lanes. And they have been built by using tolls. Tolling bridges is a good way to build bridges. We have lots of opportunities where people want to build bridges too.

There are four or five different alternatives other than the Highway Trust Fund.

I mean, I will tell you this, and I know this causes some people heartburn. The Administration is not going to be for raising taxes to increase the Highway Trust Fund. With the kind of economy that we have today, it is not the time to be raising the gas tax.

So we are committed to thinking about a lot of alternatives. The one that we just simply think is the wrong time is raising the gas tax.

But there are other alternatives, and one of them is your bill, Senator, and we think it is a pretty good approach. I hope you all get around to debating that, and I hope it can be included as one of the alternatives. We need some alternatives to fund all the things we want to do.

I want to say a word about broadband because I think it does affect states like you represent. In the economic recovery plan, there is money in the bill that if we are going to lay down roads, if we are going to build new roads, there is opportunity to put the fiber in the ground and begin to think about how we broadband states. You know, I am from a state where if you go south in Illinois, the technology is not there to do what people can do in Peoria or Chicago. And there is some money in the economic recovery to really begin to think about how we broadband states and particularly in rural America. And you can do it when you begin the construction of a rail line or a highway, and we hope there will be continued funding to do that. We think it is an important part of really connecting America technologically.

Senator THUNE. Mr. Chairman, I had another question but with that endorsement of my bill, I think I will quit while I am ahead.

[Laughter.]

Senator LAUTENBERG. That is not unanimous consent.

[Laughter.]

Senator LAUTENBERG. Senator Hutchison?

Senator HUTCHISON. Well, thank you, Mr. Secretary. I am wondering if I could get an endorsement for my bill. That was a joke.

[Laughter.]

Senator HUTCHISON. I do want to ask you, though, on that because I am sure you would not want to endorse it without even looking at it. But a question is since the highway system was completed 20 years ago, do you think that it is time for us to start look-

ing at perhaps different ways of dividing this up where you have some high-growth states that are hurting for highway money and then you have these areas that are so congested, as you have pointed out? And of course, tolling one lane to build another is, I think, a very legitimate way to do it with local input.

But do you think it is time to look at this formula to determine how is the fairest way to have a Federal role for the states? And if so, what are your thoughts about what would be maybe the next step for maintenance and keeping the highways up but not necessarily adding to the system?

Secretary LAHOOD. Senator, I am going to leave the debate on the formula to you all. You know, I think it is better left to Congress.

But I want you all to know that we are going to be committed at DOT to maintaining the interstate highway. We should do that. That has to be a priority. The interstate was built with the hard-earned dollars of taxpayers, and it is a state-of-the-art system and we need to maintain it.

The formula I am going to leave for you all to figure out, and whatever you decide, DOT will implement.

Senator HUTCHISON. But let me ask you this. This is something that you can affect. This is the book of laws that affect what you require of state departments of transportation when you are giving Federal money. That was 1998. This is the book for 2008. You have heard the complaints from highway departments of the delay that is necessary because of all of the Federal regulations and mandates.

My question is, are you looking at this with maybe a view toward lowering the number of strings and requirements and mandates that would lower the amount of time that it takes from planning a highway that would use Federal funds to completion?

Secretary LAHOOD. Absolutely. I think that I can safely say that we have proven that with \$48 billion, we put together a team of people that goes to something that Senator Warner and I have talked about. How do you break down the modes? We created a TIGER Team, and that's an acronym for something. But what it really means is that—

[Laughter.]

Secretary LAHOOD. What it really means is that we took all the modes and they get together every day and talk to one another about how we get the \$48 billion out the door, meet all of our requirements, no earmarks, no boondoggles, no sweetheart deals, but the money is spent correctly.

And we have proven that we can do it with \$48 billion. I think we can do it with whatever dollars you give us, which will be much more than \$48 billion. It takes people talking to one another at DOT and making sure that things are done by the book, but we do not string people out for years and years and years.

Every time I come before the Senate, I hear this complaint. It is a legitimate complaint. And we are going to be committed to streamlining how we get money out the door so that people can do the things that are necessary to get around the country.

Senator HUTCHISON. What role will the Administration play in the reauthorization bill? Are you going to present a bill?

Secretary LAHOOD. We are going to present some principles to the Congress that we think are very important, some transportation principles. We want to be in the room. We want to be in the game. We want to be available when folks are writing the bill. So we are working with the President and his team at OMB to develop these principles. As soon as we have them, you will all have them, and you will know what direction the President wants to take with transportation and the authorization.

Senator HUTCHISON. Thank you.

Thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you, Senator Hutchison.

Senator Begich?

Senator BEGICH. Thank you very much, Mr. Chairman.

Mr. Secretary, thank you very much for being here. If I can ask you just a couple questions. One, I just want to get the hard issue out of the way for me at least.

A couple months ago, I sent you a letter regarding a comment you made, and I just wanted to give you an opportunity to expand on it. And that is, as a former mayor, I am biased, of course, and you can probably imagine that. I think when we had your confirmation, I mentioned that too. And it was the comment that they simply do not have the ability to do what we want to do.

I guess I would just like you to expand on that because, of course, I think in a lot of ways some of the large city local governments have been able to achieve some great things in regards to their road infrastructure. I just want to get your thoughts on that comment about how you see local communities participating in direct allocation from DOT to directly get dollars onto the street literally.

Secretary LAHOOD. Senator, I have met with a number of mayors. Mayor Hickenlooper put together a group of mayors. He is the Mayor of Denver. He put a group of mayors together. And we just had a meeting—I do not know—2 or 3 weeks ago talking about how we can interface better with our Department and mayors who have to work through governors and state DOTs in order to fix up their infrastructure.

One of the things we talked about—the metropolitan planning organizations were good in terms of building the interstate system and fixing up roads. But you have mayors like Mayor Daley in Chicago and other big city mayors that have reached out well beyond their cities. They have gone out into the suburban area.

Senator BEGICH. Regional, yes.

Secretary LAHOOD. They have gone regional and they have done it because it benefits them, but they know it benefits other mayors out in these other communities.

And I hope that when you are all writing this new transportation bill, that you will look at an opportunity to restructure how planning is done for infrastructure beyond just the urbanized areas out into the rural areas, out into the suburban areas so that it can be inclusive for mayors so that when dollars are spent, your point of contact does not always have to be the governor or the state DOT. It could be a region of the country that has the capability.

I mean, one of the things under the stimulus plan under our part was we needed to get the money out the door in 120 days because

that is the way you all wrote the bill. In order to do that, we had to have relationships with state DOTs and governors who had the mechanism to check all the boxes to make sure it was done right. Some small cities do not have that capability.

Senator BEGICH. Understood.

Secretary LAHOOD. But if they hook up with other cities and other suburban mayors and other rural mayors with a big city mayor, they can all work together to get it right.

And that is what I am really hoping. We need to restructure the way that we get the money out the door so we can be inclusive.

Senator BEGICH. Perfect. That gives me a lot of opportunity then, and that is what I am looking for. I think you are right. It is more of a regional approach that mayors are doing now versus just their city or their community.

In Alaska, we have a system called the Marine Highway System, which is a transportation network for southeast Alaska, Juneau, Sitka, Ketchikan, Wrangell, Petersburg, and so forth. It is never really part of the Federal highway transportation bill because they do not view it as transportation. The fact is that is our highway. That is the only way you move freight, people to hospitals, and so forth.

How do you view those types of systems where that is the exclusive way to move from one place to the next. There is no road. There is air but no road transportation. And it is cost prohibitive because you would be building bridges decades centuries later.

Secretary LAHOOD. In our Department, we have an agency called MARAD—

Senator BEGICH. I know MARAD well.

Secretary LAHOOD. Yes. Again, we need to work with you as we get into the authorization bill about providing some opportunities for states just like yours. I mean, the folks in MARAD believe in what you are talking about. And we have talked about it in the agency and we have talked about it as a part of authorization.

We are willing to work with you. In the authorization bill, this is the creative thinking of the 21st century, if you will.

Senator BEGICH. Let me ask you one more. On this, I may not have all the information right, but I became aware of it and I just want your thoughts on it.

I think it was in 1967 or so, but the Coast Guard managed permitting bridges when it was with the Transportation Department. Then the Coast Guard got shifted to Homeland Security in 2003. The permitting is still over there with the bridges.

Do you see the Federal Highway Administration really managing that into the future, and is that something we should look at within the reauthorization putting permitting of bridges within the—

Secretary LAHOOD. I will tell you this.

Senator BEGICH. I do not want to get your agency to agency, but I just—

Secretary LAHOOD. No. Look it, we would love if Congress would give Coast Guard back to DOT.

[Laughter.]

Secretary LAHOOD. There was a lot of heartburn when Coast Guard was taken away, and if you all want to give it back to us—

Senator BEGICH. I am not sure I want to get into that, but I am more interested in the permitting on the bridges.

Secretary LAHOOD. Look it, I will look at it, Senator.

Senator BEGICH. But you are not closed to it.

Secretary LAHOOD. I am not closed to it, but I doubt if Coast Guard wants to give up that kind of responsibility. But certainly, if Congress decides that is a better way to go, we will live with that.

Senator BEGICH. I will leave it at that. My time is out. Thank you very much, Mr. Secretary.

Secretary LAHOOD. Thank you.

Senator LAUTENBERG. Senator Warner?

Senator WARNER. Mr. Secretary, I have got some questions, but I have got to go back to one of your earlier comments. I completely understand during these challenging times why the Administration does not want to take on the question of gas tax, a declining long-term source of revenue anyway. And trust me, I still bear the scars from getting whooped really bad on a transportation referendum for this region in 2002 when I was Governor.

But I do hope that we will continue to make the case that our current transportation funding sources at the Federal or the State level are basically bankrupt. The Highway Trust Fund cannot meet even maintenance needs, let alone new starts.

Secretary LAHOOD. Agreed.

Senator WARNER. And while I am all for public-private partnerships—and no state has probably done more in public-private than the Commonwealth of Virginia—but it is not free money. Sometimes the private sector deals would come in and would not pass business school 101 type classes in terms of being bad deals for the taxpayers.

While tolling is one viable option, I hope we would not walk away from the continuing education process that we do not have enough funding to meet our core transportation needs. I can tell you for our state there is recognition it is a bipartisan issue. It is one that we have got to take on, but I recognize the constraints you are under, but we have to continue making the case that there needs to be additional funding.

On the broadband, I also want to make one quick comment on that. We were very big advocates of that, and the minimal amounts of new construction we were doing during my term as Governor, we put in place a policy to always put in the dark fiber even if it was not immediately needed. But enormous challenges at the Federal level in terms of needing additional Federal go-aheads. So I would love to continue. I know Senator Klobuchar has got a bill on this. I would love to work with you on that because we are going to need some authority because of the jumbled masses of all the other right-of-ways that you have to deal with. I would urge you to think as boldly as possible there.

Earlier you heard me talk—and we have talked again about multimodal. Let me ask my two questions very quickly. One is the jump-ball amount of multimodal funds that were available in the stimulus package—do you feel like you are making good progress on how you are going to assess those projects that are available for

those jump-ball multimodal funds, number one, in terms of how we get to really the right criteria?

And number two, we all talk about productivity measures, mobility, other non-VMT-type assessment tools. It is easy to talk about at the macro level. To actually to write it into regulations and how you drill down on that is a real challenge. Do you feel the Department has enough data collection capabilities to be able to get the information to make the assessment if we are going to use new assessment tools about which projects are going to be awarded Federal funding, if we are going to move away from the more simplistic VMT and other current—

Secretary LAHOOD. Well, I mean, I think we have plenty of tools in the Department. I think we can make these assessments.

Was your first question about the discretionary money?

Senator WARNER. The first question was about the discretionary multimodal money, which I was a big advocate for, thinking it was a great first step and a great way to have a beta test of a new, fairly unrestricted pot of money looking at multimodal, a way to maybe try out some new assessments on how you are going to evaluate the projects that applied for those funds. How do you feel that is going?

Secretary LAHOOD. We just sent our criteria to OMB. We hope we will get it back very quickly. We think we can use this money in very, very creative ways. In the one pot, we have \$28 billion for roads. We have \$8 billion for transit, \$8 billion for high-speed. So we are looking at things like ports and multimodal opportunities around ports and some other opportunities that did not exist in the economic recovery or to build on some opportunities that were there where we really did not have the dollars.

So we think we are going to come up with some pretty creative ideas for people. And we think people in the country, when they see the criteria, are going to come up with some very creative ideas.

Senator WARNER. And you think this criteria will be out there so that as the Congress takes on the next reauthorization bill, that we will see your criteria that might be able to be used to be—

Secretary LAHOOD. Absolutely. You will see it very soon, probably within the next, hopefully, 10 days or so. Absolutely. I think it will be a creative use of the money.

Senator WARNER. Very good.

Thank you, Mr. Chairman.

Senator LAUTENBERG. Senator Cantwell?

Senator CANTWELL. Thank you, Mr. Chairman.

I would like to continue on that same discussion and thank you for being willing to look at this from a perspective of continuing to improve the ability of commerce to flow effectively through our ports and to their destinations. Obviously, the Northwest relies heavily on our port systems for our economic well-being. That is moving products into the country and agricultural products out of the country.

And so we have created a Freight Mobility Strategic Investment Board that meets every year to determine which of these projects should be funded from state funds so that we are best facilitating freight mobility. That is, obviously, not just for us within the state but through the Nation. The board, obviously, briefs Members of

Congress on their list of projects, and so it helps us in prioritizing these from an economic perspective.

One of the ideas circulating around in the new highway bill is to create a separate national account for freight mobility projects. Does the Administration have a position on this?

Secretary LAHOOD. Well, we do not. As I said, we have sent some principles to the President and his team and to OMB. We hope to be able to share those with you very soon. So at this point, I think it is premature for me to comment specifically on that.

Senator CANTWELL. OK. Well, I hope that you will consider the success of the programs that have been implemented at the state level and the fact that, obviously, in our current economic situation, getting products moving means jobs and it means jobs for not just the Pacific Northwest but for everyone. And it has been very successful from a strategic perspective. So I look forward to working with you on that.

A second question is the same priorities for another economic engine of the Northwest, our Washington State ferry system that operates 22 vessels and 20 ferry terminals and serves nearly 23 million people annually. I think at one point in time I saw that the ferry system basically served more than Amtrak as it relates to various populations.

But one of the questions that I have is, obviously, the funding program. You know, the ferry systems overall are weighed together, both those that are moving tourists and moving integral parts of a transportation system. We use it as part of our national highway system in moving population centers to and from work locations. And so I would like to get your thoughts on the adequacy of the current program, and do you think we need to think about altering that distribution formula?

Secretary LAHOOD. I do think that we need to—we are going to be making some announcements. We will receive some funds in the economic recovery, our portion, for some ferry grants, and we are going to be making those announcements very soon.

We also have spoken out. When the ferry boat operators on the Hudson River saved people's lives by rushing to the US Airways flight, we paid great compliments to them. We know these ferry systems are very, very important, not the least of which for what they did on the Hudson River, but also for the kind of transportation opportunities they provide in states like yours and other states.

I hope that Congress will put more of a priority on it. Look, we will support you on that. We think these ferry systems are very important.

Senator CANTWELL. It is not a paved highway system, but it is moving lots of people. So, I personally think we need more in the account, and I think we need to recognize that part of the system that is an integral part to moving people in employment centers. So I look forward to working with you on that.

Secretary LAHOOD. I agree.

Senator CANTWELL. And I will have a couple of other questions, Mr. Chairman, for the Secretary about privatization on infrastructure, including highways and some of your thoughts about where we should go from there.

But thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you.

We are joined by Senator Isakson from Georgia, and we welcome him to take his 5 minutes.

**STATEMENT OF HON. JOHNNY ISAKSON,
U.S. SENATOR FROM GEORGIA**

Senator ISAKSON. Well, I will not take that long, Mr. Chairman. I want to apologize to the Secretary for not being here for his entire statement, but I am in another markup of an equally important appointee by the Administration.

But I did want to come by to say that I have told everybody this is the best pick the President has made.

Secretary LAHOOD. Thank you.

Senator ISAKSON. I do not say that because we are in desperate need of Federal money for highways, but it might not hurt.

[Laughter.]

Senator ISAKSON. But I had the privilege, when I was elected to the House in 1999, of meeting Ray LaHood. From the very first time I walked in and he was presiding over the House with that rather authoritative scowl that he can get on his face, I was impressed by his ability to command a large group of pretty independent-thinking people.

And we have a significant challenge in the United States transportation system, and I know Ray and I have talked about this. My state has one of the largest ports on the eastern coast of the United States, the major port receiving automobiles. We have the compressed natural gas Elba Island facility there which, of course, is of national significance. We have probably as many miles of interstate as just about anybody but maybe Texas and California. We have a rapid transit system in the City of Atlanta. We have the busiest airport in the United States of America and the largest airline in the world. So I am going to spend a lot of time at Ray's office trying to talk about challenges that we have.

But I want to welcome you to the Administration. You have been a great friend of transportation when you were in the House as a member of the Committee, and I look forward to working very closely with you as we meet the challenges that we all face in the years ahead.

So that is why I made a special effort to get here. I wanted that on the record.

Secretary LAHOOD. Well, thank you, Senator Isakson. I appreciate that. I also want you to know that your Governor took time to come by our office, and we had a visit for an hour on many of the things that you just mentioned and many of the different transportation issues that your state is facing. He is providing lots of good leadership. So I look forward to working with you.

Senator ISAKSON. We are proud to have you. Thank you.

Secretary LAHOOD. Thank you.

Senator ISAKSON. Thank you, Mr. Chairman.

Senator LAUTENBERG. Thanks very much.

Mr. Secretary, thank you very much for your presence and for your participation in the discussion. You, obviously, have known but note maybe more particularly when you are in front of this

Committee that we have our differences. These are not party differences as much as regional or state differences. And the physical characteristics of South Dakota are much different than New Jersey.

But we are obliged by history to patch together a common interest in transportation. For this rich country of ours to be in its state is unacceptable by any measure. We put the transportation system together in a piecemeal form. We have not necessarily put money where our funds are most needed, but rather, where the strength is most garnered. And we have got to change that. We have to get balance in our transportation system.

I have now been in the Senate 25 years, and one of the things that brought me to the Senate was what I saw happening in the New York-New Jersey region with traffic. We were in a business there that depends on movement of material. And we are still not caught up with what we have to do, in my view, by way of rail service, good planning for aviation service, and making sure that more rural communities are not left out of the opportunity to participate in America's growth and interests.

So we have got quite a bundle of things to put together in a good, sensible fashion. It is going to take reason. It is going to take time. But we trust your hand, Mr. Secretary, to help us level these conditions so that we can get on with something that is better for America, that protects our kids from being enveloped by pollution, that permits more time with family and work instead of just sitting on the highways and burning up fuel that we no longer can afford to import like we do. The world is changing around us, and we must not let it change without us. So, I thank you very much.

Secretary LAHOOD. Thank you.

Senator LAUTENBERG. We call our second panel: Mr. Heminger, Ms. Anne Canby, James Corless, and Ned Holmes.

Mr. Heminger and Mr. Holmes, I know that each of you has a time constraint. I want to try to accommodate you. You are important witnesses and we want to hear from you. What are your timeframes like? Do you have to catch planes out of here?

Mr. HEMINGER. Mr. Chairman, mine is 4:30.

Senator LAUTENBERG. At the airport?

Mr. HEMINGER. Leaving here.

Senator LAUTENBERG. Leaving here.

Mr. HEMINGER. Yes, sir.

Senator LAUTENBERG. OK.

And you, Mr. Holmes?

Mr. HOLMES. Mr. Chairman, I am riding with him.

[Laughter.]

Senator LAUTENBERG. OK. So the two trapped in the middle will please forgive me.

We welcome you, and as you have heard, we are onto something big. Your contribution is important. Mr. Heminger, the Commissioner of National Surface Transportation Policy and Revenue Study Commission, and you are the Executive Director of the San Francisco Bay Area Metropolitan Transportation Commission.

Ms. Canby, we know that you are the President of the Surface Transportation Policy Partnership and also are a former commis-

sioner of the DOT in my home State of New Jersey. Now, that is a mix of things.

Mr. Corless, you are Campaign Director for Transportation for America.

Mr. Holmes, we already met, said hello. You are, I recall, the Commissioner of the Texas Transportation Commission.

Each of you will have 5 minutes to present your summarized papers. Mr. Heminger, I will call on you first.

Is it Heminger or Heminger?

Mr. HEMINGER. I will answer to either one, Mr. Chairman.

Senator LAUTENBERG. All right, Steve.

[Laughter.]

**STATEMENT OF STEVE HEMINGER, MEMBER,
NATIONAL SURFACE TRANSPORTATION POLICY AND
REVENUE STUDY COMMISSION**

Mr. HEMINGER. Thank you very much, sir, and I appreciate the courtesy about letting me go first.

As you mentioned, I served with great pleasure on the National Surface Transportation Policy and Revenue Study Commission. I was appointed by House Speaker Nancy Pelosi, but today I speak on behalf of nine Commissioners who signed our final report, five of them appointed by Republican officeholders, four by Democratic officeholders.

We reached a bipartisan result.

And I think I noted one of my colleagues, Tom Skanky from the State of Nevada in the audience, and I would like to acknowledge him as well.

Our blueprint for the Nation's future transportation policy is comprised of three key elements: reform, restructuring, and reinvestment, the 3 R's.

First, reform. Our Commission's fundamental finding is this, that the Federal surface transportation program should not be reauthorized in its current form. Instead, we should make a new beginning. We must reform how the Nation upgrades and expands its network from how we pick the projects in the planning process to how we build them in the field. Federal investment should be guided by a national surface transportation strategic plan that employs benefit-cost analysis and performance-based outcomes just as in the private sector. In particular, we believe the Nation should set ambitious and achievable performance goals for our surface transportation system, such as cutting traffic fatalities in half by 2025.

Another aspect of our reform agenda is shortening the time to complete environmental reviews in conjunction with other measures that speed the design and construction of new highway, transit, and freight capacity. All members of the committee talked about this earlier.

One example. Last September a new replacement interstate bridge was opened for traffic in downtown Minneapolis only 13 months after the tragic collapse of its predecessor. This stands in stark contrast to the 13 years that the average major highway project takes to advance from project initiation to completion. If Minnesota can do it, so can the rest of the Nation. And if we can do it in an emergency, why can we not do it all the time?

Second, restructuring. As you noted, there are 108 separate categorical surface transportation programs in current law. It is safe to say that any agency of Government with more than 100 priorities really has none at all. Our commission report, *Transportation for Tomorrow*, recommends replacing this plethora of programs with 10 new initiatives to guide Federal investment in areas of genuine national interest, such as upgrading the Nation's roads and bridges and transit systems to a state of good repair, improving our global gateways and national goods movement system, and restoring mobility in congested metropolitan areas of greater than 1 million people that will be the engines of our economic recovery and prosperity.

Finally, three, reinvestment. Our report estimates that the U.S. needs to invest at least \$225 billion annually for the next 50 years to repair our existing network and to build the more advanced facilities we will require to remain competitive in a global economy. We are spending less than 40 percent of this amount today. To boost investment, we will need to raise new revenue from the private sector, as well as all levels of government, Federal, State, and local. The additional public funding, we believe, should come primarily from users of the system who will benefit the most from its improvement, whether in the form of higher fuel taxes and truck weight charges or a new fee on passenger rail tickets and container cargo. While no one likes higher taxes or fees, if we want a better transportation system, we are going to have to pay for it. There is no free lunch.

It was noted earlier that U.S. population is projected to reach 420 million people, a 50 percent increase from the year 2000 by 2050. In short, the Nation will be faced with a massive increase in passenger and freight travel in the years to come, and we must accommodate this future travel demand in far more sustainable ways than we have in the past, such as through increased reliance on urban and intercity passenger rail.

Faced with these daunting challenges, Federal surface transportation policy has reached a crossroads. I think Senator Hutchison today—her proposal to let some states opt out of the Federal program represents one path forward.

Respectfully, my Commission colleagues and I urge you to take a different approach. We urge you to blaze a new path toward a more robust Federal program refocused to protect our national security, enhance our international competitiveness, and safeguard our enviable quality of life.

If I can conclude my oral remarks with a quotation from President Eisenhower, father of the interstate system—and we use this quotation at the beginning of our report. So, I would like to conclude my testimony with it. President Eisenhower said: “Our transportation and communication systems are dynamic elements in the very name we bear, ‘United States.’ Without them, we would be a mere alliance of many separate parts.”

Thank you very much.

[The prepared statement of Mr. Heminger follows:]

PREPARED STATEMENT OF STEVE HEMINGER, MEMBER,
NATIONAL SURFACE TRANSPORTATION POLICY AND REVENUE STUDY COMMISSION

Chairman Lautenberg, Ranking Member Thune, and Members of the Committee. My name is Steve Heminger, and I am Executive Director of the Metropolitan Transportation Commission (MTC). MTC is the metropolitan planning organization for the nine-county San Francisco Bay Area. It allocates more than \$1 billion per year in funding for the operation, maintenance, and expansion of the region's surface transportation network. MTC also serves as the Bay Area Toll Authority (BATA) responsible for administering all toll revenue from the seven state-owned bridges that span the Bay. BATA has a "AA" credit rating and has issued over \$5 billion in toll revenue bonds to finance bridge, highway, and transit construction projects.

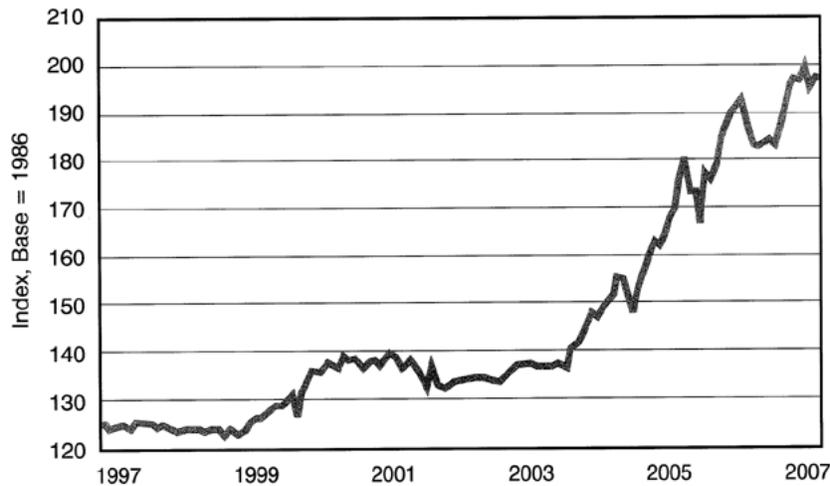
I was appointed to the National Surface Transportation Policy and Revenue Study Commission by House Speaker Nancy Pelosi. It was a rare privilege to serve on that commission, just as it is a distinct honor to appear before this Committee today to discuss our Commission's findings and recommendations. In my brief testimony, I would like to summarize our 2 years' worth of work in a format that is familiar to all of us from school days: the 3 R's. Our blueprint for the Nation's future transportation policy is comprised of three key elements: reform, restructuring, and reinvestment.

1. Reform

Our Commission's fundamental finding is this: the Federal surface transportation program should *not* be reauthorized in its current form. Instead, we should make a new beginning. We must reform how the Nation upgrades and expands its transportation network, from how we pick the projects in the planning process to how we build them in the field. Federal investment should be guided by a national surface transportation strategic plan that employs benefit cost-analysis and performance-based outcomes, just as in the private sector. In particular, we believe the Nation should set ambitious and achievable performance goals for our surface transportation system, such as cutting traffic fatalities in half by 2025 or reducing urban traffic congestion by 20 percent from today's levels over the same period of time.

Another aspect of our reform agenda is shortening the time to complete environmental reviews, in conjunction with other measures that speed the design and construction of new highway, transit, and freight capacity. In an era when—until the recent recession—steel and concrete prices were rising at 7–10 percent annually, we can no longer afford to wait a decade or more to move transportation projects from concept to completion (see Exhibit 1).

**Exhibit 1: Highway and Street Construction
Costs, 1997–2007**

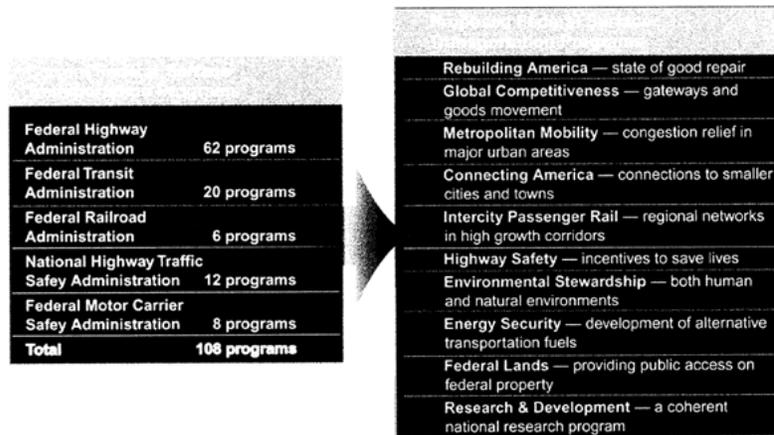


For example, last September a new replacement Interstate 35W bridge was opened for traffic in downtown Minneapolis only 13 *months* after the tragic collapse of its predecessor span. This stands in stark contrast to the 13 *years* that the average major highway project takes to advance from project initiation to completion, according to the Federal Highway Administration. If Minnesota can do it, so can the rest of the Nation.

2. Restructuring

There are 108 separate categorical surface transportation programs in current Federal law. It is safe to say that any agency of government with more than 100 priorities really has none at all. Our commission report—*Transportation for Tomorrow*—recommends replacing this plethora of programs with 10 new initiatives to guide Federal investment in areas of genuine national interest such as: upgrading the Nation’s roads, bridges, and transit systems to a state of good repair; improving our global gateways and national goods movement system to ensure U.S. international competitiveness; and restoring mobility in congested metropolitan areas of greater than 1 million population that will be the engines of our economic recovery and prosperity (see Exhibit 2). We also propose to restructure the U.S. Department of Transportation so it can better accomplish this streamlined mission.

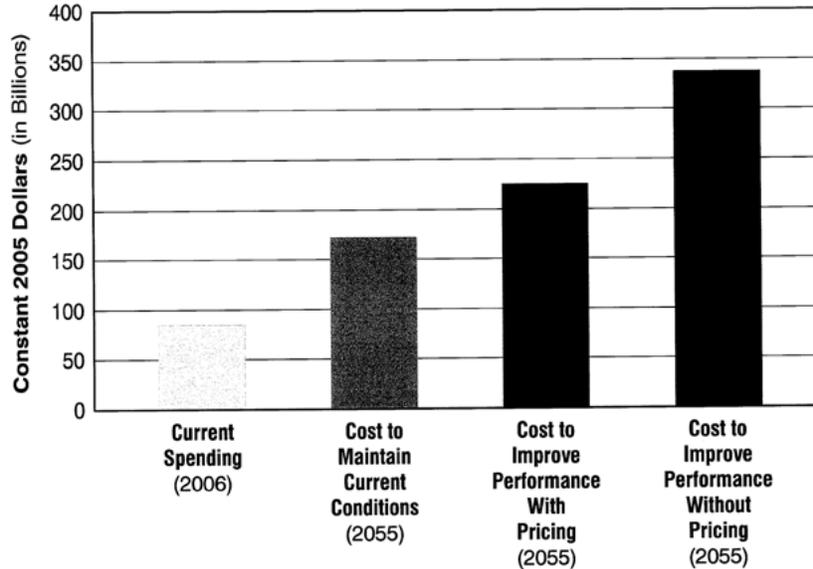
Exhibit 2: Proposed Program Consolidation



3. Reinvestment

Transportation for Tomorrow estimates that the U.S. needs to invest at least \$225 billion annually for the next 50 years to repair our existing transportation network and to build the more advanced facilities we will require to remain competitive in a global economy (see Exhibit 3). We are spending less than 40 percent of this amount today. To boost investment, we will need to raise new revenue from the private sector as well as all levels of government—Federal, state, and local. The additional public funding should come primarily from users of the transportation system who will benefit the most from its improvement, whether in the form of higher fuel taxes and truck weight charges or a new fee on passenger rail tickets and container cargo. While no one likes higher taxes or fees, if we want a better transportation system we are going to have to pay for it. There is no free lunch.

Exhibit 3: Annual National Transportation Funding Gap (Horizon year=2055)



Source: Commission staff analysis.

When we released our Commission report in January 2008, we called on the country to “create and sustain the preeminent surface transportation system in the world.” Since that time, members of the Commission have testified numerous times before committees of both houses of Congress and have made presentations to dozens of industry, civic, and community groups throughout the Nation. Our call for a comprehensive overhaul of Federal surface transportation policy has resonated strongly with many key stakeholders and decision-makers.

By 2050, the total U.S. population is projected to reach 420 million, a 50 percent increase from the year 2000. This growing society will demand higher levels of goods and services, and will rely on the transportation system to obtain them. If history is any guide, this will cause travel to grow at an even faster rate than population itself. As part of an increasingly integrated global economy, the U.S. will see greater pressures on its international gateways and domestic freight distribution network to deliver products to where they are needed. In short, the Nation is faced with a massive increase in passenger and freight travel in the years to come. And we must accommodate this future travel demand in far more sustainable ways than we have in the past, such as through increased reliance on urban and intercity passenger rail.

Faced with these daunting challenges, Federal surface transportation policy has reached a crossroads. Will it continue to function as it has since the substantial completion of the Interstate Highway System in the late 1980s, essentially as a block grant program with little accountability for specific outcomes and burdened by widespread congressional earmarking? Or will it advance concerted actions to confront the transportation challenges facing the Nation as a whole? My Commission colleagues and I urge you to blaze a new path toward a more robust Federal program refocused to protect our national security, enhance our international competitiveness, and safeguard our enviable quality of life.

Senator LAUTENBERG. Thank you very much.
Mr. Holmes?

**STATEMENT OF NED S. HOLMES,
TEXAS TRANSPORTATION COMMISSIONER, AND CHAIRMAN,
TRANSPORTATION TRANSFORMATION GROUP**

Mr. HOLMES. Thank you, Mr. Chairman, Senator Hutchison, Senator Begich. I am honored to be here as member of the Texas Transportation Commission and also as Chairman of the Transportation Transformation Group, or T2.

Texas is a high-growth state with significant congestion. TxDOT formed the 2030 Committee. It was a panel of transportation experts and business leaders. It estimated that Texas will require \$14 billion a year just to maintain the status quo. We currently have around \$3 billion a year, a huge shortfall.

With SAFETEA-LU expiring this year, we have a challenge and an opportunity to create a new vision. As Secretary LaHood so eloquently stated, sustainable funding mechanisms that expand and enhance our infrastructure investments are critically needed now. Funding is not sustaining our current needs, much less those of the future. The longer we wait to act, the more it will cost to address the problems.

Inflation has dramatically increased costs and decreased the purchasing power of motor fuels tax. To compound the situation, fuel taxes are declining. In Texas, the state fuel taxes were 8 percent lower this April compared to last April, and that is in a high-growth state. States have to choose between maintenance and new capacity. In Texas, our forecasts indicate that in 2012, gas taxes will only be sufficient to pay for a portion of much-needed maintenance.

Other troubling Federal funding issues are the Federal Highway Trust Fund which is trending toward insolvency and rescissions which have been almost \$14.5 billion to date, with another \$8.5 billion this year. Texas' share of the total by the end of this year will be nearly \$2 billion. We urge you to end the rescissions.

T2 was formed to address these challenges. We are an alliance of State DOTs from Florida, Indiana, New Hampshire, Texas, and Utah, port and toll authorities, think tanks, academic institutions, financial and engineering firms. We believe that national transportation policy needs to be transformed from a process-based system to a goal-based system that maximizes flexibility and enhances the roles of the public sector and the private sector partners.

T2 elected not to engage in past debates such as donor-donee fights and the gas tax issues. The reforms that are needed transcend those issues. We believe the Federal Government should be primarily responsible for establishing a customer-focused, long-range vision of surface transportation that includes all modes of moving people and goods.

We suggest that Congress empower states to set goals, make decisions, and deliver projects that implement that national strategy. States must be accountable and transparent and their performance measured.

We support the continuation of the Federal motor fuel tax, coupled with significant program reforms and additional innovative financing methods. We also believe that our current static per-gallon fuel charge is not a sustainable, long-term method to fund our system. We support the transition from a fuel-based funding system

to a user-fee system such as VMT pricing. The lengthy time for transition will require revenue enhancements, a suggestion made by recent Federal study commissions.

In summary, T2 emphasizes a multimodal approach with flexibility in all areas, fewer and less restrictive Federal funding categories, and more sustainable financial models and business strategies. In Texas, we need flexibility to blend transit, rail, and highways. In New Hampshire, they need flexibility for Commissioner George Campbell's rail revitalization to link Concord and Boston. Florida has created a strategic intermodal system that includes airport, highway, rail, and seaport facilities which will require more flexible funding. Utah, Indiana, and other states also need flexibility to solve their own unique transportation issues.

Our citizens deserve a renewed focus on customer service, reduced congestion, improved air quality, and improved quality of life for our increasingly urban nation. Infrastructure investment also promotes economic growth and prosperity, a promising legacy to leave for our children.

The needs of our Nation are great and your task is very difficult. On behalf of TxDOT and T2, I appreciate your time and I thank you very much for your service.

[The prepared statement of Mr. Holmes follows:]

PREPARED STATEMENT OF NED S. HOLMES, TEXAS TRANSPORTATION COMMISSIONER,
AND CHAIRMAN, TRANSPORTATION TRANSFORMATION GROUP

Thank you, Mr. Chairman. I am Ned Holmes. Thank you for inviting me to testify. I am honored to be here. I am here wearing two hats today, one as a Texas Transportation Commissioner and the other as Chairman of the Transportation Transformation Group. Before I finish, I want to put on a third hat as a transportation consumer.

Texas is a big state with a big transportation system and big problems. Texas has more paved lane-miles than any other state—192,150 to be exact—and it is the responsibility of our Commission to maintain and improve our transportation system. We have more bridges than any other state, just over 51,000. Our state's population is forecast to grow from 23 million to 34 million by 2030.

There are many positive aspects of living in a high growth state, but one of the unfortunate realities is the mounting congestion that accompanies the population growth. Our Commission convened a panel of transportation experts and business leaders to determine the transportation needs in Texas. This group, the 2030 Committee, recently concluded that highway traffic delay in urban Texas has increased more than 500 percent in the last two decades. The average urban Texas commuter spends an extra 32 hours in traffic each year, 60 percent more than a decade ago and that extra delay costs them \$6.7 billion per year (2007). The price tag to meet the state's needs, defined as not getting any worse, is \$315 billion from 2009 through 2030. Each high-growth state has a similar story to tell.

I do not believe that our national transportation system is facing a looming crisis because that crisis is already here and is destined to decline further unless we all take meaningful action to improve funding. Population, income and economic activity have risen for many years, increasing the demand for transportation, but infrastructure has not kept pace. While the economy is currently experiencing a downturn, history shows that it will come back strong, and that a reliable transportation system lays the foundation for economic growth and productivity. Funding is not sustaining our current needs, much less those of the future. The investment choices that we make today are the legacy that we are leaving to our children, either the opportunity for growth, or the problem of how to fund a deteriorating system. The longer that we wait to act, the more it will cost to address the problems.

Inflation has dramatically decreased the purchasing power of the motor fuels tax while increasing construction and maintenance costs over time. To compound the situation, motor fuels taxes are declining. In April, Texas state motor fuels taxes were over 8 percent lower than the same time last year. States have to choose between maintaining their aging infrastructure and adding new capacity because

there isn't enough funding to do both. Soon there won't be enough to do either. In Texas our current forecasts indicate that will occur in the first quarter of 2012.

Funding is even more complicated by dozens of Federal programs with narrow focus and often competing priorities. Many states that have borrowed in the past few years to fill the funding gap are now reaching their debt capacity. The Federal Highway Trust Fund is having solvency issues, adding yet another layer of uncertainty for future funding. This is a dire picture, and it calls for a new approach to fund our transportation system. The opportunity for change is before us now.

To help address the transportation challenge to Texas and the Nation, I participated in forming the Transportation Transformation Group, known as T2. We are an alliance of state departments of transportation from Florida, Indiana, New Hampshire, Texas and Utah, port and toll authorities; think tanks, academic institutions, financial and engineering firms. We have explored the details of major studies produced over the past year related to reauthorization and a summary of their views is included in your packet. We concluded that national transportation policy needs to be transformed from a process-based system to a goal-based arrangement that maximizes flexibility and enhances the roles of the state and local public sectors and their private sector partners to solve the growing problems of congestion and mobility.

Fundamental reform of transportation policy is needed to retain our status as a global leader. Since the old means are no longer sustainable, new methods are critical for success. T2 seeks to move beyond past debates: whether fuel taxes can be increased and the fight among donor-donee states. The reforms needed transcend those issues. Our Federal transportation policy has evolved from a goal of completing the interstate system to a program with a vague central focus and more recently, inadequate funding. Customer needs, both motorists and shippers, should drive the transformation. We believe the Federal Government should primarily be responsible for establishing a long-range vision of surface transportation that includes all modes for moving people and goods, as well as the providers and customers of the system.

We also firmly believe that states and their regional partners can deliver that vision if provided enough latitude.

Once Congress defines the strategy and the policy framework, we suggest empowering states to set goals, make decisions, and deliver projects that implement the national strategy. The states must then be accountable and transparent; using performance measures to prove how they have met the goals they set. Common performance measures would likely include safety, environmental stewardship, reduced congestion, well-maintained roads, and improved economic opportunity.

We support the continuation of the existing Federal motor fuel tax coupled with significant program reforms and additional innovative financing methods which are made fully available to the states. We also believe that our current static per gallon fuel charge is not a sustainable means to fund our system. We support the transition from a fuel tax-based funding system to a fee-based system, such as vehicle miles traveled (VMT) pricing and at a pace acceptable to Congressional leaders. Revenue enhancements will be needed to bridge the transition from one revenue source to the other, a suggestion made by both recent Federal study commissions.

Transformation should redefine the roles of the Federal, state and local governments. The stimulus bill includes features that could provide a foundation for a transformed relationship, including:

- Providing the bulk of Federal funding to states by formula;
- Giving states the flexibility to deliver projects; and
- Measuring the results for all to see.

Building on this start, transportation transformation should encourage and enable states to employ business strategies and innovative finance techniques that help meet transportation goals. These might include tolling, congestion pricing, high occupancy toll (HOT) lanes, VMT pricing, and the full range of public private partnerships mechanisms to bring additional resources to solving transportation issues. The unmet needs are so great, it will take all options.

By way of example, there are two outer loops being planned in Texas, Loop 9 in Dallas and the Grand Parkway in Houston, that are each estimated to cost over \$5 billion. These are complex projects that will require multiple funding sources. There are many similar needs throughout the Nation.

T2 supports flexibility and access to all available tools from which states and regions can develop creative solutions to best meet their transportation goals and solve their diverse transportation problems. That is how great innovators solve problems, not by identifying which box to check. The process should not drive the

solution. We currently have to plan transportation projects around the rigid limitations of the funding categories, a frustrating exercise at best. Project priorities should not be set according to available balances in funding categories. America's transportation innovators need to be given the flexibility and incentives to creatively solve the challenges we face, including mixing modes, delivery methods and funding sources.

If Congress will define the vision and give us the flexibility to fulfill it, we will answer the challenge. All forms of project delivery, funding sources and financial options in any combination need to be available, including:

- Blending different modes and fund sources in one project;
- An expanded Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) program, allowing eligible projects to proceed and the development of additional projects in the near term;
- Ability to tap private sector capital (public private partnerships) as states and regions choose;
- Uncapped use of private activity bonds (PABs);
- Strategic sourcing procurement techniques for materials such as steel;
- Loosened Federal tolling restrictions at state and local discretion and increased number of exemption options under current programs;
- Concession-based comprehensive project delivery and operation;
- Modified accelerated depreciation;
- Investment tax credit; and
- A transportation investment bank.

In summary, T2 emphasizes flexibility in all areas, fewer and less restrictive Federal funding categories, and more sustainable financial models and business strategies. All states, whether high growth or low growth, big or small, will benefit from having flexible options which will allow the creation of custom solutions to meet their goals. In Texas, we need flexibility to blend transit, rail and highways. We are currently struggling to find funds to improve rail to road crossings, a major safety and congestion issue in urban and rural areas. In New Hampshire, they need flexibility for Commissioner George Campbell's rail revitalization to link Concord and Boston, which will regenerate downtowns, create jobs, and protect the environment. Florida, Utah, Indiana and other states each have their own unique transportation issues and added flexibility will facilitate their solutions.

Citizens will benefit by a renewed focus on customer service, reduced congestion which improves our quality of life and the prosperity that added infrastructure investment allows. We also deserve added levels of accountability and transparency, having easy-to-use Internet information, knowing where public funds are being spent, and the status of current projects. As a citizen these benefits appeal to me.

On behalf of the Texas Transportation Commission, the Transportation Transformation Group and the Holmes family of mobility consumers, I appreciate your time and thank you for your attention.

Senator LAUTENBERG. Thank you very much, Mr. Holmes. I listened with amazement. I know Texas is big. I have been through Texas and many places, but when I hear that you have more paved lanes than any other state more than I think California, more length, and the high number bridges and so forth. You called off problems that each state has. And you left out New Jersey. So I do not know if the implication is that we are perfect in what we are doing or whether or not we are just too far down to get into line. But I can tell you transportation is the lifeblood of New Jersey, and we have to be able to do it.

It is so interesting. And I will take no further time. But I mentioned the breadth of the differences that we have in our society. There are wholesome differences. These states are different, and we cannot just have a one-size-fits-all. So I hope that we can all cooperate.

Anyway, we are thankful to have you here.
Mr. Corless?

**STATEMENT OF JAMES CORLESS, DIRECTOR,
TRANSPORTATION FOR AMERICA**

Mr. CORLESS. Chairman Lautenberg, Ranking Member Thune, Members of the Subcommittee, I am James Corless. I am the Director for Transportation for America, or T4 America. You have got T2. I promise we are not twice as big. T4 America.

Thank you very much for inviting us today to testify on the future of our national surface transportation policy. T4 America is the country's broadest and most diverse transportation coalition with more than 270 member organizations nationwide in the fields of transportation, housing, environment, public health, real estate, safety, and social equity.

Mr. Chairman, T4 America is grateful for your leadership on both Amtrak and ARC, the new mass transit tunnel connecting New Jersey with Midtown Manhattan that is set to break ground in June because they are paving the way for a 21st century transportation system.

We are here today because we believe, while Congress has the chance to rewrite our Nation's transportation law every 6 years, the chance to truly change national transportation policy comes only once in a generation. The upcoming authorization of the Federal transportation bill presents just such an opportunity.

But we know, as do you, the challenges ahead of us in this authorization are immense. The Federal transportation program had a brief moment on the national media stage in last year's Presidential election, but it was not a positive one. It was the "bridge to nowhere" that became a symbol of what needed to be fixed in Washington. And now we find ourselves with the Highway Trust Fund going broke and the difficult political reality that we are going to have to ask the American people to pay more if we are going to keep the Federal transportation program solvent.

Of course, if we are going to ask the public to pay more, they will want to know exactly what they are getting for their money. It is our responsibility to provide America with a new vision. We have done this before. President Lincoln pledged to link the coasts of our Nation with a transcontinental railroad in the 19th century. Nearly 100 years later, the Members of Congress who sat in your very seats were inspired to create the interstate highway system.

And now we need a vision for a 21st century transportation system, a system that should be smarter, safer, cleaner, and provide more choices for all Americans, a system that T4 America believes ought to be based on the following six national transportation objectives: economic competitiveness; the preservation and maintenance of existing assets; safety, and improved public health; energy conservation and security; protecting the environment and addressing environmental justice; and finally, providing equal access to transportation options in urban, suburban, and rural communities.

Using these objectives as a framework, the new transportation bill should define specific, measurable targets that transportation agencies must meet. T4 America is specifically recommending the following performance targets over a 20-year period: to improve the share of transportation facilities that are well-maintained and in good condition by 20 percent; to reduce traffic-related crashes by 50 percent; to reduce vehicle miles traveled per capita by 16 percent;

to triple the rates of walking, biking, public transportation, and passenger rail use; to reduce the transportation-generated levels of carbon dioxide by 40 percent; to reduce vehicle delay per capita by 10 percent; to increase the share of freight carried on rail by 20 percent; to achieve zero population exposure to health-harming levels of air pollution; to reduce household expenditures on housing and transportation by 10 percent; finally, to increase by 50 percent the number of essential destinations accessible for low-income, senior, and disabled populations.

Now, unfortunately, we do not have currently a performance-driven transportation planning process. In order to get there, we are going to have to invest more in robust data collection efforts and provide significant technical assistance to transportation agencies at all levels of government.

Finally, T4 America believes that there should be a renewed commitment to rural areas in the next Federal transportation bill. We are calling for a new program designed specifically for small cities and rural regions because there are such a number of key issues that we believe need to be addressed, such as developing rural road safety measures that prioritize cost-effective solutions; developing public transportation, van pools, ride-sharing for rural areas that can realize efficiencies through the use of technology, shared vehicles and volunteer services; reinvesting in rail freight and short line railroads; supporting stronger coordination of transportation and land use in rural areas to preserve rural town character and promote local economic development efforts; and finally, elevating the capacity of rural planning to promote greater cooperation with state departments of transportation.

As Congress considers the upcoming transportation authorization, T4 America stands ready to assist you in developing a new vision for a world-class transportation system through strong national transportation objectives, performance targets, and programs that meet the needs of our cities, suburbs, and rural areas.

Thank you again for inviting Transportation for America to testify before this Subcommittee.

[The prepared statement of Mr. Corless follows:]

PREPARED STATEMENT OF JAMES CORLESS, DIRECTOR,
TRANSPORTATION FOR AMERICA

Chairman Lautenberg, Ranking Member Thune, and Members of the Subcommittee, I thank you for inviting Transportation for America to testify today on the future of our national surface transportation policy. Transportation for America is the country's broadest and most diverse transportation coalition. Our members hail from the fields of transportation, housing, environment, public health, real estate, safety, and social equity, representing more than 270 different organizations. We work closely with local elected officials and transportation practitioners. And together, we are calling for a 21st Century transportation system that is smarter, safer, and cleaner—and provides real choices for all Americans.

Transportation investments are our Nation's best tool to improve our economic competitiveness, reduce energy usage and curb greenhouse gas emissions, provide good paying green jobs and increase economic opportunity and quality of life for all Americans. The upcoming rewrite of our Federal transportation law represents a once in a lifetime opportunity to develop a new national transportation vision and leave behind a legacy for our children and grandchildren.

Lack of a Compelling National Surface Transportation Policy

Unfortunately, our Nation lacks a cohesive national surface transportation policy and consequently cannot adequately address many of our transportation challenges

let alone address other pressing national issues. Today our strength as a nation is specifically being limited by:

- a dependency on petroleum that threatens our national security, drains household budgets, exacerbates climate change, undermines public health, and imperils the U.S. economy;
- a haphazard, inefficient relationship between our transportation systems and our land development patterns;
- a backlog of crumbling, unsafe, and obsolete transportation facilities;
- an outmoded freight transportation system that is over-capacity and incapable of efficiently linking the U.S. national economy into the global economy; and,
- a transportation system that provides few options for aging Americans, low-income families and others who are unable or can't afford to drive.

The Need for a National Vision, Objectives and Performance Targets

First and foremost, the next Federal surface transportation bill must articulate a clear and compelling vision for a new National Transportation System; one that prepares for and responds to the myriad challenges facing our Nation today and tomorrow. While the 1956 Interstate Highway Act met the needs of our country in the mid-twentieth century, America in the 21st Century needs a complete national transportation system that includes safe, well-maintained interstates, highways, high speed rail, public transportation, bicycling and pedestrian networks to face the ongoing challenges of energy security, global warming, changing demographics, public health care costs, and global economic competition.

Transportation for America therefore calls on Congress to develop a new national vision for a 21st Century transportation system, and to clearly define the national interest and purpose of the Federal transportation program through the establishment of National Transportation Objectives. Specifically, Transportation for America proposes the following six objectives:

1. Improve Economic Competitiveness, System Efficiency and Workforce Development Opportunities;
2. Improve Transportation System Conditions and Connectivity;
3. Ensure Safety for All Transportation Users and Improve Public Health Outcomes;
4. Promote Energy Conservation and Achieve Energy Security;
5. Ensure Environmental Protection, Restore Climate Stability and Resolve Persistent Environmental Justice issues;
6. Provide Equal and Equitable Access to Transportation Options in Urban, Suburban and Rural Communities.

Only by defining a set of objectives for our transportation system can we then identify and follow through with a set of measures to achieve them thereby addressing the numerous challenges facing this Nation.

Ensuring Accountability by Measuring Performance

Transportation for America further recommends that Congress establish National Transportation Performance Targets for states and regions to evaluate progress on achieving the National Transportation Objectives. This combination of measures should be powerful drivers of change since no single measure can fully assess achievement of a particular national goal, since all are complex, are dependent on many variables and have multiple ways in which they can be evaluated. Consistent with typical planning horizons, targets could be set for 20 years. Financial rewards and penalties based on progress toward NTO's should serve as a basis for accountability.

Transportation for America recommends the following key performance targets be embedded in new transportation legislation as a means for ensuring national progress toward the National Transportation Objectives:

- Increase the share of surface transportation facilities in a state of good repair by 20 percent in 20 years.
- Reduce traffic-related crashes by 50 percent in 20 years.
- Reducing per capita vehicle miles traveled by 16 percent in 20 years.
- Triple walking, biking, public transportation, and passenger rail use in 20 years.
- Reduce the transportation-generated CO₂ levels by 40 percent in 20 years.
- Reduce vehicle delay per capita by 10 percent in 20 years.

- Increase the share of freight carried on rail by 20 percent in 20 years.
- Achieve zero population exposure to at-risk levels of air pollution in 20 years.
- Reduce household expenditures on housing and transportation by 10 percent in 20 years.
- Increase by 50 percent the number of essential destinations accessible within 30 minutes by public transportation or a 15-minute walk for low-income, senior and disabled populations in 20 years.

The Importance of Rural Transportation

Transportation for America strongly believes that there should be a renewed commitment to rural areas in the next Federal transportation bill. In our forthcoming policy proposal for the Federal transportation authorization, we call for a new funding program designed specifically for small cities and rural regions. There are a number of key issues that we believe need to be addressed for rural areas:

- Developing rural road safety measures that prioritize quicker and more cost-effective solutions for all users;
- Developing effective, flexible forms of public transportation, vanpools and ride-sharing for rural areas that can realize efficiencies through the use of technology, shared vehicles and volunteer services.
- Addressing freight demand through reinvestment in short haul freight railroads.
- Supporting stronger coordination of transportation and land use in rural areas, particularly to preserve traffic capacity by managing growth along roadway corridors that are prone to haphazard development.
- Elevating the status of rural planning districts by providing additional planning funds and providing rural regions greater access to and cooperation with decisionmakers within state departments of transportation.

Our Nation's Transportation Future

In the future, our Nation's surface transportation system should provide the foundation for personal opportunity, robust commerce and a healthy population. It should achieve national goals for economic development, environmental sustainability and equitable access. It should be a modern, 21st Century system, investing strategically in new capacity with care and upkeep of existing infrastructure. Public transit systems, high-speed intercity rail corridors, roadway facilities, waterways, ports, bridges, bicycle and pedestrian facilities all should be kept in a state of good repair. The trillions of dollars in asset value of the systems and facilities built over the past century should be protected and enhanced.

The transportation program should be designed to invigorate local and regional economies and facilitate efficient inter-regional commerce. It should reduce energy use and greenhouse gas emissions by supporting more sustainable land use and travel patterns. Our national transportation investments should help provide affordable housing opportunities near good public transit service and employment centers and should promote walking and bicycling as economical and healthy modes. America's surface transportation system should enable us to compete successfully in a global economy and should be a model for other nations to follow.

Transportation for America supports a rejuvenated, redirected national transportation program that would result in a national mobility network providing a vital, complete array of mobility choices easily accessible to the vast majority of Americans—whether walking, bicycling, driving or traveling on public transportation—in a unified, interconnected, energy-efficient manner. Such a system will serve our national interests, add value to communities, contribute positively to public health and safety, and reflect the values of equity and fairness that have been hallmarks of our Nation's domestic policy.

As Congress considers the upcoming transportation authorization, Transportation for America stands ready to assist its efforts in developing a world leading and sustainable transportation system that will turn this Nation back into a world leader on surface transportation policy. Again, thank you for inviting Transportation for America to testify before this Subcommittee.

Senator LAUTENBERG. Thank you very much.
Now, Ms. Canby, please.

**STATEMENT OF ANNE P. CANBY, PRESIDENT,
SURFACE TRANSPORTATION POLICY PARTNERSHIP**

Ms. CANBY. Thank you, Senator, Ranking Member Thune, and other Members of the Committee. I am very pleased to be here this afternoon representing the Surface Transportation Policy Partnership and also as a founding member of the OneRail Coalition.

STPP commends the Committee for holding this hearing to launch a discussion on the need for a national surface transportation policy. We strongly support the idea of defining a national policy that makes the connection between our surface transportation policies and other critical national issues.

There is a long history in defining national transportation policy, which is spelled out in my full statement, from Secretary Coleman's statement back in 1975 to SAFETEA's "bridges to nowhere." Suffice it to say, we have yet to establish a meaningful policy for surface transportation with clear objectives, goals, or accountability.

The negative reaction to "bridges to nowhere" created, however, a positive result in the sense that people are beginning to talk about the need for a clearer sense of national purpose, calling for meaningful outcomes, and for greater accountability in the expenditure of Federal resources. The Transportation Policy and Revenue Study Commission that my colleague, Steve Heminger, served on addressed this issue head on in its report, saying that new revenue should be accompanied by a performance-based approach that identifies priorities and avoids parochial and wasteful spending.

Establishing a clear national policy would create a framework for moving to such an outcome-driven performance-based set of programs and, hopefully in my lifetime anyway, away from a donor-donee set of issues. Integrating modal systems into national, state, regional, and local networks would yield system efficiency and productivity benefits for all users.

The current program structure could be described, I would suggest, as a jumble of functional, modal, and system-related mechanisms to distribute funds to state transportation and transit agencies. Rail programs currently have no connection to the highway or transit programs. This structure makes it extremely difficult to integrate the various forms of transportation into an efficient network.

With energy and climate challenges facing our Nation, STPP believes it is critical that a national policy should encompass rail, pipeline, and waterborne systems, along with highway, transit, and bicycle and pedestrian facilities.

National policy is best served if the relationship between the Federal, State, and local governments and the private sector is truly a partnership. The Federal-State relationship, as described in section 145 of Title 23, providing for a "federally assisted State program" has constrained the Federal role in terms of policy direction and accountability for national policy outcomes. Federal leadership is critical to direct and oversee implementation of national policies across sectors and modes and to ensure that transportation contributes to the national solutions for some of the challenges we face.

To measure performance, we have to know what it is we want to accomplish. Today congestion and time delays have become the

de facto performance indicators, along with the physical condition of our roads, bridges, and transit facilities. In our view, this is too narrow a perspective especially in light of President Obama's agenda to implement energy and climate policies, to restore America's prosperity, and to reduce our health care costs. His agenda calls out for synergies between transportation policy and other sectors of national interest.

Clearly, transportation affects a number of sectors: its heavy reliance on fossil fuels, as has been noted, as well as a significant share of our carbon emissions, the impact on our pocketbooks, our economic leadership, and our health, just to name a few.

Objectives should address both the internally focused areas of safety, system connectivity, network efficiency, and asset preservation, as well as key external links between our transportation system and energy use, carbon emissions, reasonable access for all users, and sustainable development patterns.

For national policy to have any meaning, it is important to connect objectives with outcomes expected from Federal programs and funding support. My statement provides more description of that.

Provisions under the current law ensuring accountability are insufficient or nonexistent. Only one program that I am familiar with, Congestion Mitigation and Air Quality, is tied to a national purpose with specific goals and consequences for failing to meet them. And having lived through the initiation of that law, I can tell you it was a challenge in the early years. Other programs may have a clear purpose, but no goals or accountability for results.

Aligning program structure, funding distribution factors, and use of funds in support of our national policies would go a long way to meaningful accountability. More detail is provided also in my full statement.

A good step in the next authorization would be to require a report that measures the performance of the transportation system in the context of national goals. STTP believes that Congress should establish a baseline year from which to measure the performance of all elements of the system, from local walking trips to regional work trips, to shipment of products and markets around the Nation and to the world.

The report should examine emerging trends that affect the performance of our transportation system, assess the critical impediments to achieving national goals and propose strategies for success.

Further, we suggest including an analysis of expenditures for surface transportation by program and by type of investment for all modes in this report, along with surveys on how the public thinks the system is in fact performing.

A critical component—

Senator LAUTENBERG. The rest of your statement will be included in the record. If you could conclude.

Ms. CANBY. Thank you. Let me do that.

We believe it is essential to have a statement of national purpose supported by clear objectives with goals and regular reporting. And we stand ready to work with you to achieve this. Thank you, Senator.

[The prepared statement of Ms. Canby follows:]

PREPARED STATEMENT OF ANNE P. CANBY, PRESIDENT,
SURFACE TRANSPORTATION POLICY PARTNERSHIP

Chairman Lautenberg, Ranking Member Thune, Subcommittee Members, I am Anne Canby, President of the Surface Transportation Policy Partnership, a national transportation reform coalition. STPP is a founding member of the Transportation for America coalition and OneRail, a coalition of passenger and freight rail organizations committed to advancing rail as a cornerstone of our Nation's transportation network. Over the years, I have directed two state transportation departments (DE & NJ).

We commend the Committee for holding this hearing to discuss the need for a coherent national surface transportation policy to shape Federal surface transportation programs and guide the investments made by the public and private owners and operators of our various transportation systems.

STPP strongly supports the idea of defining a national transportation policy, particularly one that acknowledges the connection between our surface transportation policies and other critical national issues. A national policy should be supported by clearly stated objectives with specific goals. The objectives and goals should be backed up with a requirement to track progress, or lack thereof, toward meeting national goals. Regular reporting on performance would provide focus for our national transportation priorities and desired outcomes. For too long the U.S. Transportation Department has been more of a rule keeper than a policy implementer.

Background

Back in 1975, then Secretary William Coleman issued a Statement of National Transportation Policy in which he called for "a more safe, efficient, diverse and competitive transportation system" and highlighted five areas—the Federal role, U.S.-International concerns, Federal-state relations, government and the private transportation sectors, and the public interests-enhanced quality of life. (A copy of the Excerpts from the 1975 Statement is attached.) Thirty some years later these issues are still relevant.

There here have been periodic trend reports since then, but little to no focus on how the system is performing relative to a set of defined national goals.

The 1991 authorization of the surface transportation program, ISTEA, included a declaration of policy (Sec. 2) which described the nature of the transportation system and stressed the need for an energy efficient system that links American enterprise to world commerce, and improves productivity while addressing the mobility needs for the elderly, persons with disabilities and economically disadvantaged persons. A copy of the declaration is attached to my written statement.

In the next authorization, TEA-21, this policy was removed. Some elements were listed under the state and metropolitan planning sections to be "considered" in the development of the long-range transportation plans. However, there are no consequences for failure to do so.

The most recent authorization, SAFETEA, was project heavy and failed to include policy goals, becoming an embarrassment, as critics tarred it as building bridges to nowhere.

In the absence of any clearly defined national purpose, congestion and time delays have become the de facto performance indicators along with the physical condition of our roads, bridges, and transit facilities. In our view, this represents too a narrow perspective, especially when one considers the role and impact of our surface transportation system across a wide array of sectors—on climate emissions, energy dependence and use, on our public and personal pocketbooks, economic efficiency, our health, and the well being of our communities.

As you are aware, there is a strong connection between our carbon emissions and transportation. Similarly, transportation plays a major role in our Nation's energy dilemma. With 97 percent of transportation fuel derived from fossil fuels, the transportation sector is particularly vulnerable to any disruption in oil supplies and price escalation.

To date the approach has been to focus on technology (CAFE and alternate fuels) to reduce transportation's share of energy use and GHG emissions. Both are necessary, but together will not produce the level of emission reductions necessary to bring transportation related emissions down to 60–80 percent of 1990 levels.

In terms of our pocketbooks, transportation today represents an average of 18 percent of household expenditures, second only to housing. Higher than food, health care, or education. For families in the lower income brackets, transportation can represent as much as 30 percent of expenditures. As we seek to shore up America's middle class, we should focus both on improving incomes and also on reducing the cost of transportation to our families. Our reliance on auto-based transportation is

forcing families to acquire depreciating assets and in many cases depriving them of ever having access to enough credit to purchase a home and build wealth as so many American have done in the past.

Sustaining our economic leadership in the world requires an efficient, resilient transportation network with every mode carrying its share of trips. We have come to realize that meeting our Nation's transportation demands will require more than expanding our overburdened highway system. We must ensure that other modes will play a greater role in moving people and goods to their destinations.

Finally, with health costs rising and our population aging, facilitating physical activity as part our transportation agenda will not only improve our health, reduce obesity, a rising health threat, but reduce the rise in health care costs. The longer we stay healthy, the lower our costs.

These are all issues of national significance and transportation is connected to each one of them.

President Obama's commitment to implement energy and climate policies, to restore America's prosperity, and to reduce our health care costs, provides the opening to link transportation with other sectors of national interest.

Establishing a national surface transportation policy with clear objectives, goals, outcomes, and regular reporting on the progress toward meeting them can help create synergies that do not exist today.

Moving Forward

The negative reaction over "bridges to nowhere" from the SAFETEA law created a positive result in the sense that people began to talk about the need for a clearer sense of the Federal purpose, what outcomes we should be working to achieve, and the need for greater accountability in the expenditure of Federal resources. We began to hear questions like—what is our money buying, how will our lives be better with this investment, how will our economy function more efficiently.

The National Surface Transportation Policy and Revenue Study Commission addressed this issue head on in its report released in early 2008—saying that new revenue should be accompanied by "a performance-based approach that identifies priorities, and avoids parochial and wasteful spending."

The financial crisis facing the Federal Highway Trust fund has also forced the question of what the Federal role in surface transportation should be.

National Policy

STPP and our partners agree that a clear sense of national purpose (why do we have this legislation) with clear goals and meaningful accountability for meeting them (what will we get with this investment) are essential if we are going have a transportation system that is capable of delivering the services to support America's economy in the 21st Century. Establishing a sense of purpose with accountability for outcomes will also help build support for additional financial resources for transportation investment.

With energy and climate challenges facing our nation, STPP believes it is critical that any definition of our surface transportation system include rail, pipeline and waterborne systems along with highway, transit, and bicycle and pedestrian facilities. Over time as technology advanced, we have tended to build individual modal systems. We have not truly integrated these modes into an energy efficient network. This may be our next challenge.

The current program structure reflects this mono-modal approach. Taken together today's highway and transit programs comprise a jumble of functional, modal, and system related mechanisms to distribute funds to state transportation and transit agencies. Rail programs currently have no connection to the highway and transit programs. This structure makes it extremely difficult to integrate the various modes into an efficient network.

Establishing a clear national policy sets the stage to move away from today's programmatic fragmentation to an outcome driven, performance based set of programs in which each mode from—sidewalks to intercity rail lines—plays a key role in providing access to education, healthcare, jobs, shopping and entertainment, domestic and international markets, distribution centers, and manufacturing facilities. I include the local network because, if we ignore it, too many trips move to the regional or interstate networks overloading them and adding to congestion.

The integration of modal systems into national, state, regional, and local networks will yield system efficiency and productivity benefits for all users and provide options for all types of trips.

Federal Role

STPP has had concerns for some time over the relationship between the Federal Government and the states described in Section 145 of Title 23 as providing for "a

federally-assisted State program.” For all intents and purposes, this language has constrained the Federal role in terms of policy direction, oversight and accountability for outcomes that are clearly in the national interest. We believe the relationship between the Federal, State, and local governments and the private sector should be a partnership, with each level of government playing a role in delivering results that address our goals for the Nation.

As our Nation begins to tackle the challenges of climate change and greenhouse emissions, our dependence on fossil fuel, the demands of an aging population on our health care system, and creating a framework for renewed prosperity for America’s communities and the families who live in them, Federal leadership is critical to direct and oversee implementation of national policies across sectors. We believe the Secretary should be responsible for overseeing the implementation of national policy and have the ability to adjust policies, programs, and priorities to meet national objectives. The Secretary should also be responsible for overall coordination among the various surface modes as well as with the aviation sector.

STPP commends Secretary LaHood for his leadership with Secretary Donovan at HUD for their sustainable communities’ initiative to help American families gain better access to affordable housing, more transportation options, and lower transportation costs. This is a good first step in recognizing the synergies of multiple Federal programs. It is worth noting that this initiative includes the development of “livability” measures.

Objectives

In order to measure performance, one has to know what it is we want to accomplish. Establishing a clear set of objectives is an important role for the Congress and the Federal transportation department. The objectives should provide the framework for Federal programs. Objectives should address both the internally focused areas of safety, system connectivity, network efficiency, and asset preservation, as well as the key external links between our transportation system and other sectors—energy use, carbon emissions, reasonable access for all users, sustainable land-use and development. The objectives should also represent the importance for America to be innovative and to reposition our economy for a new prosperity.

Goals

STPP believes it is important to establish outcomes expected from Federal programs and funding support. We have worked closely with our partners, including Transportation for America, on defining specific national goals to be met over the next 20–25 years. These include:

- *Safety*—Reduce traffic-related fatalities and injuries by 50 percent.
- *Asset Preservation*—Increase the share of surface transportation facilities in a state of good repair by 20 percent.
- *Energy and Climate*
 - Reducing per capita VMT by 16 percent.
 - Double walking, biking, public transportation, and passenger rail use.
 - Increase the share of freight carried on rail by 20 percent.
 - Reduce the transportation generated CO₂ levels by 40 percent.
- *Congestion*—Reduce delay per capita by 10 percent.
- *Health*—Achieve zero population exposure to at-risk levels of air pollution.
- *Prosperity*—Reduce the combined household + transportation costs by 25 percent.
- *Access*—Increase by 50 percent the number of essential destinations accessible to adequate public transportation.

Accountability

Today, the words “accountability” and “transparency” are frequently used when talking about government programs. STPP is a long-time supporter of the need to measure and report on the performance of the transportation system against national goals. Unfortunately, provisions in the existing surface transportation programs ensuring accountability are insufficient or nonexistent.

The Congestion Mitigation and Air Quality (CMAQ) program is currently the only program that is tied to a national purpose with specific goals and consequences for failing to meet them. Other programs—Interstate Maintenance (condition of the Int. system), Safety (reducing fatalities and injuries), Safe Routes to Schools (safe pedestrian pathways)—have a clear purpose but no goals or accountability for results.

An example of our overall ignorance about how Federal funds are spent came to light in the aftermath of the collapse of the I-35 bridge in Minneapolis. An examination of the expenditure of Federal bridge funds showed that a number of states had

not made full use of their bridge funds, others had rescinded these funds, and others had large unobligated balances. There was little awareness of this outside the FHWA and the specific state transportation department.

The structure of the highway program—the relationship between contract authority and the annual obligation limit—enables some programs to be underfunded while other programs are fully utilized. This arrangement makes it possible to undermine the intent of specific programs.

It is time that we require performance and results for the billions of Federal dollars provided to improve our surface transportation system and ensure it functions efficiently. From STPP's perspective, performance must be a basic element of the next authorization.

Clearly it would be helpful if accountability measures were built in to the law. These could include changing the factors used to distribute funds via formula programs to reflect national objectives, using criteria for discretionary programs that also reflect national goals, providing bonuses or restrictions to grantees on the use of funds depending on progress toward meeting goals, and/or adjusting the Federal match to provide incentives/disincentives to address national objectives. Aligning the program structure, funding distribution factors, and use of funds in support of our national policies would go a long way to meaningful accountability.

Regular progress reports create transparent evidence on how well we are doing to meet national objectives and they provide the basis for any adjustments that may be needed to assure we stay on course.

STPP believes Congress should require the Transportation Department to report on a regular basis on the performance of the Nation's surface transportation system, including all parts of the surface network from the local walking trip to the regional trip to work and the shipment of products to markets around the Nation and to the world. This should be a performance based rather than a needs based report.

We should establish a baseline year from which to measure progress. This report should describe the current performance of the system, including all of its parts, examine emerging trends that could affect the performance of the transportation system, assess the critical impediments to achieving the national goals, and propose strategies for success.

STPP suggests that an analysis of the expenditures for surface transportation by program and by type of investment should be part of any performance reporting. As we say "follow the money" to learn what is really going on. Today, the Secretary is required to provide a report to the Congress on the obligation of highway funds (Title 23, Chapter 1, Section 104(j)). (A copy of the language is attached to my statement). The last report sent to Congress is for FY 2005.

In our view, public policy benefits from an open and transparent reporting of how funds are spent and whether objectives are being met. Over time this transparency shapes our decision-making process.

In addition to regular reporting on the performance of the transportation system, STPP believes it is important that there be opportunities for a broad array of entities including non-profit organizations to provide their ideas and suggestions as to how best to assess the performance of the transportation system.

The ability to monitor performance against the goals requires the availability of data and the allocation of sub-targets. A critical component of a performance based approach must include a strong data collection and research component. STPP believes the Transportation Department must strengthen its data collection, analysis, and reporting capacities and require that this information be made available on the Internet in an easily accessible and understandable format in a timely manner. For a meaningful performance regime to come into being, additional effort is required to further refine the targets, particularly the allocation of sub-targets, and assure consistent, but not necessarily identical, measures across the country.

Summary

Overall, STPP is pleased that this Committee is launching a discussion about national surface transportation policy.

We believe it is time to have a clear statement of national purpose, accompanied by goals, objectives, and performance reporting for our surface transportation system; that the goals should include areas affected by the transportation sector, such as energy and climate; that there be meaningful accountability for results that reflect issues of national interest.

We stand ready to work with this Committee to help make this a reality.

Thank you for this opportunity to provide comments on the future of national transportation policy.

ATTACHMENT 1

Declaration of Policy: Intermodal Surface Transportation Efficiency Act

It is the policy of the United States to develop a National Intermodal Transportation System that is economically efficient and environmentally sound, provides the foundation for the Nation to compete in the global economy, and will move people and goods in an energy efficient manner.

The National Intermodal Transportation System shall consist of all forms of transportation in a unified, interconnected manner, including the transportation systems of the future, to reduce energy consumption and air pollution while promoting economic development and supporting the Nation's preeminent position in international commerce.

The National Intermodal Transportation System shall include a National Highway System which consists of the National System of Interstate and Defense Highways and those principal arterial roads which are essential for interstate and regional commerce and travel, national defense, intermodal transfer facilities, and international commerce and border crossings.

The National Intermodal Transportation System shall include significant improvements in public transportation necessary to achieve national goals for improved air quality, energy conservation, international competitiveness, and mobility for elderly persons, persons with disabilities, and economically disadvantaged persons in urban and rural areas of the country.

The National Intermodal Transportation System shall provide improved access to ports and airports, the Nation's link to world commerce.

The National Intermodal Transportation System shall give special emphasis to the contributions of the transportation sectors to increased productivity growth. Social benefits must be considered with particular attention to the external benefits of reduced air pollution, reduced traffic congestion and other aspects of the quality of life in the United States.

The National Intermodal Transportation System must be operated and maintained with insistent attention to the concepts of innovation, competition, energy efficiency, productivity, growth, and accountability. Practices that resulted in the lengthy and overly costly construction of the Interstate and Defense Highway System must be confronted and ceased.

The National Intermodal Transportation System shall be adapted to "intelligent vehicles," "magnetic levitation systems," and other new technologies wherever feasible and economical, with benefit cost estimates given special emphasis concerning safety considerations and techniques for cost allocation.

The National Intermodal Transportation System, where appropriate, will be financed, as regards Federal apportionments and reimbursements, by the Highway Trust Fund. Financial assistance will be provided to State and local governments and their instrumentalities to help implement national goals relating to mobility for elderly persons, persons with disabilities, and economically disadvantaged persons.

The National Intermodal Transportation System must be the centerpiece of a national investment commitment to create the new wealth of the Nation for the 21st Century.

ATTACHMENT 2

Excerpts from the September 1975 Statement of National Transportation Policy by the Secretary of Transportation**1. The Federal Role—Predominant Concerns of the Federal Government**

a. The Federal Government should define its role vis-a-vis State and local governments by exercising responsibility pursuant to Constitutional and statutory authority;

- (1) In international commerce;
- (2) Over interstate commerce, particularly in supporting the development, viability, and modernization of major interstate networks in rail, highways, air, and water;
- (3) In defining and working to advance national priorities through persuasion, incentive, regulation and enforcement where the magnitude of the problems and their national importance require a Federal response (*e.g.*, safety, revising the city centers, energy conservation);

- (4) In shoring up weak elements of the transportation system on a temporary basis where the national interest is served by helping to preserve diversity and prevent nationalization;
- (5) To assist States and municipalities on the basis of shared responsibility and priorities;
- (6) In direct, selective investments in research and development, planning and activities that are in the interest of national security and other exclusively Federal concerns.

b. The Federal Government must move in the direction of encouraging more rational public and private financing of capital and operating costs in the transportation sector, consistent with:

- (1) Sound fiscal policy and cost controls, including vigorous assessment of the inflationary impact of Federal actions;
- (2) Increased participation, where possible, of State and local governments in projects primarily benefiting their residents;
- (3) More equitable use of Federal subsidies, insuring that they are necessary to achieve a clearly defined national interest and minimizing their detrimental impact on competing modes;
- (4) Careful assessment of the costs and benefits of alternative uses of Federal funds;
- (5) Recognition of the real costs of transportation services, including their environmental consequences;
- (6) Allocating limited Federal resources on the basis of comparative merit without reference to fixed trust fund revenues;
- (7) Encouraging the user to pay for full cost of federally financed services and facilities, except where the public interest correctly dictates a subsidy;
- (8) Economic and regulatory policies that enable transportation industries to earn a reasonable rate of return on investment, attract capital, provide expanding job opportunities and protect the legitimate needs of the employee, consumer and investor;
- (9) Reasonable labor policies and practices that will enable the efficient use of Federal transportation funds in reducing unemployment and poverty.

c. The Federal Government should improve its performance measures—in assessing the effectiveness of alternative Federal programs and policy options and evaluating the health and progress of the transportation system—even though the diversity in transportation needs and costs of providing services make infeasible the formulation of uniform performance standards for all States and localities.

d. Government must promote consumer participation in public decisionmaking.

2. U.S.-International Transportation Concerns

a. In a world of increasing internal interdependency, transportation must protect vital national interests by:

- (1) Enabling the United States to compete effectively in the world market;
- (2) Enabling people, freight, and mail to travel abroad at the lowest possible price, consistent with good, safe, and regular service and an appropriate rate of return on capital;
- (3) Enabling U.S. carriers to compete effectively with foreign carriers;
- (4) Supporting national security requirements;
- (5) Reducing dependency on foreign energy resources;
- (6) Supporting continued U.S. leadership in technology through sound research and development planning.

3. Federal-State-Local Relations

Most transportation activity involves primarily local movement. Consequently, the largest share of existing Federal assistance programs requires shared Federal, State, and local priorities and decisionmaking. The extent of Federal financial participation and program control is a function of the national priorities served. As we decentralize authority and increase State and local program flexibility, States and localities must improve program management and, where possible, increase their financial participation in projects that primarily benefit their residents. We have a further responsibility to define residual Federal interests—connections to interstate commerce, preserving urban centers, overall national economic and social well-

being, civil rights etc.—and to simplify the process by which responsiveness to these national priorities is assured.

4. Government and the Private Transportation Sectors

a. A dynamic, competitive, and effective private sector should meet the Nation's transportation needs to the maximum extent feasible.

b. The private sector and government should interact effectively, performing functions and pursuing priorities for which each is best suited, working in a mutually reinforcing way where appropriate and at "arms length" where necessary.

c. Representing 10 percent of the Gross National Product, the transportation sector must attract adequate capital for sound investment in the future and promote a stable and growth-oriented economy by exercising fiscal responsibility, helping to control inflation, and creating employment opportunities.

d. The Government must promote increased efficiency, energy conservation, capital development, job opportunity, and productivity through economic and regulatory policies that create a climate conducive to healthy competition among financially viable suppliers, carriers, operators, and modes. In responding to specific short-term economic ills of an industry, direct Federal subsidy should be considered as a last resort.

e. We should seek balanced reform of the Federal regulatory process—not deregulation, sudden chaotic changes, or abrupt policy reversals. We must also realize that financial commitments have been made under existing regulatory ground rules, and we should be cautious in the application of theoretical solutions . . . Increased emphasis must be given to competition and the market mechanism as a more effective judge of efficient resource allocation and a more reliable barometer of consumer preference.

f. We should determine the most efficient restructuring in various modes and encourage new methods of intermodal cooperation.

g. As economic regulatory charges are implemented, we also recognize that large financial sums have been invested in reliance, in part, on the present regulatory system. Therefore, some otherwise laudatory reforms will have to be altered or staged over a transitional period to enable appropriate adjustment to market conditions. We should evaluate the consequences of each modification to assure that the financial viability of the industry is preserved and other public interests are being served.

h. Whereas less government intervention through economic regulation is desirable, this should not be at the expense of consumer protection or the financial well-being of the industry. Government should devote sufficient resources to the development and enforcement of reasonable standards of safety, environmental protection and civil rights, consistent with cost-benefit analysis where appropriate.

i. The strength of our transportation system lies in its diversity, with each mode contributing its unique and inherent advantages, and responding to different consumer demands at various levels of cost and quality of service. The Government should preserve and encourage this diversity by:

- (1) Promoting equal competitive opportunity for all forms of transportation;
- (2) Encouraging cooperation, connectivity, and integration among the modes.

5. Public Interests—Enhanced Quality of Life

a. The transportation sector should contribute substantially to an improved quality of life by:

- (1) Attaining high standards of safety;
- (2) Protecting our air and water from pollution, reducing excessive noise, and supporting sound land use patterns and community development;
- (3) Bringing people together and closer to the variety of benefits that our culture and economy offer;
- (4) Minimizing the waste of human resources that results from congestion, inadequate transportation service, and inefficiency in transport operations;
- (5) Providing the lowest cost services to the consumer consistent with safety, a reasonable rate of return on capital, a sound government fiscal policy, and other public interests;
- (6) Promoting the most efficient use of scarce, finite, and costly energy supplies;
- (7) Creating and maintaining employment and capital opportunities.

b. Our transportation system should be accessible to and provide equal job opportunities for all our citizens—with special recognition of the needs and potential contribution of the elderly, the handicapped, the poor, minorities, and women. It must

respond to varying demands of the tourist, the family, and business. The consumer should be an active participant in the formulation of transportation policy.

ATTACHMENT 3

Title 23—Chapter 1

Section 104

(j) Report to Congress.—The Secretary shall submit to Congress a report, and also make such report available to the public in a user-friendly format via the Internet, for each Fiscal Year on—

- (1) the amount obligated, by each State, for Federal-aid highways and highway safety construction programs during the preceding Fiscal Year;
- (2) the balance, as of the last day of the preceding Fiscal Year, of the unobligated apportionment of each State by Fiscal Year under this section and sections 105 and 144;
- (3) the balance of unobligated sums available for expenditure at the discretion of the Secretary for such highways and programs for the Fiscal Year; and
- (4) the rates of obligation of funds apportioned or set aside under this section and sections 105, 133, and 144, according to—
 - (A) program;
 - (B) funding category or subcategory;
 - (C) type of improvement;
 - (D) State; and
 - (E) sub-State geographic area, including urbanized and rural areas, on the basis of the population of each such area.

Senator LAUTENBERG. Thank you all for your excellent testimony. I think it is kind of a breath of realism that is being discussed today. We know that we have got to include all parts of our country and all means available to solve this problem. We are so delinquent it is awful when you think about the deficient bridges that pervade our system and the inadequacy of highways.

When President Eisenhower came up with his plan, and it was Senator Moynihan of great memory who called attention to the fact that this brilliant system had a secondary effect and that is, it permitted people to leave the cities, abandon the problems, get out of town, and as a consequence, we found all of these cities without the proper income or the appropriate energy that it took to build these. So we are in kind of a second phase of building America, and I think that we can do it and will do it.

I will ask a question here. There have been a number of policy goals mentioned today, and those are to relieve congestion, improve safety, facilitate freight movement. And you are transportation experts. What can you, in summary form, deliver as a specific goal that you think should be established?

Now, in your presentations, there were several things mentioned by each of you. Is there a particular thing that you think that we should focus on to get this job done, or is it too amorphous to say that there is a single thing? Sir?

Mr. HEMINGER. Mr. Chairman, if I could start. In our report, we identified 10 new focus areas for the Federal program. As I said in my testimony, there are over 100 now, and they are not really focus areas. I do not know how you could focus on 100 things. We recommend that there be a performance objective for each of those 10 areas. Other areas of Federal policy where the Federal Government invests in certain activities come with accountability. This is

one of the few places where that accountability is largely lacking. The money is invested and projects are certainly built, but there is no standard or measurement against which to judge success or failure. Did we increase or reduce congestion? Did we increase or reduce fatalities?

If you look at the evidence that we have racked up in what I would call the T era, ever since the substantial completion of the interstate in the 1980s, fatalities have not improved. They have improved slightly recently just because we are driving less for the most part. Congestion has gotten considerably worse. Goods movement has bogged down to a crawl in many ports. So, by most objective measures—and I think the amount we have invested over that period is something around \$600 billion of Federal money—things have gotten worse.

So, I guess like that old joke goes, if it is not working, stop doing what you are doing. That is the first thing you do.

And so I do believe that in each area of Federal investment, there ought to be a performance objective and there ought to be consequences if it is not met, either positive or negative, carrots or sticks. And I think the best way to develop those measures actually is not for the Congress to establish them, but for the Congress to require that DOT work with the States and the metropolitan areas to establish standards. Let people have some flexibility in the standards they choose—

Senator LAUTENBERG. Fair enough.

Mr. HEMINGER.—then hold them accountable to them.

Senator LAUTENBERG. It was said in these premises before—and I extend it because I did not like the way it was presented at the time. It was trust and verify. The fact is that you have got to go along and see what you are doing.

Mr. Holmes, you are on a tight timeline. So I ask you for your response.

Mr. HOLMES. Thank you, Mr. Chairman.

I think you heard a common thread really that ran through all four presentations, and that is flexibility, accountability, transparency. If we have, I think it is, 109 different funding categories, we also recommended reducing those significantly, and then having the states develop their plan that meets the broad goals that the Federal DOT outlines in conjunction with Congress and then measuring those results.

Senator LAUTENBERG. I learned one thing in the business I ran. The business I ran was called ADP, and I was the founder of that company. It has over 40,000 employees today. And the one thing I learned in my business years is that when it is such a massive program that you want to introduce, you have got to do it piecemeal. And I have seen it here in Government. We have seen it in health care. We have seen it in the FAA. As soon as you tackle it at this size, you just never get anywhere until the money is gone.

Ms. Canby, do you want to volunteer? And I ask the indulgence of my colleagues here for a moment.

Ms. CANBY. Thank you, Senator. I certainly would.

It seems to me that, first, we need to be clear on why we have a national program, what it is we are trying to accomplish, and define that very clearly so that then the agencies that are actually

implementing have the flexibility to figure out how best to deliver it in their particular situation, whether it is in your state, my state, South Dakota, Texas, or Alaska or wherever, and then hold people accountable for reaching and addressing national interests. Now we are all addressing different interests in our own ways, and it is not adding up to dealing with an energy problem or a climate problem or a health issue or whatever the national concern might be.

Senator LAUTENBERG. Thank you.

Mr. Corless?

Mr. CORLESS. Senator, we provided, obviously, in both our written and oral remarks, at least six over-arching objectives, and I think you, obviously, want to get down from a point where you have 108 programs to something manageable.

But I would say we think whatever objectives we choose in the next authorization, it actually has to be a package because there are a number of complementary but quite different goals we are trying to accomplish, I think, both in terms of safety, congestion, repairing and maintaining our system, energy security, climate stability, public health. So those things have to work together as a package.

Senator LAUTENBERG. I will try to move it along and give my colleagues equal time.

But the one thing that I see here—and I have skilled colleagues at this table, people who know government from all sides. Even the junior member has been a mayor, and they say there is no place like a mayor's job to feel the pain and the inadequacy at the same time.

I will say this. To me, the problem is of such magnitude, such importance that this kind of a forum is by no means a way to get the kind of information that we have. I talk to Senator Hutchison as the next senior person here and say that I think somehow or other this has to develop into a more traditional meeting format where these things can be discussed at length, and it is not in a 5-minute squeeze that we do it. I would reserve the opportunity to invite each of the four of you to a panel discussion that may take some time, but I think we can develop some thoughts.

Please, Senator Hutchison, it is up to you.

Senator HUTCHISON. Am I next you mean? Oh, OK.

Well, I think that is a very good idea actually because I think having heard their different views, they have studied this. They have had commissions and they have some good ideas.

Senator LAUTENBERG. I misplaced his ranking position. Go ahead. Kay, I am sorry.

Senator HUTCHISON. See, I had left, and I did not realize that John had not already gone. You go ahead. I do not mind.

Senator THUNE. Let me just ask you all sort of a general question about the funding issue and how can we most responsibly provide for continued, adequate funding to ensure we truly continue to have a national transportation system. Some of you kind of talked about it a little bit around the edges, but does anybody care to take that one on?

Mr. HEMINGER. Senator, I will speak on behalf of our Commission which spent 2 years, days of testimony on that subject. And

one way you can characterize what we did is we spent about 2 years looking for an alternative to the fuel tax because no one likes it and it is hard to raise. We could not find one. I know I regret to report that to you. You probably regret to hear it.

We took a lot of testimony on public-private partnerships, and they will play a role in the future, but I think a fairly modest one. About half of our current investment shortfall is just meat and potatoes maintenance of our existing system, and there are not a lot of investment bankers lining up to pay for that. A lot of our transit systems, the new systems we need to build, will operate at a loss, not a profit. So, there is no financial return there in many of them, conceivably.

So, I think where you will see private capital play a role is in high-growth areas with a lot of congestion. I think a number of freight improvements could very well benefit from that strategy.

But for the most part, I think we are going to need public investment. The only two places we saw where that investment could come from—one is the fuel tax, the traditional source, and the second is the general fund. And we strongly oppose the notion of essentially converting this user fee program, which has been a user fee program for 60 years now, into another general fund drain on the U.S. treasury which, God knows, is under strain already for a lot of other reasons.

So, as unwelcome as that message might be, we believe the fuel tax has continued to play a major role. As you know, it has not been adjusted here in Washington since 1993. That is true in many States. In my State of California, it is 1989. Secretary LaHood said earlier that he was not sure now is a good time. I am not sure it is either, but I will tell you \$2 gasoline might be a better time than \$4 gasoline. And it is only a matter of time before that is where we are again.

So our report does emphasize the use of user fees, whether it is the fuel tax or a container fee for freight improvements or a ticket tax for rail improvements. We think all the users have a stake in the system and ought to help pay for its improvement.

Senator THUNE. Does anybody else want to comment on that?

Mr. HOLMES. I would like to make a couple of comments. We believe that the continuation of the fuel tax is important, in fact, critical. The time that it is going to take to transition from the fuel tax to another type of user fee is going to be lengthy, but ultimately the fuel tax is a dinosaur. As the average miles per gallon in the fleet in America increases, funding for the transportation system, if it is solely based on that, is in terrible jeopardy. It is, obviously, difficult to increase. Witness the fact that it has not increased in California since 1989; in Texas, since 1991; the Federal level, since 1993.

We think that there needs to be a very broad array. It is not going to be solved out of one source. The public-private has a role, but it is a limited role. In Texas, we looked at a number of different toll opportunities that might be subject to private interest. There were about 90 different toll projects. There were only a handful of those that would be subject to an appropriate public-private type partnership. There were only a handful that would attract the interest of investment bankers, as Steve said, because most of them

require toll equity as opposed to being toll rich. So it is going to take, I think, a fairly long time to move from a total reliance on a fuel tax to other user fees.

Senator THUNE. Let me direct this one, if I might, to Mr. Corless. I appreciate your comments. Those are both very insightful.

You had suggested addressing freight demand through reinvestment in short haul freight railroads. How much funding do you believe would be needed to effectively improve short line rail movements?

Mr. CORLESS. Senator, I know we have been working with NADO and others on this question. I do not have a number for you today, but I am happy to get back to you certainly with something. I would also defer to my colleague here, Anne Canby, with the OneRail Coalition, among others, who may have a more specific answer.

But we do know that the short line railroads are in desperate need of repair. We do know that they are an asset and that we need to actually reinvest in them fairly quickly.

Senator THUNE. All right. Thank you, Mr. Chairman. I appreciate very much all your testimony and responses. Thanks.

Senator LAUTENBERG. We will go back. Senator Hutchison.

Senator HUTCHISON. Thank you.

I would like to ask Mr. Holmes. Obviously, in your testimony you basically have said that the Federal Government is many times an impediment to being able to build the highways that are so needed in a high-growth state like Texas, and you propose some solutions from your transportation research group.

My question is on the bill that I have introduced that would allow states to opt out with the requirement that they maintain the Federal highway system, but then allow them to make other choices in the transportation needs with their own transportation dollars. What would be your thought about legislation like that, and if you have other thoughts, what would those be?

Mr. HOLMES. It sounds, Senator, as though that bill would provide significant increased flexibility to the states to design and implement their systems in accordance with appropriate Federal standards. I think that would be a tremendous benefit. Basically there is not enough money and there is not enough flexibility, and it takes too long to produce a new asset. 13 years to produce a new roadway is incredibly counterproductive. To shorten that cycle, provide more money, less time, more flexibility would be a great benefit.

Senator HUTCHISON. Thank you. I really do appreciate your coming because we are all dealing with these issues of high growth and having to look for innovative ways to fund our transportation systems. Of course, we all, I think, have dealt also with the issue of congestion and trying to build transportation infrastructure when a place already congested is the most expensive way to go, which Houston, your hometown, is learning right now. It was my hometown as well.

Let me ask both of you, Mr. Holmes and Mr. Heminger. Mr. Heminger was on the commission that basically said that private investment should be a relatively small part of the solution, and it was a bone of contention among the commissioners whether that

was something that should be considered a major part. The State of Texas has gone into private partnerships pretty heavily, and I would like to ask you, Mr. Heminger, what was the debate and how did you all come out on the side of it not being as important and, Mr. Holmes, why it has become a major focus of the Texas solutions. First, Mr. Heminger.

Mr. HEMINGER. Senator, as you said, we did have a vigorous debate on our Commission about it. I think it was, in large part, responsible for the fact that three members of our Commission did dissent, including the former Secretary of Transportation, Mary Peters.

I think we all saw a greater role for private capital to play. I think where we disagreed is how big that role can be, not necessarily should be, but can be. And given the fact that a lot of our investment need, as I described in my earlier answer, I think is such that it will not attract private capital, then you are left with the issue that, well, if private capital can take care of 15 or 20 percent—and I think it is somewhere around that range, if that—what do we do with the other 80 percent? How are we going to raise the revenue for that? And I think the dissenters on our Commission did not want to support an increase in the fuel tax, but we, the majority, really did not see any other way around it.

I would note, in conclusion, that there was another commission created by Congress. You were not satisfied with one. You created two in the last transportation bill. And they essentially came to the same conclusion, that over the long haul, we ought to move toward a new user fee, something like that tracks vehicle miles of travel, but in the short term, we really have no alternative but to raise the fuel tax to continue the program and to grow it as it needs to grow.

Senator HUTCHISON. So your point was really not that it was not effective, just that it could not be relied on to make the big differences that are necessary.

Mr. HEMINGER. It really cannot be viewed, I do not think, Senator, as a replacement for the fuel tax. The fuel tax is the workhorse of our Federal surface transportation program and I think for the next 15 or 20 years, until we have a replacement, it has to continue to be or we have to resign ourselves to much diminished funding levels.

Senator HUTCHISON. Mr. Holmes?

Mr. HOLMES. I happen to agree with that. I think it seems like Texas has moved in the direction of PPPs very heavily, but in point of fact, out of the 87 toll projects that TxDOT looked at a couple of years ago, there were less than 20 percent of those that would be susceptible to a private interest. So, while it is an incremental help and a very important one, it will not solve the overall problem. It can be utilized in very congested areas where traffic counts are extremely high. It works in those areas. It does not work in rural Texas or in rural South Dakota or wherever there is not sufficient traffic volumes in order to recover the cost and maintenance of the roadway.

One of the things that is beneficial, though, about a PPP or any type of toll road is that not only does it help pay for the capital costs, but it pays for the ongoing maintenance into the future.

Texas currently needs about \$4 billion a year just to cover maintenance and we have a total of \$3 billion for maintenance and new capacity.

Senator HUTCHISON. It is rough. Thank you very much and thank you for coming up from Texas because I know the problems you are facing.

Mr. HOLMES. It was raining there.

Senator HUTCHISON. Thank you, Mr. Chairman.

Senator LAUTENBERG. Are the two of you OK on your time?

Mr. HOLMES. Yes, sir.

Mr. HEMINGER. I am just about out. If there is one more question, I would be happy to field it.

Senator LAUTENBERG. I am going to ask my colleague, Senator Begich, to try to—

Senator BEGICH. Mr. Chairman, I will just reserve my questions. I will make a general comment, and that is I agree with you. As a new person here, I will be honest with you. These formats are very cumbersome to really get to the meat of how to deal with this very complex issue. So, I really encourage your idea because, for example, what Senator Hutchison just talked about, the public-private partnerships—you know, the country that does the most of this—actually they have huge operations within their bureaucracy to manage these—is France, and they do it on water, sewer, roads. They do it on core infrastructure. There is very credible information and great experience that if we go down that path in any way—but I would be very interested in that work session because I think there is a wealth of information here that I would like to extract out of our witnesses and because I have questions about the regulatory process. How do we streamline that, for example? Some we require for putting benches in and some things like that. In Federal right-of-ways, we require NEPA. It is just a ridiculous process for simplistic things that we should be able to resolve.

So I will reserve my questions. I thank all of you. I know the Chairman is interested in having something that we can have more engagement, and I think that is going to be great to extract more out of you.

They can then catch their plane. But why would you want to be going to a place that is raining when you can be here? But I will leave that for you.

Thank you, Mr. Chairman.

Senator LAUTENBERG. I thank all of you for your time and your contribution. I think it was a very good session. I would like to follow on with some kind of a transportation conference mechanism. It may be at some places across the country that we have to go. This is too serious, too important, and flashes of ideas do strike a bell.

I come out of the computer business, and if you had asked me 10 years ago what I would have thought was a good idea to raise revenues, I would have said to tax cable to the right-of-way. But that has gone away. We do not need that anymore, but other ways of generating revenue that these rights-of-way can provide. So, we thank you all for your thoughtful and excellent presentations.

Senator Hutchison?

Senator HUTCHISON. Thank you, Mr. Chairman. I think it was very helpful. I think we have a good body of information now, and I hope that we can come to some conclusions that will not just be another highway authorization bill that is just what we have done in the past because I think we have new challenges. Thank you.

Senator LAUTENBERG. This hearing is over.

[Whereupon, at 4:39 p.m., the hearing was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF THE AMERICAN SOCIETY OF CIVIL ENGINEERS

Chairman Lautenberg, Ranking Member Thune and Members of the Subcommittee:

The American Society of Civil Engineers (ASCE)¹ is pleased to submit this Statement for the Record of the April 28, 2009 hearing held by the U.S. Senate Committee on Commerce, Science and Transportation Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security: *The Future of National Surface Transportation Policy*.

ASCE's 2009 *Report Card for America's Infrastructure* graded the Nation's infrastructure a "D" based on 15 categories, the same overall grade as ASCE's 2005 Report Card. In 2009, roads received a grade of D- as compared to a grade of D in 2005; bridges received a grade of C, the same as in 2005; transit received a D as compared to a D+ in 2005; and rail received a grade of C-, the same as in 2005.

The lack of improvement in grades is caused by many factors, including deferred maintenance on the Nation's aging surface transportation systems, insufficient funding from all levels of government, and from a lack of compelling national leadership.

While we appreciate that the Subcommittee does not have jurisdiction over all modes of the Nation's surface transportation, we are providing the following comprehensive comments because we believe for Congress to enact a progressive and effective Surface Transportation Program, it is imperative that the Subcommittee, and the Congress, work to develop an integrated, multi-modal national surface transportation system.

Throughout the 20th Century, our Nation's leaders envisioned large scale infrastructure plans that inspired the public and contributed to unprecedented economic growth. Now much of that infrastructure is reaching the end of its design life, and we users and owners are experiencing increasing problems with deterioration across all public infrastructure. From the Works Progress Administration projects completed during the Great Depression to the creation of the Interstate Highway System in the Fifties, the Twentieth Century will be remembered as a time when Americans took pride in building a strong and lasting foundation.

Currently, most infrastructure investment decisions are made without the benefit of a national vision. That strong national vision must originate with strong Federal leadership and be shared by all levels of government and the private sector. Without a strong national vision, infrastructure will continue to deteriorate.

While the *Report Card* points out serious deficiencies in the Nation's infrastructure as well as the need for focused and visionary leadership and adequate funding, these can be addressed. The key solutions offered by ASCE are ambitious and will not be implemented overnight, but Americans are capable of real and positive change. The Five Key Solutions are:

- Increase Federal leadership in infrastructure;
- Promote sustainability and resilience;
- Develop Federal, regional and state infrastructure plans;
- Address life cycle costs and ongoing maintenance; and
- Increase and improve infrastructure investment from all stakeholders.

Bridges

Usually built to last 50 years, the average bridge is now 43 years old. According to the U.S. Department of Transportation, of the 600,905 bridges across the country,

¹ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 146,000 civil engineers individually in private practice, government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a non-profit educational and professional society organized under Part 1.501(c)(3) of the Internal Revenue Code.

as of December 2008, 72,868 (12.1 percent) were categorized as structurally deficient and 89,024 (14.8 percent) were categorized as functionally obsolete. While some progress has been made in recent years to reduce the number of structurally deficient and functionally obsolete bridges in rural areas, the number in urban areas is rising.

To address bridge needs, states use Federal as well as state and local funds. According to the American Association of State Highway and Transportation Officials (AASHTO), a total of \$10.5 billion was spent on bridge improvements by all levels of government in 2004. Nearly half, \$5.1 billion was funded by the Federal Highway Bridge Program—\$3.9 billion from state and local budgets, and an additional \$1.5 billion in other Federal highway aid. AASHTO estimated in 2008 that it would cost roughly \$140 billion to repair every deficient bridge in the country—about \$48 billion to repair structurally deficient bridges and \$91 billion to improve functionally obsolete bridges.

Simply maintaining the current overall level of bridge conditions, that is, not allowing the backlog of deficient bridges to grow, would require a combined investment from the public and private sectors of \$650 billion over 50 years, according to AASHTO, for an annual investment level of \$13 billion. The cost of eliminating all existing bridge deficiencies as they arise over the next 50 years is estimated at \$850 billion in 2006 dollars, equating to an average annual investment of \$17 billion.

While some progress has been made recently in improving the condition of the Nation's rural bridges, there has been an increase in the number of deficient urban bridges. At the same time, truck traffic over the Nation's bridges is on the rise—a matter of great concern as trucks carry significantly heavier loads than automobiles and exact more wear and tear on bridges. The investment gap is accelerating and the failure to invest adequately in the Nation's bridges will lead to increased congestion and delays for motorists, wasted fuel, the further deterioration of bridge conditions, and increased safety concerns. Once Congress works to address these problems in the 2009 authorization of the Surface Transportation Program, it should establish a goal that less than 15 percent of the Nation's bridges be classified as structurally deficient or functionally obsolete by 2013 and should provide the funding needed to accomplish that.

Roads

Our Nation's economy and our quality of life require a highway and roadway system that provides a safe, reliable, efficient, and comfortable driving environment. Although highway fatalities and traffic-related injuries declined in 2007, the drop is most likely attributable to people driving less. Still, in 2007, 41,059 people were killed in motor vehicle crashes and 2,491,000 were injured. Motor vehicle crashes cost the U.S. \$230 billion per year—\$819 for each resident in medical costs, lost productivity, travel delays, workplace costs, insurance costs, and legal costs.

Next to safety, congestion has become the most critical challenge facing our highway system. Congestion continues to worsen to the point at which Americans spend 4.2 billion hours a year stuck in traffic at a cost of \$78.2 billion a year in wasted time and fuel costs—\$710 per motorist. The average daily percentage of vehicle miles traveled (VMT) under congested conditions rose from 25.9 percent in 1995 to 31.6 percent in 2004, with congestion in large urban areas exceeding 40 percent. And as a result of increased congestion, total fuel wasted climbed from 1.7 billion gallons in 1995 to 2.9 billion gallons in 2005.

Poor road conditions lead to excessive wear and tear on motor vehicles and can also lead to increased numbers of crashes and delays. According to the Federal Highway Administration (FHWA), while the percentage of VMT occurring on roads classified as having "good" ride quality has steadily improved, the percentage of "acceptable" ride quality steadily declined from 86.6 percent in 1995 to 84.9 percent in 2004, with the lowest acceptable ride quality found among urbanized roads at 72.4 percent. These figures represent a failure to achieve significant increases in good and acceptable ride quality, particularly in heavily trafficked urbanized areas.

Compounding the problem is steadily increasing demand on the system. From 1980–2005, while automobile VMT increased 94 percent and truck VMT increased 105 percent, highway lane-miles grew by only 3.5 percent. From 1994–2004, ton miles of freight moved by truck grew 33 percent. Without adequate investment and attention, the negative trends will continue, as will the adverse consequences.

It is clear that significant improvements and system maintenance will require significant investments. The National Surface Transportation Policy and Revenue Commission studied the impact of varying investment levels (medium and high) and produced the following ranges of average annual capital investment needs (in 2006 dollars):

- \$130 billion–\$240 billion for the 15-year period 2005–2020;
- \$133 billion–\$250 billion for the 30-year period 2005–2035;
- \$146 billion–\$276 billion for the 50-year period 2005–2055.

The lower end of the ranges reflect the estimated costs of maintaining key conditions and performance measures at current levels, while the higher end ranges would allow for an aggressive expansion of the highway system, which would provide improved conditions and performance in light of increasing travel demand. Even at the lower range of estimates, an enormous gap exists between the current level of capital investment and the investment needed to improve the Nation's highways and roads.

The challenges imposed by our highway infrastructure require a large increase in capital investment on the part of all levels of government and other sources as well. An overstressed infrastructure will slow freight delivery, create unpredictability in supply chains, diminish the competitiveness of U.S. businesses, and increase the cost of consumer goods. There must also be a significant change in the way we manage the system, which should include the use of emerging technologies and innovative operational strategies.

Legislation to replace SAFETEA-LU, which expires on September 30, 2009, must address the following issues if it is to set the stage for the major reforms needed to ensure the viability of our surface transportation system. First, it must more clearly define the Federal role and responsibilities, and from that definition, the framework for a performance-based and fully accountable system can emerge. Second, it is clear that the current funding model for the Highway Trust Fund (HTF) is failing. The latest projections by the U.S. Department of Treasury and Congressional Budget Office indicate that by the end of FY 2009, the HTF will have a negative balance if no corrective action is taken.

While acknowledging the need to move to a new, sustainable funding system in the long term, the National Surface Transportation Policy and Revenue Study Commission has recommended an increase of 5–8 cents per gallon in the gas tax per year over the next 5 years to address the current projected shortfall. And the recently released report of the National Surface Transportation Infrastructure Financing Commission calls for a 10 cent per gallon increase in the Federal gasoline tax and a 15 cent per gallon increase in the Federal diesel tax while also acknowledging the need to transition to a mileage-based user fee. Finally, the legislation must encourage innovative thinking and solutions from all sectors—public, private, and academia.

Transportation is a significant contributor of greenhouse gas emissions in the U.S. As a result of increased congestion, total fuel wasted climbed from 1.7 billion gallons in 1995 to 2.9 billion gallons in 2005. Gasoline and diesel taxes cannot be relied upon in the future to generate the HTF revenues when national policy demands a reduction in both the reliance upon foreign sources of energy and the Nation's carbon footprint. Private investment in greenhouse-gas-reducing technologies must be stimulated by establishing a market value for greenhouse gas emissions over the long term through the auctioning of emissions credits, and a significant portion of the revenues from emissions credits should be allocated to the Highway Trust Fund and other infrastructure financing methods to support technology investment as well as the necessary investments in "green" upgrades to the Nation's public works infrastructure. However, while Congress works to develop a comprehensive energy and climate change policy and considers transitioning to a system that more directly aligns fees that a user is charged with to the benefits the user derives, an increase in the gas tax is necessary to meet surface transportation funding needs.

Transit

In recent years, transit use has increased more rapidly than any other mode of transportation. Ridership increased by 25 percent from 1995 to 2005—to 10.3 billion trips a year, the highest number of trips in 50 years. An estimated 34 million trips are taken on public transportation each weekday and of those trips, 59 percent are taken by individuals commuting to and from work, 11 percent by individuals traveling to and from school, and 9 percent by individuals traveling to and from leisure activities. By moving workers and shoppers, transit is increasingly becoming a major economic factor.

In 2004, there were 640 local public transit operators serving 408 large and small urbanized areas and 1,215 operators serving rural areas. In addition, there were 4,836 specialized services for the elderly and disabled in both urban and rural areas, representing a total increase in these types of services since 2002. These systems operate more than 120,000 vehicles. Transit rail operators controlled 10,892 miles of track and served 2,961 stations. Between 2000 and 2004, the number of urban

transit vehicles increased by 13.4 percent, track mileage grew by 3 percent, and the number of stations grew by 4.8 percent. Also during that time, the number of passenger miles traveled by all transit passengers increased at an annual rate of 1.3 percent. Passenger growth on transit rail lines grew at an even greater rate, 4.3 percent.

SAFETEA-LU authorized more than \$45 billion in transit investments. However, the increased popularity of transit—as evidenced by robust increases in transit ridership and strong support for local funding initiatives—has led to growth in both the number and size of transit systems in the U.S. While new investment brings badly needed transit service to more Americans, existing systems continue to require investments to replace aging infrastructure; thus, the revenue that is available must be spread further than ever before. At the same time, dwindling revenues in the HTF impact the transit sector's financial health at a time when more Americans are relying on it for travel.

While mass transit can be an affordable and environmentally friendly travel alternative to automobiles, the American Public Transportation Association (APTA) estimates that approximately half of Americans do not have access to reliable transit systems. A 2005 survey conducted by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau found that only 54 percent of American households have access to bus and rail transit and only 25 percent have what they consider a good alternative to such transit.

The Federal Transit Administration (FTA) rates system conditions on a five-point scale—one being poor and five being excellent. FTA's *2006 Conditions and Performance Report* indicates that the condition of the Nation's transit infrastructure remained largely unchanged during the past 4 years. The estimated average condition of the urban bus fleet was 3.08 in 2004, a minor improvement from 3.07 in 2000. The average bus age was reported to be 6.1 years, down slightly from 6.8 years in 2000. The estimated average condition of rail vehicles was 3.5 in 2004, down from 3.55 in 2000.

While bus and rail fleet conditions have remained essentially the same, rail transit station conditions have worsened. Only 49 percent of stations are in adequate or good repair and 51 percent are in substandard or worse condition. In 2000, 84 percent of stations were rated as adequate or better. The FHWA notes that differences in ratings are due to a change in the methodology used to evaluate station conditions since the last report. The condition of other structures such as tunnels and elevated structures has improved: 84 percent were in adequate or better condition in 2004 compared to 77 percent in 2000.

Funding increased modestly between 2000 and 2004. Indicating an increase in service demand, 23 of 32 (72 percent) of local ballot initiatives for public transportation—or initiatives with a public transit component—were passed in 2008, authorizing nearly \$75 billion in expenditures. Much of this local revenue is intended to match Federal investments. Total capital spending from all sources was \$12.6 billion in 2004, up from \$12.3 billion in 2002, and up more than 140 percent during the past 15 years. Federal contributions totaled \$9.8 billion in 2008.

The FTA estimates that an additional \$6 billion should be spent annually to maintain current conditions; however to improve conditions, a total of \$21.6 billion needs to be spent annually. These estimates are supported by the recent findings of the Federal Surface Transportation Study and Revenue Commission. Assuming a constant level of investment relative to 2006 dollars, transit ridership will continue to increase unimpeded to between 18 and 20 billion trips annually. If funding is increased, however, transit ridership will be able to increase more rapidly and the physical condition of the Nation's transit systems will improve. With a "medium" level of funding—between \$14 and \$18 billion a year—the Commission estimates that between 26,000 and 51,000 new vehicles could be added to the system and that between 1,100 and 1,500 additional miles of rail track could be laid. In addition, average condition will increase to 4.0 and the system will be able to accommodate between 12 and 14 billion trips annually by 2020. During that same time period, with a "high" level of funding—between \$21 and \$32 billion annually—between 51,000 and 96,000 new vehicles could be added to the fleet and between 3,000 and 4,400 miles of track could be laid. The number of annual trips could increase to between 13 and 17 billion.

The 2008 *State and National Public Transportation Needs Analysis*, commissioned by APTA and AASHTO, estimated the total funding requirements for various growth percentages. Assuming a moderate annual passenger growth rate of 3.52 percent, \$59.2 billion must be spent annually by all levels of government in order to improve both infrastructure condition and service performance. Total expenditures by all levels of government in 2007 were \$47.05 billion.

Freight Rail

The U.S. freight rail system is comprised of three classes of railroad companies based on annual operating revenues: 8 Class I freight railroad systems; 30 Class II regional or short-line railroads; and 320 Class III or local line-haul carriers.

Approximately 42 percent of all intercity freight in the United States travels via rail, including 70 percent of domestically manufactured automobiles and 70 percent of coal delivered to power plants. As of 2006, Class I railroads owned and operated 140,249 miles of track. However, most traffic travels on approximately one-third of the total network, which totals 52,340 miles.

After years of shedding excess capacity, railroads have been increasing infrastructure investment and spending in recent years. In 2006, overall spending on rail infrastructure was \$8 billion, a 21 percent increase from 2005. More specifically, spending on construction of new roadway and structures increased from \$1.5 billion in 2005 to \$1.9 billion in 2007. Increased spending on maintenance of railroad networks and systems has become necessary as investments are made in more costly signaling technology, heavier rail, and the improved substructure necessary to accommodate heavier trains.

Demand for freight transportation is projected to nearly double by 2035—from 19.3 billion tons in 2007 to 37.2 billion tons in 2035. If current market shares are maintained, railroads will be expected to handle an 88 percent increase in tonnage by 2035. However, as many look to rail as a more efficient and environmentally friendly freight shipper, rail's market share could increase and lead to additional increases in freight rail tonnage.

An estimated \$148 billion in improvements will be needed to accommodate the projected rail freight demand in 2035. Class I freight railroads' share of this cost is estimated at \$135 billion. Through productivity and efficiency gains, railroads hope to reduce the required investment from \$148 billion to \$121 billion over the period 2007 through 2035.

Passenger Rail

Amtrak, the Nation's only intercity passenger rail provider, carried 28.7 million riders in Fiscal Year 2008, an 11.1 percent increase from Fiscal Year 2007. Further, the 2007 ridership represented a 20 percent increase from the previous 5 years. Corridor services linking major cities less than 500 miles apart, such as Milwaukee-Chicago, Sacramento-San Francisco-San Jose and the Northeast Corridor are experiencing the fastest growth.

Increased ridership has led to increased revenue, and Amtrak received \$1.355 billion in Federal investment in Fiscal Year 2008. However, an additional \$410 million in immediate capital needs have been identified, including acquiring new cars to add capacity. In addition, upgrades to comply with the Americans with Disabilities Act (ADA) and improve overall conditions of the 481 stations in its network are estimated at \$1.5 billion.

While electrical power in the Northeast Corridor cushioned some of the blow of increased fuel prices in 2008, it also represents a major infrastructure challenge for Amtrak. Upgrading the electrical system in the Northeast Corridor, parts of which were installed in the 1930s, is among the immediate needs identified. Failure of these critical systems could bring the entire line to a halt, which would impact not only Amtrak, but also the 8 commuter railroads that share the Northeast Corridor.

In the long term, the Passenger Rail Working Group (PRWG), which was formed as part of the National Surface Transportation Policy and Revenue Study Commission, determined that an annual investment of \$7.4 billion through 2016, totaling \$66.3 billion, is needed to address the total capital cost of a proposed intercity rail network. It is further estimated that an additional \$158.6 billion is needed between 2016 and 2030 and, that an additional \$132.2 billion must be invested between 2031 and 2050 to achieve the ideal inter-city network proposed by PRWG. These costs do not include the mandated safety upgrades for freight rail lines that carry both passenger as well as freight traffic and for those routes that carry toxic chemicals as required by the Rail Safety Improvement Act of 2008.

While the investments set forth by the PRWG are significant, the benefits would be significant as well. The PRWG estimated a net fuel savings of nearly \$4 billion per year by diverting passengers to rail if the proposed vision was adopted. In addition, the investments would reduce the need for even greater capacity investments in other modes.

Intercity passenger rail faces particular concerns not faced by other modes of transportation, such as the lack of a dedicated revenue source. Amtrak owns and/or operates 656 miles of track that are maintained and upgraded using funds from its general operating budget, impacting its ability to fund other projects. The annual congressional appropriations process has provided minimal funding in recent years,

leading to a major backlog of deferred track maintenance on the track that Amtrak owns and operates, more than half of which is shared with commuter and freight railroads. For the remainder of its 21,095-mile network, Amtrak relies on freight rail lines that make maintenance and upgrade decisions on the basis of their own business models and shareholders' interests while preserving Amtrak's statutory rights for access. Freight and passenger rail interests are becoming more aligned as both require increases in rail network capacity, but successful alignment of interests will require both a public and private investment.

ASCE supports the development, construction and operation of an expanded passenger rail transportation system within the United States, including advanced technology high speed ground transportation (HSGT) systems. As regional and intercity transportation corridors in the United States become increasingly congested, investments in intercity passenger rail systems, including HSGT, are increasingly attractive as part of an overall transportation mobility strategy to provide added capacity and high quality service. Investments in this technology are cost effective, environmentally responsive and energy efficient and should be considered as companion investments to traditional highway and air modes. These investments include both conventional wheel-on-rail systems and new technologies. Other nations, in Europe and Asia in particular, have invested heavily in the development and construction of new HSGT systems and intercity passenger rail networks over the past four decades. While the U.S. has spent substantial sums in highway and air passenger networks, North America has lagged in the development and implementation of efficient, relatively non-polluting, and high-capacity intercity passenger rail and HSGT networks. The \$8 billion included in the American Recovery and Reinvestment Act along with \$5 billion (over the next 5 years) proposed by the President in his FY 2010 budget for HSGT provides a foundation for developing a comprehensive high-speed intercity passenger rail network.

Substantial investments in freight and passenger rail infrastructure will help to maximize efficiencies and ultimately reap broad benefits for passengers, shippers and the general public.

Expanding Infrastructure Investment

Establishing a sound financial foundation for future surface transportation expansion and preservation is an essential part of authorization. Despite increased funding levels in TEA-21 and SAFETEA-LU, the Nation's surface transportation system requires even more investment.

ASCE supports the following items for surface transportation infrastructure investment:

- A 25 cent-per-gallon increase in the motor fuels user fee. To maintain the current conditions of the surface transportation infrastructure, as defined by the U.S. Department of Transportation's Conditions and Performance (C&P) Report, a 10-cent increase is necessary. The additional 15-cent increase would go toward system improvement including congestion relief, freight mobility, and traffic safety.
- A maintenance of effort requirement to ensure that all levels of government are making comparable financial commitments to improve the Nation's surface transportation system.
- The user fee on motor fuels should be indexed to the Consumer Price Index (CPI), in order to preserve the purchasing power of the fee.
- All motor fuels should be taxed equitably.
- The Highway Trust Fund balances should be managed to maximize investment in the Nation's infrastructure.
- Congress should preserve the current firewalls to allow for full use of trust fund revenues for investment in the Nation's surface transportation system.
- The authorization should maintain funding guarantees.
- Tolling, vehicle taxes, state sales taxes, congestion pricing, container fees, and transit ticket fees must all be considered in the development of revenues for the maintenance and improvement of the surface transportation system.
- The current flexibility provisions should be maintained. The goal of the flexibility should be to establish an efficient multi-modal transportation system for the Nation.
- The development of a freight mobility program to guarantee the efficient movement of freight and reduce system congestion.
- The creation of a permanent commission to determine the levels at which motor fuel user fees should be set, and when those fees should be increased.

- Efficiency in delivering infrastructure projects to shorten delivery times and decrease costs.

ASCE supports the need to address the issue of future sources of revenue for surface transportation funding. Congress should allow for the exploration of the viability of the most promising funding options that will maintain the viability of the HTF. In particular, the impacts of increased fuel efficiency and alternate fuel technologies such as fuel cells should be studied. A mileage-based system for funding our Nation's surface transportation systems also needs further study. A large scale demonstration project, to follow up on the work done in Oregon, should be executed to determine the practicality of such a program. The data will be critical in determining how to generate HTF revenue as the Nation's dependence on gasoline as a fuel source for automobiles is reduced.

While recognizing that innovative financing is not a replacement for new funding, ASCE supports innovative financing programs and advocates making programs available to all states where appropriate. Additionally, the Federal Government should make every effort to develop new programs. These types of programs include the Transportation Infrastructure Finance and Innovation Act, State Infrastructure Banks, and Grant Anticipation Revenue Vehicles. It should be noted, however, that innovative financing does not produce revenue, and should not be seen as an alternative to increasing direct user fee funding of surface transportation infrastructure.

Innovative financing techniques can greatly accelerate infrastructure development and can have a powerful economic stimulus effect compared to conventional methods. This is the current approach in South Carolina, Georgia, Louisiana, Florida, and Texas, where expanded and accelerated transportation investment programs have been utilized.

ASCE recognizes Public Private Partnerships (PPPs) as one of many methods of financing infrastructure improvements. ASCE supports the use of PPPs only when the public interest is protected and the following criteria are met:

- Any public revenue derived from PPPs must be dedicated exclusively to comparable infrastructure facilities in the state or locality where the project is based;
- PPP contracts must include performance criteria that address long-term viability, life cycle costs, and residual value;
- Transparency must be a key element in all aspects of contract development, including all terms and conditions in the contract. There should be public participation and compliance with all applicable planning and design standards, and environmental requirements; and
- The selection of professional engineers as prime consultants and subconsultants should be based solely on the qualifications of the engineering firm.

ASCE supports the development of criteria by governing agencies engaging in PPPs to protect the public interest. Examples of criteria include input from affected individuals and communities, effectiveness, accountability, transparency, equity, public access, consumer rights, safety and security, sustainability, long-term ownership, and reasonable rate of return.

ASCE is greatly appreciative of the investment made by the American Recovery and Reinvestment Act of 2009 toward restoring and upgrading the Nation's surface transportation system. This much needed down-payment represents a significant first step toward enhancing the Nation's deteriorating surface transportation system while simultaneously creating millions of jobs.

ASCE also appreciates the infrastructure investments included in the Administration's Fiscal Year 2010 budget blueprint, as well as the proposal calling for the establishment of a National Infrastructure Bank. We believe that the budget submission accurately recognizes that infrastructure improvements are not only necessary, but that they will create and sustain jobs and provide a foundation for long-term economic growth.

Conclusion

Transportation is a critical engine of the Nation's economy. It is the thread which knits the country together. To compete in the global economy, improve quality of life and raise the standard of living, we must successfully rebuild America's public infrastructure. Faced with that task, the Nation must begin with a significantly improved and expanded surface transportation system. The 2009 surface transportation authorization must be founded on a new paradigm; instead of focusing on the movement of cars and trucks from place to place, it must be based on moving people, goods, and services across the economy. Beyond simply building new roads or transit systems, an intermodal approach must be taken to create a new vision for

the future. Included in this new vision must be plans to deal with the possible effects of climate change, a strong link to land use, sustainability of the system, the use of commodities, and anticipation of the expected changes in the population's demographics, especially age and urbanization.

ASCE looks forward to working with the Subcommittee and assisting in its efforts to help develop a progressive surface transportation authorization bill which is founded on a strong national vision, adequate funding and new technology, and which creates an integrated, multi-modal national transportation system second to none.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
HON. RAY LAHOOD

Question 1. How can we ensure that taxpayer dollars in the next surface transportation bill are spent to meet specific performance goals to relieve congestion, improve safety, and facilitate freight movement? Does the DOT currently have tools to track the progress toward these goals?

Answer. The Department has advocated that transportation funds be focused on projects that produce measurable outcomes in terms of economic, environmental, and safety benefits for both passenger and freight movements. The analytical tools needed to measure these benefits exist, but in many cases States and metropolitan areas have not been using them. However, progress is being made as the Department has reached agreement with the States on fifteen (15) highway safety program performance measures for implementation beginning in FY 2010. Application of analytical tools will allow our transportation dollars to yield greater overall value and productivity than under current Federal programs that do not hold State and local transportation agencies accountable to any significant degree for spending their funds in a manner that achieves maximum net benefits and attainment of national goals.

Question 2. Major transit projects like the Hudson River Rail Tunnel, which is ready to build in New Jersey, often take a long time to be completed, and any delays can result in millions and sometimes billions of dollars in extra costs. What can the Department of Transportation do to speed delivery of projects like the Hudson River Tunnel?

Answer. I, together with Federal Transit Administrator, Peter M. Rogoff, intend to focus on streamlining the project evaluation process under the Federal Transit Administration's (FTA) New Starts program, which funds major capital public transportation projects such as the Hudson River Tunnel project. Certainly, as stewards of Federal taxpayer dollars, and in a fiscal environment where resource demands far exceed available funding, it is important that FTA—and local project stakeholders—have good information on which to base resource allocation decisions. However, I am concerned that unnecessary delays in the evaluation process may be causing project costs to creep upward unnecessarily. In 2006, FTA hired Deloitte Consulting to analyze the New Starts program and to identify opportunities for streamlining. FTA has begun to implement Deloitte's recommendations while conducting its own "bottom up" streamlining review of the entire program.

In addition, FTA believes that it can make the environmental review process more efficient by taking full advantage of the flexibility inherent in the National Environmental Policy Act process and other environmental regulations. To this end, FTA has aggressively developed pertinent guidance and enhanced its outreach and training efforts. For example, FTA produced and published a manual entitled "Keys to Efficient Development of Useful Environmental Documents" (September 2007), which was designed to promote production of concise, readable documents for the benefit of the public and agency decision-makers. Collectively, these measures should greatly accelerate project delivery while assuring adequate protection for the quality of the human environment.

Question 3. As we look to reauthorize our motor carrier and highway safety programs, how can we make our highways safer for all travelers?

Answer. The Department's top priority is to ensure the safety of all travelers. We plan on working closely with Congress as it develops a reauthorization proposal that enhances public safety.

In order to make progress in achieving our safety goals, I believe Congress should take a comprehensive approach to safety, including the four Es: engineering, enforcement, education, and EMS. Research has shown that States that have improved highway safety have done so by addressing all these areas. While all States would benefit from safety activities in each of these four areas, their effectiveness may differ among States, depending on the specific safety problems they encounter.

Therefore, I also believe that a national program must provide enough flexibility to allow States to focus on their particular safety problems.

There are many good ideas to help address surface transportation safety, but I believe we need to make sure reauthorization addresses safety in a comprehensive, flexible fashion. I am confident that the Congress, working with the Administration, can develop a reauthorization bill that makes our highways safer for all travelers.

Question 4. How would having a defined national surface transportation policy, which does not currently exist, better enable you to make decisions regarding more efficient and effective implementation of current surface transportation-related programs or assess the need for potential changes to those programs?

Answer. Current surface transportation programs, because of statutory modal and programmatic restrictions, often do not allow for directing investments toward transportation improvements that efficiently address these national surface transportation goals. These same restrictions are major impediments to addressing policy priorities which can often best be achieved with multi-modal solutions. If the Department had increased flexibility to allocate Federal transportation funds, it could direct resources in a manner that uses the efficiency advantages of the individual modes working together for maximum efficiency and effectiveness. Key to addressing national (and international) problems like improving freight delivery or improving environmental conditions is retaining funding and policymaking authority at the Department. Currently, most Federal transportation programs devolve funds which are granted to the states and localities, where decisions are made. DOT does not have the ability now to set and pursue goals for the Nation.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
HON. RAY LAHOOD

Question 1. Secretary LaHood, President Obama has called for one million plug-in electric vehicles by the year 2015, a goal I strongly support and was pleased to have authored legislation with then-Senator Obama and Senator Hatch to provide tax incentives for consumers to buy plug-ins. Additionally, the hope is by 2015 there will be other alternatively fueled vehicles on the road in significant numbers. But plug-ins, electric vehicles, and other alternatively fueled vehicles will require a fueling infrastructure that corresponds to drivers' local and long-distance driving patterns. What do you see as the Federal Government's role in developing an infrastructure for alternatively fueled vehicles? What do you see as the Department's role?

Answer. Battery-equipped electric vehicles and plug-in hybrids will probably require recharging for a prolonged period of time, and, for both economic and environmental reasons, are best charged using off-peak electricity. This suggests that most charging stations should be located at homes or in places where vehicles are normally parked overnight. Expensive "convenience" electricity might be provided at places where vehicles might be parked for several hours during the day. A 'smart' recharging station should be able to charge the 'correct' hourly price for electricity, whenever the station is used.

These operational details suggest that the design and deployment of recharging stations should be integrated with the 'smart grid' initiative. Within this context there are opportunities to integrate recharging stations with various federally-funded transportation facilities.

In the case of renewable fuels, the Pipeline and Hazardous Materials Safety Administration is working on R&D and safety issues related to both ethanol pipelines and to batching ethanol and ethanol blends in existing products pipelines. This work, if successful, may eventually permit ethanol and ethanol-blended fuels to be more widely distributed around the United States.

Question 2. In Washington State, I have encouraged communities pursuing Federal funds for developing new Park & Rides or garages to set aside several parking spaces for recharging batteries. Do you think it would be beneficial to require all new Park & Rides or parking garages supported by Federal funds set aside a percentage of parking spots for recharging batteries?

Answer. It is likely that there will be substantial regional variation in the early penetration of electric and plug-in hybrid vehicles, based on local circumstances. It is also likely that the design of recharging stations (and vehicles) will undergo a substantial evolution over the next five or 10 years, as operational experience with early designs is reflected in subsequent modifications. Therefore a uniform national requirement at this juncture would often put the wrong equipment in the wrong place.

A more targeted approach might be preferable, for example, funding the deployment of recharging stations in communities where there is an integrated program to promote the deployment of electric or plug-in hybrid vehicles.

Question 3. In 2007, the States of Washington, Oregon and California submitted a proposal to the Department under Corridors of the Future program requesting funds for the Columbia River Bridge Crossing project between Oregon and Washington, intelligent transportation system improvements, and an alternative fuels corridor. The proposed alternative fuels corridors would consist of service stations for fueling alternatively powered vehicles along the I-5 right of way. One possible permutation is a public-private partnership with local utilities to develop recharging stations for plug-in electric and hybrid vehicles.

I recognize that Title 23 Section 111 places restrictions on what State transportation departments can do with respect to permitting automotive service stations or other commercial establishments for serving motor vehicle users that would be constructed or located on the rights-of-way of the Interstate System. Secretary LaHood, do you have the ability to grant waivers to State transportation departments from the restrictions in Title 23 Section 111 if you determine it is in the public interest to do so? More broadly, what are your thoughts about having services for alternatively fueled vehicles available along the Interstate System's right-of-way as one means for jump-starting the development of the infrastructure necessary to meet the President's 2015 goals for plug-in electric vehicles?

Answer. The Department does not have broad authority to waive statutory requirements, even if it would be in the public interest to do so. I do think that we need to fully examine all available options to ensure that the infrastructure necessary to support use of alternative fuel vehicles, including electric vehicles, is put into place as quickly and efficiently as possible.

Question 4. Secretary LaHood, as you know, the EPA uses one formula to establish the fuel economy rating placed on the vehicle's window sticker, and the Department of Transportation uses a different formula for fuel economy to calculate a manufacturer's fleetwide fuel economy average—the basis for the Federal CAFE standards.

This has meant that the miles per gallon tests automakers use to meet CAFE standards are actually quite a bit more generous than the miles per gallon on a window sticker label or a driver would get in real world driving conditions.

I am concerned that this dynamic will be exacerbated when it comes to plug-in electric vehicles. A Department of Energy pilot program in Seattle and other communities is showing that driver technique and route selection make all the difference for a plug-in hybrid to realize the full fuel economy savings potential. Has NHTSA given thought how it will calculate the contribution of plug-in hybrids to calculating a manufacturer's fleetwide fuel economy average?

Answer. The fuel economy value differences largely reflect differences in statutory requirements. For determining the compliance of passenger cars with the CAFE standards, the Energy Policy and Conservation Act requires EPA to use the same laboratory test procedures that EPA used for emissions testing for model year 1975 or ones that give comparable results. EPA uses 1975 test procedures for light trucks as well.

The current fuel economy ratings on vehicle window stickers are based on new adjustment factors that EPA adopted in response to the Energy Policy Act of 2005. That Act required EPA to update or revise adjustment factors to better reflect a variety of real-world factors that affect fuel economy and use those factors in generating the fuel economy ratings. The new factors are used by EPA to adjust the 1975 laboratory test results downward to reflect real world driving conditions.

As to the fuel economy values for plug-in hybrid electric vehicles, the 1975 statutory test procedures will still be used. NHTSA is working with EPA to determine what the appropriate miles per gallon conversion values to assign to a plug-in vehicle using stored electricity versus using electricity generated by an on-board gasoline powered engine. These conversion values will then be used to constitute a single miles per gallon value that will factor into a manufacturer's overall fleet value.

Question 5. Secretary LaHood, your predecessor Secretary Peters believed in a strong private sector role in funding our future transportation investments. I think we need to look into the possibility of long-term leases where they make sense, but need to do so cautiously. The public benefit would have to be clearly stated. There would need to be accountability measures in place to ensure that the concerns of users and other citizens will not be ignored. And safeguards would have to ensure that privatization efforts do not just benefit private entities.

Private sector financing can work when there is a revenue stream that can be used to finance future investments. But for the majority of nation's transportation

system, that simply is not possible. Most, if not all, rural transportation projects and many urban mega projects don't pencil out for the private sector, and can't be tolled at a rate high enough to build the project.

What has the Department learned from the handful of surface transportation infrastructure privatization deals to date?

Answer. The Department has learned that several State and local governments consider the long-term lease of existing toll roads to be an important tool which can realize significant upfront value that can be spent for transportation or other public purposes. Long-term leases are one tool in the tool box and each potential project must be judged on its own merits. The public benefit must be clearly stated and understood.

To date, four projects for the long-term lease, or concession, of existing toll roads have closed in the United States. These are as follows:

1. The Chicago Skyway, which closed in January 2005,
2. The Indiana Toll Road, which closed in June 2006,
3. The Pocohontas Parkway near Richmond, Virginia, which closed in June 2006, and
4. The Northwest Parkway near Denver, Colorado, which closed in August 2007.

The City of Chicago received \$1.8 billion from a concessionaire for a 99-year lease of the Chicago Skyway. In return, the concessionaire was granted the right to collect and keep all toll revenues during the 99-year term. The City used the proceeds to redeem other City of Chicago debt, \$500 million to fund a long-term reserve account, \$375 million to fund a midterm annuity account, and \$100 million to fund various City of Chicago programs, such as home heating assistance and assistance for the disabled to make home modifications.

The State of Indiana received an upfront payment of \$3.8 billion from a concessionaire for the 75-year lease of the Indiana Toll Road. This payment fully funded Indiana's 10-year road improvement plan. In addition, the payment provided funding to each county in Indiana, and counties where the Indiana Toll Road is located received one-time payments of between \$40 million and \$120 million for local transportation projects.

The concession payments in the case of the Pocahontas Parkway and the Northwest Parkway were used to help bridge a gap in financing these projects.

Question 5a. Has the Administration taken a position on the long-term leasing or privatization of infrastructure, including highways?

Answer. In general, the Department supports efforts by State and local governments to look for new and creative ways to expand beyond traditional approaches to funding transportation infrastructure. We have not taken a specific position on the long-term leasing of existing transportation infrastructure.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TOM UDALL TO
HON. RAY LAHOOD

Question 1. Secretary LaHood, you state in your testimony that the Dept. of Transportation is working to improve livability and sustainability in rural areas. Isolated small towns face particular challenges to attracting jobs and economic investment. You note that transportation investment in rural communities can be designed to support new development while not ruining their small town character. Could you elaborate on this point?

Answer. Livability is an important part of all transportation considerations for major metropolitan areas as well as small town, rural America. The Department recognizes that not all strategies for building livable communities will work for both urban and rural areas; one-size-fits-all solutions are not optimal standards of practice. It is imperative to ensure that both metro and rural areas have the technical capacity and funding flexibility to create and maintain a transportation infrastructure that fits their individual community needs. This flexibility in design and implementation will help small towns maintain their character while still providing the needed infrastructure improvements to attract jobs and economic investment.

Question 2. Transit authorities in small towns and rural areas face particular challenges with funding their operations. Yet Federal transportation assistance is historically reserved for capital investments rather than funding operations and maintenance at the local level. How does the Dept. of Transportation intend to promote transit, vanpools and rideshare initiatives for rural America given the significant fiscal challenges rural communities face when trying to fund their transit operations?

Answer. I appreciate your concern regarding the particular funding challenges facing transit operators in small towns and rural areas around our Nation. Addressing these unique challenges has long been an area of focus for FTA's formula programs.

While capital investments are the focus of Federal assistance for large urbanized areas, I note that all recipients of FTA's "other than urbanized areas" formula program (commonly referred to as Section 5311) and recipients in urbanized areas of less than 200,000 in population under FTA's Urbanized Area formula program (Section 5307), can use formula apportionment funds for transit operations. Under these two programs, FTA formula fund recipients, including those in New Mexico's small towns and rural areas, are currently eligible to utilize Federal funds toward operating assistance at up to a 50-percent Federal cost share.

In addition, all recipients of FTA Section 5307 and 5311 formula funds may use capital funds for expenses that support operations—that is, for preventive maintenance. Preventive maintenance for vehicles and non-vehicles includes all the activities, supplies, materials, labor (wages, salaries, and benefits for maintenance workers, as well as casualty insurance), services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost effective manner. Preventive maintenance is funded at an 80-percent Federal share.

I am committed to working to assist transit providers in small towns and rural areas as they explore all Federal resources that are available to help develop and fund transit, vanpool, and rideshare services. One of FTA's goals is to ensure that affordable mobility is available to all citizens, and supporting efforts to promote and fund transit, vanpools, and rideshare programs in nonurbanized areas is a major component of our Section 5311 program. FTA is pleased that the number of rural counties participating in the program has grown significantly since the passage of SAFETEA-LU and the increased financial support for the 5311 program. Additional funding for Section 5311 provided by the Act has resulted in increased mobility for many people living in rural areas across America.

In addition to capital and operating assistance available from FTA's formula programs, I want to highlight the Rural Transit Assistance Program (RTAP), a vital resource that provides training and technical assistance to transit operators in small towns and rural areas. Each State has an RTAP program that is keyed to the technical assistance needs of its transit providers; and, these include the promotion of mobility management initiatives such as ridesharing. FTA sponsors a national RTAP program as well, that develops information and materials for use by local operators and state administering agencies and supports research and technical assistance projects of national interest.

Question 3. Secretary LaHood, you noted that safety will continue to be a high priority for your department and that we must explore "innovative ways" to reduce death and injury from impaired driving. The State of New Mexico is aggressively addressing the problem of drunk driving through a combination of enforcement and education efforts. Yet in 2007 alone, there were still 133 fatalities involving alcohol-impaired drivers in my state. Although the last highway bill provided grant programs to help states tackle drunk driving, it is still a problem of great concern. What more can the Dept. of Transportation do to further efforts to reduce drunk driving? Do ignition locks or other new technologies under evaluation at the Federal or state level show promise for reducing impaired driving?

Answer. The State of New Mexico is to be commended for their remarkable rate of progress over recent years in reducing drunk driving. Governor Richardson recently announced that the number of DWI-related deaths in New Mexico has decreased 35 percent since 2002. Even at this reduced level, there are still far too many drunk-driving deaths—in New Mexico and across the Nation—and we need to continue looking for every possible remedy for this problem.

I believe the Department can assist States by highlighting effective strategies and providing technical assistance and available resources that allow States flexibility in implementing solutions that best address their specific problems. States need support in assessing and adopting a range of potential countermeasures, including effective public awareness campaigns, law enforcement operations, and improvements in adjudication and sanctioning systems, including the use of ignition interlocks. Interlocks have shown great promise in helping to reduce recidivism, and we intend to continue to promote them as a key part of a State's comprehensive impaired driving programs.

Question 4. Secretary LaHood, in your written testimony, you state that the Dept. of Transportation expects freight and passenger transportation to increase by about two-and-a-half times over the next 40 years. This means more trucks as well as traffic on our rails. In my state, safety at railroad crossings is an important issue since

we have had several fatal accidents. These accidents have taken place with cars at grade crossings and with people walking along tracks when they should not be. The Railroad Safety Enhancement Act of 2008 included grants to states for grade crossing safety and the "Operation Life Saver" program to raise public awareness of railroad safety hazards. What actions will your department take to address rail safety and provide adequate funding to meet critical needs such as improved grade crossing controls and Positive Train Control?

Answer. To address rail safety, my chief priority is to ensure that the Federal Railroad Administration (FRA) and the Department of Transportation (DOT) as a whole continue to implement the Rail Safety Improvement Act of 2008. The Act mandates more than 40 rail safety rulemakings, studies, and model state laws, including a rulemaking to establish the essential functionalities required for positive train control systems that the Act requires to be installed on major freight and passenger railroads by 2015 (section 104). The Act also includes a range of measures to improve highway-rail grade crossing safety, including fostering the development and implementation of effective new technologies for use at highway-rail grade crossings (section 210). Highway-rail grade crossing safety is a central focus of my Department and is supported by the efforts of the Federal Highway Administration, Federal Motor Carrier Safety Administration, Federal Transit Administration, and the National Highway Traffic Safety Administration, in addition to those of FRA. Overall, we will seek to ensure that the Department's rail safety efforts are properly funded, recognizing that, in promoting rail safety, the Department is also promoting transportation efficiency, which benefits our Nation economically, environmentally, and in other ways.

Question 5. It is my understanding that there are no current plans for including the southwest region of the United States in efforts to promote high speed rail. Why is the southwest region not being considered for high speed rail projects? What needs to be done at the Federal, regional, or state level for the southwest to be considered for high speed rail initiatives?

Answer. The Department's strategic plan, *Vision for High-Speed Rail in America*, included a discussion of the ten designated high-speed corridors in the background section in identifying efforts that had been undertaken by the Federal Government over the past twenty years to lay the groundwork for an expansion of high speed rail and intercity passenger rail in America. The corridor designations were based on State applications for corridors expected to achieve 90 miles per hour for grade crossing safety purposes. The American Recovery and Reinvestment Act of 2009 provides \$8 billion to the Secretary for expenditure on three different rail passenger programs with the allocation among the programs to be decided at the Secretary's discretion. The three programs are capital investment grants to support intercity passenger rail service (authorized by section 301 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA)), congestion grants (authorized by section 302 of PRIIA), and high-speed rail corridor development (authorized by Section 501 of PRIIA). Only the high-speed rail corridor development program is limited to designated high-speed rail corridors listed in PRIIA (also see 49 U.S.C. §26106(b)(2)). This is not a limiting factor because of the broad discretion provided to the Secretary under the Recovery Act. The strategic plan indicates that DOT will have three separate "tracks" for funding under the Recovery Act and available annual appropriations: (1) grants to complete individual projects eligible under the intercity passenger rail service program (§301) and the congestion program (§302) for the benefit of existing services; (2) cooperative agreements to develop entire segments or phases of corridor programs eligible under the intercity passenger rail service program (§301) and high-speed rail corridor development program (§501) benefiting new or existing services; and (3) cooperative agreements for planning activities (including development of corridor plans and State Rail Plans eligible for funding under Section 301 of PRIIA) using non-Recovery Act funds. This third track provides States an opportunity to prepare themselves for any funding remaining in subsequent application processes under the Recovery Act and/or future year appropriations. Applicants located in the southwest region of the United States are eligible to apply for grant funds under any of the three tracks to the same extent as applicants in other regions of the country. Application requirements building on the proposed strategy outlined in pages 13-18 of the strategic plan were identified in the Department's application guidance that was issued on June 17, 2009. The Federal Railroad Administration held a series of High-Speed and Intercity Passenger Rail Workshops to seek input from the rail community in seven regions across the country. One of those sessions was held in Houston, Texas on May 29, 2009.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
STEVE HEMINGER

Question 1. One of the recommendations of your commission was to condense the 108 existing Federal surface transportation programs into ten programs. How would condensing these existing programs improve our surface transportation system?

Answer. Any agency of government with more than 100 priorities really has none at all. Consolidating the number of Federal surface transportation programs down to 10 (as recommended by the National Surface Transportation Policy and Revenue Study Commission on which I sat) would focus Federal aid in the policy areas that really matter to national goals such as national security, economic competitiveness, and energy independence.

Question 2. Transportation accounts for one-third of greenhouse gas emissions in the United States. How can we focus our transportation investments to reduce the impact of the transportation sector on global warming?

Answer. We must first acknowledge that the vast majority of reductions in CO₂ emissions in the transportation sector will come from technological improvements to the vehicles and fuels that comprise our on-road motor vehicle fleet. At the same time, we will need to pursue strategies that reduce the number of miles that each person travels by motor vehicle on an average day. This does not mean eliminating auto use, nor does it mean prohibiting new road construction. Rather, it means offering commuters and other travelers better options to auto travel for some of the trips they make—options such as public transit, ridesharing, telecommuting, and the like. It also means that Federal policy should permit metropolitan areas to experiment with congestion pricing and other demand management strategies that convey more of the full cost of travel to motorists as a way of encouraging them to travel by other modes, especially at congested times of day.

Question 3. There has been little Federal investment in our freight rail infrastructure, even as we face a significant increase in freight traffic. What should be the Federal Government's role in maintaining and enhancing freight-related infrastructure?

Answer. Congress has the constitutional responsibility to regulate interstate commerce, yet in surface transportation there is neither a national goods movement strategy nor a Federal freight investment program. If the next surface transportation authorization does nothing else, it should remedy this oversight. Such a Federal freight program should invest in both truck/highway and freight rail capacity, while at the same time encouraging a greater share of goods to be moved by rail for both traffic congestion and energy consumption purposes. Obviously, public investment in privately-owned freight rail infrastructure must be shown to have a public benefit, but our national commission work convinced us that pairing public and private investment in freight rail capacity is in the national interest.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TOM UDALL TO
STEVE HEMINGER

Question 1. Mr. Heminger, you state that there are far too many different Federal transit grant programs, with each one often containing different sets of rules, eligibility restrictions, and requirements. This can place extra administrative burdens on our state and local officials. How could the Federal transportation program requirements be streamlined to provide more flexibility for state and local officials while still ensuring accountability and transparency?

Answer. Our national commission report devoted considerable attention to this subject, and as the old saying goes, "the devil is in the details." I would direct the committee to Chapter 6 of our final report for full details of our streamlining proposals.

Question 2. As a member of the Senate Bike Caucus, I appreciate how commuting to work by bicycle burns calories rather than fossil fuels. What policies or initiatives should be included in our future surface transportation plans to encourage greater use of bicycles and improve safety where drivers and cyclists share the same roadways?

Answer. Our commission report advocated creation of a "Metropolitan Mobility" program that would be performance-driven to reduce traffic congestion and auto emissions in our major metropolitan areas. It is my firm belief that local officials in many of those areas would likely include an expansion of bicycle and pedestrian facilities in their plans to achieve those performance objectives.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. FRANK R. LAUTENBERG TO
NED S. HOLMES

Question. Last year, more than 37,000 people were killed and millions more were injured on our Nation's highways. How can Congress help more effectively enforce safety regulations on our highways?

Answer. Safety is a top priority for all of us, and an important goal. With the need to develop new surface transportation legislation before us, now is a good time to adopt a new approach for Federal policy. An opportunity exists to redefine Federal priorities, transition to an outcome based approach, and allow states more flexibility to develop alternative funding, contracting and operating solutions. Clearly defined performance measures will add transparency to assessing state performance in meeting national goals, and funding can be linked to performance.

Instead of considering procedural methods such as the enforcement of safety regulations, Congress could focus on national transportation system priorities, goals that reflect these priorities, and desired outcomes. An outcome based policy instead of a process based policy will change the way Federal programs are created and funds are distributed. By focusing on the vision and goals for the national transportation system, Congress can lead us to a modally integrated system that enhances our role in the global economy.

For each system-wide goal, such as reducing fatalities, states will be empowered to develop performance measures and accurately track progress to meet these performance measures. States will have flexibility to develop a variety of programs that meet the needs of their unique situations, as long as desired outcomes are achieved. The ultimate measure for the safety goal will be how many lives are saved, the states will be responsible, and funding will be tied to performance. This outcome based approach will result in more transparent and accountable state programs and a simpler, more strategic Federal program.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TOM UDALL TO
NED S. HOLMES

Question 1. Mr. Holmes, relocating freight rail out of congested urban areas is an issue across the country, including in your home state of Texas. In the border areas of Texas and New Mexico, several proposed rail relocation projects could potentially reduce congestion, improve border security, and increase safety. Yet freight-related projects of national significance that compete with state projects remain a challenge for our state DOTs and Metropolitan Planning Organizations. What more can be done at the Federal level to assist freight rail relocation projects?

Answer. Not surprisingly, the biggest obstacle for relocating freight rail is lack of funding. In Texas, funds that are dedicated to the state highway fund may not be spent on rail. Our urban centers are actively pursuing rail funding options at the regional level, with some success to date. The most recent attempts for expanded regional taxing authority in state law did not pass. We have identified over \$10 billion in freight rail relocation projects that would provide a substantial public benefit. While we have some funds to perform preliminary studies, we don't have funds to plan, design and construct the projects. These projects could provide more congestion relief for area commuters than the same funds spent on area road projects. Both a modally integrated national transportation vision and more flexible funding would accelerate our efforts to reduce congestion through rail relocations. For example, if reducing congestion were a performance measure for mode-neutral transportation funds, rail relocations may reduce more congestion than other projects being considered. There are also many complex issues related to security and customs, at both our borders and ports, which could be better addressed through additional funds and a national approach.

Texas was pleased by the modal flexibility of the stimulus funds, and one rail project was funded with the potential still remaining to fund others. However, due to a lack of funds to develop rail projects, there are few "shovel-ready" rail projects in Texas, so we were not able to take advantage of the modal flexibility as much as possible. Projects could be accelerated if more funds were available for development efforts such as planning in addition to other project costs.

TxDOT is in the process of updating its statewide rail system plan to identify projects throughout the state and we are also considering the creation of a rail division. Through these efforts, we hope to improve awareness of rail needs, benefits, and obstacles. These rail efforts include moving both people and freight. There are also a number of railroads and organizations in Texas that are actively working to advance freight and commuter rail including the Gulf Coast Freight Rail District,

an organization in the Houston region that includes multiple cities and counties, and on whose board I serve.

Question 2. As a member of the Senate Bike Caucus, I appreciate how commuting to work by bicycle burns calories rather than fossil fuels. What policies or initiatives should be included in our future surface transportation plans to encourage greater use of bicycles and improve safety where drivers and cyclists share the same roadways?

Answer. If the Federal transportation program transitions to outcome based initiatives in lieu of process based programs, there could be mode neutral funding that better facilitates cycling and other alternative modes of travel perhaps through national goals such as air quality improvement or planning for multi-use development and livable, sustainable communities. Bicycle safety could be improved through the broader goal of improved safety along with state performance measures that specifically addresses cyclists. It is important that data for cycling related accidents is accurately compiled for tracking purposes to measure performance, and to determine how to best address the risks.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
JAMES CORLESS

Question 1. The Federal, state, and local governments currently all play a role in determining transportation priorities and deciding what projects should be funded. How can we ensure that regional projects are contributing to meeting our national transportation goals?

Answer. Congress should set clear goals and targets for making the transportation system safer, cleaner and less congested by including a coherent set of national goals and performance targets in the next Federal transportation bill. Articulating performance targets and holding states and local governments accountable for meeting these goals will help Americans spend less time and money when they choose to drive, while improving the performance of all modes of transportation. By providing states and local governments the flexibility to plan and build transportation projects that best meet local needs while demonstrating progress toward national goals, the Federal Government can ensure that regional projects are contributing to national goals.

Question 2. Transportation accounts for one-third of greenhouse gas emissions in the United States. How can we focus our transportation investments to reduce the impact of the transportation sector on global warming?

Answer. Transportation alternatives such as biking, walking, and transit, paired with more efficient land use, are critical tools if we are serious about addressing climate change. These strategies can significantly reduce global warming emissions, and they help reduce our dependence on oil, save people money at the gas pump, save communities money on infrastructure costs, and deliver the kind of vibrant, walkable places that are in demand. Research has shown that compact development patterns reduce carbon emissions from automobiles by up to 10 percent, compared to typical sprawl-type developments. Public transportation in the U.S. already saves an estimated 6.9 MMT of carbon each year. Effective system management also has a vital role to play both in making our transportation system more efficient and allowing us to measure results so we know what we're getting for our money. Intelligent Transportation Systems (ITS), Transportation Demand Management (TDM), and other technology solutions are showing remarkable promise in squeezing more productivity out of our existing transportation networks. In the recently completed long range transportation plan for the San Francisco Bay Area, the Metropolitan Transportation Commission determined that one of the most cost-effective investments is a package of operational and technology improvements to the regional freeway system.

Question 3. There has been little Federal investment in our freight rail infrastructure, even as we face a significant increase in freight traffic. What should be the Federal Government's role in maintaining and enhancing freight-related infrastructure?

Answer. Improving goods movement by investing in multimodal long-distance freight is a critical component of Federal transportation legislation. At the Federal level, these efforts must include new national incentives to create efficient connections from ports and distribution centers to national freight corridors, including state-of-the-art intermodal facilities to transfer freight between rail and truck, expanded cross-country rail freight mainlines, and improvements in the condition of short line railroad track. Reducing emissions while keeping our economy moving

also requires targeting Federal investments where they are the most efficient and effective. Port infrastructure improvements, such as mechanisms for reducing pollution from ships, trucks, trains, cargo-handling equipment, and harbor craft and increasing the efficiency of shifts between marine, truck, and rail modes, not only benefit the economy but the climate the environment as well.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TOM UDALL TO
JAMES CORLESS

Question 1. Mr. Corless, in your testimony, you stress the importance of a Federal commitment to transportation for rural areas and support additional funds for rural planning districts. You also recommend that rural areas should develop flexible forms of transportation such as vanpools and ridesharing. I know from discussions with transportation agencies in New Mexico that it can be especially difficult for rural districts to support the operation and maintenance of such services. How can the Federal Government encourage sustainable public transportation options for rural Americans?

Answer. Rural communities face a number of challenges in providing accessibility and mobility, challenges that are amplified by global changes in the economic marketplace, as well as demographic shifts within the US. Nearly every community struggles with insufficient funding to maintain and improve substandard or unpaved roads, improve public transit services, and upgrade or replace substandard and deteriorating bridges. Developing effective, integrated forms of public transportation, vanpools and ridesharing for rural areas can provide increased transportation choices to travelers while realizing efficiencies through the use of technology, shared vehicles and volunteer services. Dispersed, very low-density land uses make it harder for transit, active transportation and ridesharing strategies to succeed. Small towns and rural areas should be provided the tools and technical assistance by the Federal Government to adopt smart growth policies that link transportation and land-use decisions, increasing the viability of public transportation options.

Question 2. As a member of the Senate Bike Caucus, I appreciate how commuting to work by bicycle burns calories rather than fossil fuels. What policies or initiatives should be included in our future surface transportation plans to encourage greater use of bicycles and improve safety where drivers and cyclists share the same roadways?

Answer. Nonmotorized transportation is a critical element of any multimodal transportation program, creating affordable travel options, reducing energy use, and promoting improved health. The Federal Government must begin by breaking down the existing barriers or funding silos that separate planning and design for pedestrian and bicycle projects from that of highway or transit modes. Policies that require new roads to be built as “complete streets” will also ensure that all users, including bicyclists, pedestrians and transit riders are accommodated in the transportation system. The policy would improve safety, reduce congestion and air pollution and create a stronger sense of community.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
ANNE CANBY

Question 1. The Federal, state, and local governments currently all play a role in determining transportation priorities and deciding what projects should be funded. How can we ensure that regional projects are contributing to meeting our national transportation goals?

Answer. The metropolitan planning organizations (MPOs) have responsibility for identifying projects of a regional nature through their long range transportation plan and the selection of projects to be incorporated into the TIP (Transportation Improvement Program).

The planning process must require that MPOs and state transportation agencies explicitly demonstrate how their plan addresses all national objectives and goals included in the Federal surface transportation statute. Current law only requires that national policies be ‘considered.’ As indicated in my statement, these should include key external issues, such as energy use and climate related emissions. Second, the law must include a mechanism that automatically redirects Federal funds to those areas where states or MPOs are falling short of meeting their goals. For example, if a region is failing to meet its goal for the reduction of fatalities, they should be required to increase the amount of funds spent on safety improvements. Similarly, if the shortfall is for climate related emissions, then funds would be required to be

allocated to programs and projects that will provide increased travel options, such as transit, rail, walking and bicycling, implementation of land-use development patterns that enable people to shift from their cars. Finally, MPOs and states must report on a regular basis to the U.S. Transportation Department on their progress toward meeting the national goals. These reports should be readily available for public review via websites. If all of these processes were in place, it would be possible to determine if national goals were being met and corrective action would be automatic.

Question 2. Transportation accounts for one-third of greenhouse gas emissions in the United States. How can we focus our transportation investments to reduce the impact of the transportation sector on global warming?

Answer. The first step would be to establish the linkage between our transportation investments and the greenhouse gas emissions produced by the transportation sector by changing the mission of the national surface transportation program. Establishing a national transportation objective for reducing greenhouse gas emissions and linking this to transportation outcomes would be a first step toward accomplishing this. Second, would be to strengthen the transportation planning process to make the long range plan the governing document rather than the TIP by focusing on establishing objectives and goals and measuring outcomes based on the plan. Requiring regular reporting on progress toward meeting established goals, along with mandatory reallocation of Federal funds if there is a shortfall in meeting a milestone or goal would put in place a self-enforcing mechanism. The prioritization of projects in the TIP should be required to support achieving the objectives and goals in the long-range plan. The long-range plan should be subject to a NEPA analysis, which is not the case today.

Additionally, national programs, particularly those that support new capacity investments, should include the goal of reducing transportation related greenhouse gas emissions. This could be accomplished by giving states and MPOs the flexibility to invest in the most effective greenhouse reduction projects regardless of mode. Including eligibility for passenger and freight rail along with transit and bicycle and pedestrian facilities for those programs that focus on adding new capacity would give the states and MPOs this flexibility. Any new funding sources for capacity programs should be mode neutral so no one mode feels that 'their' funds are being diverted.

Including discretionary as well as formula based approaches in the overall program structure could provide an incentive for metro regions, states and even multi-state partnerships to focus their creative energies on exploring new approaches with new partners on investments that reduce GHG emissions. The ARRA High Speed Rail program has fostered numerous discussions that might not have happened under a normal formula driven program structure. In addition, the \$1.5 billion discretionary TIGER fund is fostering new multi-state partnerships with rail carriers to expand capacity along significant freight corridors facilitating a shift from truck to rail. The CSX Gateway and Norfolk Southern's Heartland corridors are both examples of multi-state initiatives with private rail operators.

Question 3. There has been little Federal investment in our freight rail infrastructure, even as we face a significant increase in freight traffic. What should be the Federal Government's role in maintaining and enhancing freight-related infrastructure?

Answer. Heightened awareness of the growth of freight volumes in concert with the need to reduce greenhouse gas emissions has focused on the need to expand rail freight capacity and market share for rail freight, particularly intermodal freight. There is a need for additional public and private capital. Examples of how the Federal Government can provide financial support for added investment in rail include expanding eligibility in Federal surface transportation programs to include rail freight, providing low cost loans through a multi-modal infrastructure bank, use of investment tax credit for specific public benefit related investments, such as lowering greenhouse gas emissions and reducing energy use, and potentially by allowing rail companies to sell emission credits or receive allowances through a cap and trade program. Expanding program eligibility establishes the flexibility for states to make investment decisions best suited to achieving national objectives and goals. Low cost loans and investment tax credits expand private capital to support improving rail infrastructure. Including rail in climate programs reflects the value and benefit that rail contributes to reducing carbon emissions in the transportation sector.

Investing public resources in private assets, *e.g.*, rail infrastructure, can be justified by clearly defining the public benefits derived from such an investment. Public benefits could be numerous, including reducing the need for public investment in

highways and ongoing maintenance costs, improved highway safety, reduced energy use and climate emissions. The Federal Government could provide a best practices guide for determining public benefits that justify public investment.

The current surface transportation program structure needs to move beyond single mode programs to incorporate multimodal eligibility tied to achievement of national objectives. To support multi-modal programs, the Federal Government should support the research to establish methodologies for cross modal analysis to determine the costs and benefits of various investment options. Work in this area is being pursued by the Canadian government.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TOM UDALL TO
ANNE CANBY

Question 1. Ms. Canby, you note in your testimony the need for energy efficient transportation. Ridership on commuter rail systems across the country has been continuously growing to meet passenger demand. I have seen this first hand with our popular Rail Runner service from Belen to Santa Fe. What should the Federal Government do to further encourage commuter rail?

Answer. The allocation of Federal funds currently is weighted heavily toward the state transportation agencies, which routinely favor highway investments over other modes. The Federal Government should increase the authority of the regional planning organization (MPOs) to select transportation projects for their region by increasing the share of Federal funds over which they have direct programming control. The regional planning organizations are often more open-minded in terms of looking at transit or rail options as alternatives to driving and expanding travel choices. Past research by STPP illustrates that MPOs tend to include more transit and bicycle/pedestrian projects in their capital programs than the state transportation agencies.

As you are aware, the PRIIA required implementation of PTC. Providing the funds to install PTC would augment safety and reduce pressure surrounding liability issues.

The allocation between highway and transit funds was established in the early 1980s when transit received 20 percent of new gas tax revenues. This has become an ongoing argument over the proper allocation. Clearly today, there is a tremendous demand to add more transit options in our metro regions as well as our rural areas both to provide greater travel options as well as to reduce our energy use and greenhouse gas emissions. With the need to add new revenues, the source(s) should be mode neutral to fund new capacity which would make it easier to allocate a greater share of resources to support transit and rail options.

Question 2. As a member of the Senate Bike Caucus, I appreciate how commuting to work by bicycle burns calories rather than fossil fuels. What policies or initiatives should be included in our future surface transportation plans to encourage greater use of bicycles and improve safety where drivers and cyclists share the same roadways?

Answer. There are numerous policies and initiatives that could be included in Federal surface transportation legislation to foster the use of bicycle transportation. First, would be for the Federal Government to strengthen data collection for bicycle and pedestrian trips by establishing (1) a consistent national bicycle and pedestrian count and survey methodology to assess levels, trends and safety of bicycling and walking; (2) a national database of bicycle and pedestrian information generated by these consistent methods and practices; and (3) by providing funding support for data collection.

The long-range transportation plans prepared by both states and MPOs must integrate bicycle and pedestrian networks for all communities. Standards for the design of streets and roads must include providing for bicycle and pedestrian travel. Fatalities and accidents should be reported in proportion to the percent of trips by each mode. This will draw attention to the higher rate for bicycle and pedestrian accidents than for motor vehicle accidents. Allocation of safety funds should be proportional to the percentage of fatalities by mode.

Initiatives and activities such as bike sharing programs and bike parking facilities should be routinely eligible program activities.

The surface transportation legislation should establish a Complete Streets policy requiring that all road projects that utilize Federal funds shall include appropriate provisions to accommodate bicyclists, pedestrians, and disabled travelers.